



**Inner Mongolia Energy Engineering
(Group) Co., Ltd.***

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Co., Ltd.**

內蒙古能源建設投資(集團)有限公司
*(A wholly state-owned company incorporated in the
People's Republic of China)*

內蒙古能源建設投資股份有限公司
*(A joint stock company incorporated in the People's
Republic of China with limited liability)*
(Stock Code: 1649)

6 August 2021

To the Independent Shareholders

Dear Sirs,

**(1) VOLUNTARY CONDITIONAL OFFER
BY CINDA INTERNATIONAL CAPITAL LIMITED ON BEHALF
OF IMG TO ACQUIRE ALL OF THE ISSUED H SHARES IN IME
(2) PROPOSED PRIVATISATION AND VOLUNTARY
WITHDRAWAL
OF LISTING OF THE H SHARES OF IME
AND
(3) PROPOSED MERGER BY ABSORPTION
OF IME BY IMG**

JOINT FINANCIAL ADVISERS TO IMG



CINDA INTERNATIONAL CAPITAL LIMITED



DONVEX CAPITAL LIMITED

FINANCIAL ADVISER TO IME



GF CAPITAL (HONG KONG) LIMITED

INTRODUCTION

Reference is made to (i) the composite document jointly issued by IMG and IME dated 31 May 2021 (the “**Composite Document**”) in relation to, among other things, the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder; (ii) the announcement jointly issued by IMG and IME dated 9 July 2021 in relation to the poll results of the Extraordinary General Meeting and the H Share Class Meeting; (iii) the announcement jointly issued by IMG and IME dated 16 July 2021 (the “**Extension Announcement**”) in relation to the level of acceptance on the First Closing Date and extension of Offer Period and revised expected timetable; (iv) the announcement jointly issued by IMG and IME dated 27 July 2021 (the “**Acceptance Announcement**”) in relation to the H Share Offer becoming unconditional as to acceptance; and (v) the announcement jointly issued by IMG and IME dated 30 July 2021 in relation to the H Share Offer becoming unconditional in all respects (the “**Unconditional Announcement**”).

Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document and the Extension Announcement. All references to dates and times contained in this letter refer to Hong Kong dates and times.

THE H SHARE OFFER HAS BECOME UNCONDITIONAL IN ALL RESPECTS

As stated in the Unconditional Announcement, as all of the Conditions of the H Share Offer have been fulfilled, the H Share Offer has become unconditional in all respects on 30 July 2021.

SUBSEQUENT OFFER PERIOD

As disclosed in the Unconditional Announcement, the Independent Shareholders should note that the latest time and date for acceptance of the H Share Offer will be 4:00 p.m. on Friday, 27 August 2021.

The IME H Shareholders should refer to the Composite Document and the Form of Acceptance for details of the acceptance procedures if they wish to accept the H Share Offer.

APPLICATION OF WITHDRAWAL OF LISTING AND CONTINUED SUSPENSION OF TRADING

As disclosed in the Unconditional Announcement, IME has applied to the Stock Exchange for the withdrawal of the listing of the H Shares of the Company from the Main Board of the Stock Exchange with effect from 9:00 a.m. on Wednesday, 8 September 2021, subject to the approval from the Stock Exchange.

Trading in the H Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 18 March 2019 and will remain suspended until further notice, pending fulfillment of the resumption conditions.

Assuming the Delisting is approved, the trading in the H Shares will terminate upon the withdrawal of listing of the H Shares from the Stock Exchange (i.e. 9:00 a.m. on Wednesday, 8 September 2021).

NO RIGHT OF COMPULSORY ACQUISITION OF IME BY IMG

IMG has no right under the PRC Laws to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. **Accordingly, the Independent Shareholders are reminded that if they do not accept the H Share Offer and the H Shares are delisted from the Stock Exchange, this will result in the Independent Shareholders holding securities that are not listed on the Stock Exchange. In addition, IME may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong pursuant to the Takeovers Code.**

MERGER BY ABSORPTION OF IME BY IMG

The Independent Shareholders are reminded that the effectiveness of the Merger is conditional upon the fulfilment (or waiver, as applicable) of the Merger Conditions, which include the completion of the H Share Offer and the Delisting.

As at the date of this letter, save for Merger Condition (d) (i.e. the statutory and necessary approvals, registrations or filings from or with the applicable PRC and Hong Kong authorities (including but not limited to the Inner Mongolian SASAC and the Inner Mongolian SAFE), in relation to the Merger having been obtained and remaining in full force and effect at the time of the implementation of the Merger); Merger Condition (e) (i.e. no relevant authorities having granted any order or made any decision that would make the Merger Agreement or the Merger void, unenforceable or illegal, or restrict or prohibit the implementation of the Merger); Merger Condition (f) (i.e. no relevant authorities having imposed any additional material conditions or obligations with respect to the Merger that would have a material adverse effect on IMG or IME to perform

the Merger Agreement or to implement the Merger); and Merger Condition (h) (i.e. the completion of the H Share Offer and IME having submitted the application for the Delisting to the Stock Exchange and the application having been approved by the Stock Exchange and such Delisting having become effective pursuant to the Listing Rules) set out in the Composite Document, the other Merger Conditions under the Merger Agreement have been fulfilled. IMG reserves the right to waive the Merger Condition (f) above.

The Merger will be implemented and completed by going through the following major processes after the completion of the H Share Offer and the Delisting and the fulfilment or waiver (if applicable) of other Merger Conditions, namely (i) IMG will pay a Merger Price of HK\$1.80 per delisted H Share (other than those that may be acquired by IMG under the H Share Offer and those held by the Dissenting IME H Shareholders) in cash to the then existing Independent Shareholders within seven Business Days after the Merger Effective Date; and (ii) IME will be de-registered in accordance with the PRC Company Law, the Administrative Regulations of the PRC Governing the Company Registration and relevant legal provisions, and IME will cease to exist as a separate legal entity, which will be merged and absorbed into IMG.

Pursuant to the Merger Agreement, the payment to the then existing Independent Shareholders will be made as soon as possible but in any event within seven Business Days after the Merger Effective Date. After payment had been made to such Independent Shareholders, the relevant rights attaching to such delisted H Shares shall be deemed as cancelled.

According to Article 186 of the IME Articles, any Dissenting IME H Shareholder, who has opposed the Merger Agreement and the Merger contemplated thereunder, will have the right to request IME or other IME Shareholders who have voted for the Merger to acquire their H Shares at a “fair price”. Under such circumstance, the Merger Agreement provides that IMG shall, at the request of IME or such IME Shareholders, assume the relevant obligations which IME or such IME Shareholders who have received such a request may have towards the Dissenting IME H Shareholder(s).

The provisions regarding the right of a Dissenting IME H Shareholder to demand IME or the IME Shareholders who have voted for the Merger to acquire its IME H Shares at a “fair price” are contained only in the IME Articles and are not otherwise stipulated in any PRC Laws or regulations.

Further details in relation to the Merger are set out in the paragraph headed “Merger by Absorption of IME by IMG” in the “LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED” of the Composite Document.

If the Merger is implemented under the Merger Agreement, IMG will pay a Merger Price of HK\$1.80 per H Share in cash to the then existing IME H Shareholders recorded on the Register as at the Merger Effective Date (i.e. expected to be on or before 31 December 2021), within seven Business Days after the Merger Effective Date. After payment of the Merger Price had been made, the relevant rights attaching to such H Shares shall be deemed as cancelled.

If the Merger is not implemented under the Merger Agreement, IMG will not be obliged to pay the Merger Price to then existing IME H Shareholders. Under the circumstance that the H Shares have been delisted from the Stock Exchange, the then Independent H Shareholders will be holding securities that are not listed on the Stock Exchange.

TIMETABLE OF THE H SHARE OFFER AND THE MERGER

Set out below is the timetable of the H Share Offer and the Merger. Any changes to the timetable will be jointly announced by IMG and IME by way of announcement(s) as soon as possible.

Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received on or before Friday, 30 July 2021 (i.e. the Extended First Closing Date) (<i>Note 1</i>)	Tuesday, 10 August 2021
Latest time and date for the H Share Offer remaining open for acceptance and closing of the H Share Offer (<i>Note 2</i>)	4:00 p.m. on Friday, 27 August 2021
Final Closing Date	Friday, 27 August 2021
Announcement of the results of the H Share Offer on the Final Closing Date	by 7:00 p.m. on Friday, 27 August 2021
Announcement of the satisfaction of any conditions for voluntary withdrawal of the listing of the H Shares from the Stock Exchange and the announcement of the expected date of voluntary withdrawal of the listing of the H Shares from the Stock Exchange (<i>Note 4</i>)	on or before Monday, 6 September 2021
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received on or before Friday, 27 August 2021 (i.e. the Final Closing Date, being the latest date which the H Share Offer remains open for acceptance) (<i>Note 1</i>).....	Tuesday, 7 September 2021
Latest time for lodging transfers of the H Shares in order to qualify for the Merger Price (<i>Note 3</i>)	4:30 p.m. on Tuesday, 7 September 2021
Closure of Register for the determination of entitlements of the IME H Shareholders to receive the Merger Price.....	from Wednesday, 8 September 2021 onwards

Voluntary withdrawal of the listing of the H Shares from the Stock Exchange (<i>Note 4</i>)	9:00 a.m. on Wednesday, 8 September 2021
End of the period during which creditors may request IME and IMG to pay off their respective indebtedness	Friday, 17 September 2021
Expected date of all the Merger Conditions to be fulfilled (or waived, as applicable) and the Merger Effective Date	on or before Friday, 31 December 2021
Latest date for posting of remittances for the amounts due under the Merger Agreement to the existing IME H Shareholders at the Merge Effective Date (<i>Note 5</i>).....	on or before Tuesday, 11 January 2022

Notes:

1. Remittances in respect of the H Shares tendered for acceptance and taken up by IMG under the H Share Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Registrar in respect of lost or unavailable H Share certificates) will be posted to the IME H Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days (as defined in the Takeovers Code) following the later of (i) the Extended First Closing Date and (ii) the date of receipt of a duly completed Form of Acceptance by the Registrar in respect of the H Share Offer.
2. In accordance with the notes to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 28 days thereafter. In such case, at least 14 days' notice in writing must be given before the H Share Offer is closed to the IME H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. Accordingly, this notice is given. IMG reserves the right to extend the H Share Offer beyond this 28-day period.
3. The IME H Shareholders whose names appear on the Register on the Merger Effective Date shall be entitled to receive the Merger Price under the Merger Agreement. In order to be qualified for receiving the Merger Price under the Merger Agreement, all registration of transfer of the H Shares shall be recorded on the Register not later than Tuesday, 7 September 2021.
4. It is expected that the voluntary withdrawal of listing of the H Shares from the Stock Exchange would happen at 9:00 a.m. on Wednesday, 8 September 2021, subject to the satisfaction of any conditions for the Delisting by the Stock Exchange, and receipt of any regulatory approvals required for the Delisting.
5. Pursuant to the Merger Agreement, the payment in respect of the Merger Price to the Remaining IME H Shareholders will be made within seven Business Days after the Merger Effective Date (i.e. on or before 11 January 2022).
6. The Offer Period commenced from 11 September 2020, being the date of the Rule 3.7 Announcement and will end on the lapse of the Merger or the Merger becoming unconditional.

IMPORTANT NOTICE TO NOMINEES

If you act as a nominee for other persons who are the beneficial shareholders of the H Shares, please inform the relevant beneficial owners of the contents of the terms of the H Share Offer and the implications of not accepting the H Share Offer as set out above.

If you have already accepted the H Share Offer, please ignore this letter.

WARNING

The Merger is conditional upon the fulfilment or waiver (where applicable) of the Merger Conditions as described in the Composite Document in all aspects. The issue of this letter does not imply that the Delisting will be completed. As the Merger Conditions (in respect of the Merger) are different from the Conditions (in respect of the H Share Offer), IME Shareholders and potential investors of IME should be aware that even following the successful completion of the H Share Offer and the Delisting, there is no certainty that the Merger will proceed. IME Shareholders and/or potential investors of IME should therefore exercise caution when dealing in the securities of IME. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

CONTINUED SUSPENSION OF TRADING

Trading in the H Shares of IME on the Stock Exchange has been suspended with effect from 9:00 a.m. on 18 March 2019 and will remain suspended until further notice, pending the fulfillment of the resumption conditions.

The IME Shareholders and potential investors of IME should exercise caution when dealing in the securities of IME.

On behalf of the board of
**Inner Mongolia Energy Engineering
(Group) Co., Ltd.***
內蒙古能源建設投資(集團)有限公司
Niu Jirong
Chairman

On behalf of the board of
**Inner Mongolia Energy Engineering
Co., Ltd.**
內蒙古能源建設投資股份有限公司
Niu Jirong
Chairman

Inner Mongolia, the PRC, 6 August 2021

As at the date of this letter, the IMG Board comprises Mr. Niu Jirong, Mr. Chao Ketu, Mr. Duan Guiying, Mr. Zhang Xiru and Mr. Gao Ruifeng.

The directors of IMG jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to IME Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than that expressed by the IME Board) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

As at the date of this letter, the executive directors of IME are Mr. Niu Jirong and Mr. Chao Ketu; the non-executive director of IME is Mr. Chen Ming; and the independent non-executive directors of IME are Mr. Yue Jianhua, Mr. Yao Tongshan and Mr. Mui Chok Wah.

The directors of IME jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to IMG Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than that expressed by the IMG Board) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

** For identification purpose only*