
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the H Share Buy-back Offer, this Offer Document and/or the accompanying Form of Acceptance or forms of proxy or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Inner Mongolia Yitai Coal Co., Ltd.*, you should at once hand this Offer Document and the accompanying Form of Acceptance and forms of proxy to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Offer Document should be read in conjunction with the accompanying Form of Acceptance or forms of proxy, the contents of which form part of the terms and conditions of the H Share Buy-back Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offer Document and the accompanying Form of Acceptance or forms of proxy, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document and the accompanying Form of Acceptance or forms of proxy.



內蒙古伊泰煤炭股份有限公司

INNER MONGOLIA YITAI COAL CO., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3948)

OFFER DOCUMENT RELATING TO

(1) CONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF INNER MONGOLIA YITAI COAL CO., LTD. TO BUY-BACK ALL THE ISSUED H SHARES AT HK\$17.50 PER H SHARE; AND

(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES OF INNER MONGOLIA YITAI COAL CO., LTD. ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Financial Adviser to Inner Mongolia Yitai Coal Co., Ltd.*



Independent Financial Adviser to the Independent H Shareholders



Capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Offer Document.

A letter from CICC containing details of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing is set out on pages 13 to 26 of this Offer Document. A letter from the Board is set out on pages 27 to 41 of this Offer Document. A letter from Gram Capital containing its advice in relation to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing is set out on pages 42 to 65 of this Offer Document.

The notices convening the EGM and H Shareholders Class Meeting to be held at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC on 30 June 2023 at 2:30 p.m. and 2:30 p.m. (or immediately after the conclusion or adjournment of the EGM and the Non-H Shareholders Class Meeting) or any adjournment thereof, respectively, are set out on pages V-1 to V-2 and VI-1 to VI-2 of this Offer Document.

Whether or not you are able to attend the EGM and H Shareholders Class Meeting in person, you are requested to complete and return the form(s) of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time of the EGM and H Shareholders Class Meeting or any adjournment thereof to the office of the Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form(s) of proxy will not preclude you from attending and voting at the EGM and/or H Shareholders Class Meeting or any adjournment thereof should you so wish.

Independent H Shareholders should note that if they do not agree to the terms of the H Share Buy-back Offer, they can vote against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting. If more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders are voted against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, the H Share Buy-back Offer would lapse and the H Shares would remain listed on the Hong Kong Stock Exchange.

The procedures for acceptance and settlement of the H Share Buy-back Offer and related information are set out in Appendix I to this Offer Document and in the accompanying Form of Acceptance. Acceptances of the H Share Buy-back Offer should be received by the Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on 10 July 2023 or such later time(s) and/or date(s) as the Company may determine and announce in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Offer Document and/or the accompanying forms to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "7. Overseas H Shareholders" in Appendix I to this Offer Document before taking any action. It is the responsibility of each Overseas H Shareholder wishing to accept the H Share Buy-back Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas H Shareholders are advised to seek professional advice on deciding whether or not to accept the H Share Buy-back Offer.

5 June 2023

* For identification purposes only

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EXPECTED TIMETABLE

The timetable sets out below is indicative only and may be subject to changes. Any changes to the timetable will be announced by the Company. Unless otherwise expressly stated, all time and date references contained in this Offer Document refer to Hong Kong time and dates.

Event	Time and Date
Despatch date of this Offer Document and commencement of the acceptance period ^(Note 1)	5 June 2023
Latest time for lodging transfer of the H Shares in order to be entitled to attend and vote at the EGM and H Shareholders Class Meeting	4:30 p.m. on 26 June 2023
Closure of H Shares register of members of the Company for the determination of entitlements to attend and vote at the EGM and H Shareholders Class Meeting	27 June 2023 to 30 June 2023 (both days inclusive)
Latest time for lodging forms of proxy in respect of:	
• EGM ^(Note 2)	2:30 p.m. on 29 June 2023
• H Shareholders Class Meeting ^(Note 2)	2:30 p.m. on 29 June 2023
• Record date for the Shareholders for the EGM and the H Shareholders Class Meeting	30 June 2023
EGM	2:30 p.m. on 30 June 2023
Non-H Shareholders Class Meeting	2:30 p.m. on 30 June 2023 (or immediately after the conclusion or adjournment of the EGM)
H Shareholders Class Meeting	2:30 p.m. on 30 June 2023 (or immediately after the conclusion or adjournment of the EGM and the Non-H Shareholders Class Meeting)
Date of announcement of the results of the EGM, H Shareholders Class Meeting and the Non-H Shareholders Class Meeting on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.yitaicoal.com)	After trading hours of the Hong Kong Stock Exchange on 30 June 2023

EXPECTED TIMETABLE

Event	Time and Date
Reopening of the H shares register of members	3 July 2023
First Closing Date	10 July 2023
Latest time for acceptance of the H Share Buy-back Offer on the First Closing Date ^(Note 3)	4:00 p.m. on 10 July 2023
Announcement of the results of the H Share Buy-back Offer on the First Closing Date ^(Note 4)	By 7:00 p.m. on 10 July 2023
Latest date for posting of remittances for the amounts due under the H Share Buy-back Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Buy-back Offer on the First Closing Date (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date as outlined above) ^(Note 5)	19 July 2023
Last day of trading in the H Shares on the Hong Kong Stock Exchange, (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date as outlined above)	1 August 2023
Latest time for the H Share Buy-back Offer to become or be declared unconditional as to acceptances (if not already unconditional)	7:00 p.m. on 4 August 2023
Final Closing Date (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date as outlined above) ^(Note 6)	7 August 2023
Latest time for the H Share Buy-back Offer remaining open for acceptance on the Final Closing Date and the closing of the H Share Buy-back Offer (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date as outlined above) ^(Note 6)	4:00 pm. on 7 August 2023
Announcement of the results of the H Share Buy-back Offer on the Final Closing Date and the expected date of withdrawal of listing of the H Shares from the Hong Kong Stock Exchange (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date as outlined above)	By 7:00 p.m. on 7 August 2023

EXPECTED TIMETABLE

Event	Time and Date
Withdrawal of listing of the H Shares from the Hong Kong Stock Exchange becoming effective (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date as outlined above)	4:00 p.m. on 11 August 2023
Latest date for posting of remittances for the amounts due under the H Share Buy-back Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Buy-back Offer on the Final Closing Date (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date as outlined above)	16 August 2023

Notes:

1. The H Share Buy-back Offer is made on 5 June 2023, the date of posting of this Offer Document, and is capable of being accepted on and from this date until the First Closing Date or the Final Closing Date (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date) (as the case may be).
2. For H Shareholders, the proxy forms shall be provided to the Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of a proxy form for the EGM and/or the H Shareholders Class Meeting will not preclude a Shareholder or an Independent H Shareholder (as the case may be) from attending the EGM and/or the H Shareholders Class Meeting and, as the case may be, voting in person if he/she/it so wishes. In such event, the returned proxy form will be deemed to have been revoked.
3. The procedures for acceptance and settlement of the H Share Buy-back Offer and related information are set out in Appendix I to this Offer Document and in the accompanying Form of Acceptance. Acceptances of the H Share Buy-back Offer should be received by the Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on 10 July 2023 or such later time(s) and/or date(s) as the Company may determine and announce in accordance with the Takeovers Code.
4. The Company will issue an announcement on the Company's and the Hong Kong Stock Exchange's respective websites by 7:00 p.m. on the First Closing Date stating the results of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing and whether the H Share Buy-back Offer has been revised or extended, have lapsed or have become or been declared unconditional.
5. Remittances in respect of the cash consideration under the H Share Buy-back Offer will be posted to the accepting H Shareholders by ordinary post at their own risk as soon as possible but in any event within seven (7) Business Days following the later of the date of receipt by the Share Registrar, of duly completed Form of Acceptance and the relevant documents or the date the H Share Buy-back Offer and Voluntary Withdrawal of Listing become or are declared unconditional.
6. In compliance with the Note to Rule 2.2 and Rule 15.3 of the Takeovers Code, the H Share Buy-back Offer will remain open for acceptance for 28 days which is a longer period than normally required by Rule 15.3 of the Takeovers Code after it has been declared unconditional in all respects. Hence, the latest time to receive acceptances under the H Share Buy-back Offer will be 4:00 p.m. on 7 August 2023 (assuming the H Share Buy-back Offer has become unconditional in all respects on the First Closing Date).

IMPORTANT NOTICE

NOTICE TO H SHAREHOLDERS OUTSIDE HONG KONG

The availability of the H Share Buy-back Offer to any Overseas H Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas H Shareholders and beneficial owners of the H Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice in respect of the H Share Buy-back Offer.

It is the responsibility of the Overseas H Shareholders and overseas beneficial owners of the H Shares who wish to accept the H Share Buy-back Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the H Share Buy-back Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

The Company, the Directors and parties acting in concert with any of them, CICC, Gram Capital, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the H Share Buy-back Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed “Overseas H Shareholders” in the “Letter from CICC” in this Offer Document.

This Offer Document (and the accompanying Form of Acceptance and the proxy forms) does not constitute a disclosure document under Chapter 6D.2 of the Australian Corporations Act; and has not been, and will not be, lodged with the Australian Securities and Investments Commission, as a disclosure document for the purposes of the Australian Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Australian Corporations Act. Neither this Offer Document nor any other document or material in connection with this document constitute an offer of sale or invitation for subscription or purchase of securities under the Australian laws and regulations.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

This Offer Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Company assumes no obligation and does not intend to update these forward-looking statements or opinions contained in this Offer Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

WARNING

H Shareholders and potential investors of the Company should note that the H Share Buy-back Offer is subject to the satisfaction of the Conditions in all respects. Accordingly, the H Share Buy-back Offer may or may not become unconditional. H Shareholders and potential investors of the Company should

IMPORTANT NOTICE

therefore exercise caution when dealing in the securities of the Company. 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.

Shareholders are reminded to read this Offer Document (including but not limited to the letter from the Independent Financial Adviser) carefully before deciding on how to vote on the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, and whether to accept the H Share Buy-back Offer.

Independent H Shareholders are reminded that if they do not accept the H Share Buy-back Offer, and if the H Share Buy-back Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Hong Kong Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code (depending on whether it remains as a public company in Hong Kong under the Takeovers Code) after the completion of the H Share Buy-back Offer, and the rights of Independent H Shareholders to certain information of the Company will be reduced.

Shareholders should also note that if they do not agree to the terms of the H Share Buy-back Offer, they can vote against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, Non-H Shareholders Class Meeting and/or the EGM (as the case may be). If more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders are voted against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, the H Share Buy-back Offer would lapse and the H Shares would remain listed on the Hong Kong Stock Exchange.

DEFINITIONS

In this Offer Document, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code, and “concert parties” shall be construed accordingly
“associates”	has the same meaning ascribed to it under the Takeovers Code
“B Share(s)”	the B shares in the share capital of the Company with a par value of RMB1 each, which are traded in USD and listed on the Shanghai Stock Exchange (stock code: 900948)
“B Shareholder(s)”	holder(s) of B Share(s)
“Board”	the board of Directors
“Business Day”	means a day on which the Hong Kong Stock Exchange is open for the transaction of business
“CCASS”	Central Clearing and Settlement System
“CICC”	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Company in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing
“Company”	Inner Mongolia Yitai Coal Co., Ltd.* (內蒙古伊泰煤炭股份有限公司), a joint stock limited company incorporated in the PRC on 23 September 1997, whose H Shares are listed on the Hong Kong Stock Exchange under the stock code of 3948 and whose B Shares are listed on the Shanghai Stock Exchange under the stock code of 900948
“Conditions”	the conditions of the H Share Buy-back Offer, as set out under the sub-paragraph headed “Conditions of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing” in the “Letter from CICC” of this Offer Document

DEFINITIONS

“Controlling Shareholder”	Inner Mongolia Yitai Group Co., Ltd. (內蒙古伊泰集團有限公司), being the holder of 1,600,000,000 Domestic Shares (representing 100% of all the Domestic Shares in issue, approximately 54.64% of all the Domestic Shares and B Shares in issue and approximately 49.17% of the total issued share capital of the Company as at the Latest Practicable Date) and (through Yitai (Group) Hong Kong, its wholly-owned subsidiary) of 312,000,000 B Shares (representing 10.66% of all the Domestic Shares and B Shares in issue and approximately 9.59% of the total issued share capital of the Company as at the Latest Practicable Date)
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	the unlisted domestic shares in the share capital of the Company with a par value of RMB1 each
“DS Irrevocable Undertaking”	the deed of irrevocable undertaking given by the Controlling Shareholder and Yitai (Group) Hong Kong in favour of the Company and entered into on 9 May 2023
“EGM”	the 2023 second extraordinary general meeting of the Company to be convened at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC on Friday, 30 June 2023 at 2:30 p.m. for the purpose of, among other things, considering and approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing
“Encumbrance”	any encumbrances including a charge, debenture, mortgage, pledge, deed of trust, lien, option, equity rights, power of sale, hypothecation, claim, retention of title, right of pre-emption, right of first refusal, or other third party right or security interest of any kind or an agreement or obligation to create any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Final Closing Date”	the date which is 28 days after the First Closing Date, or such later date as may be extended by the Company in accordance with the Takeovers Code
“First Closing Date”	10 July 2023, the date stated in this Offer Document as the first closing date of the H Share Buy-back Offer, or such later date as may be extended by the Company in accordance with the Takeovers Code, on which the H Share Buy-back Offer and the Voluntary Withdrawal of Listing are to become or to be declared unconditional

DEFINITIONS

“Form of Acceptance”	the form of acceptance and transfer of H Share(s) in respect of the H Share Buy-back Offer accompanying this Offer Document
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company with a par value of RMB1 each, which are traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“H Share Buy-back Offer”	the conditional cash offer made by CICC, on behalf of the Company, to buy-back all the H Shares in issue in accordance with the Takeovers Code and the Share Buy-backs Code
“H Shareholder(s)”	holder(s) of H Shares
“H Shareholders Class Meeting”	the 2023 first H Shareholders class meeting to be convened at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC on Friday, 30 June 2023 at 2:30 p.m. or immediately after the conclusion of the EGM and the Non-H Shareholders Class Meeting or any adjournment thereof, and any adjournment thereof, for the purpose of approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent H Shareholders in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing
“Independent H Shareholders”	H Shareholders other than (i) the Directors and parties acting in concert with any of the Directors and the Company and (ii) any H Shareholder who has a material interest in the H Share Buy-back Offer and the Voluntary Withdrawal of Listing that is different from the interests of all other H Shareholders (as stipulated under Rule 3.2 of the Share Buy-backs Code)
“Last Trading Day”	29 March 2023, being the last trading day prior to the commencement of the Offer Period

DEFINITIONS

“Latest Practicable Date”	2 June 2023, being the latest practicable date prior to the printing of this Offer Document for the purpose of ascertaining certain information for inclusion in this Offer Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-H Shareholders Class Meeting”	the class meeting of the B Shareholders and the holder of Domestic Shares to be convened at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC on Friday, 30 June 2023 at 2:30 p.m., or immediately after the conclusion of the EGM or any adjournment thereof, and any adjournment thereof, for the purpose of approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing
“Offer Document”	this offer document issued by the Company to the Shareholders in connection with the H Share Buy-back Offer and Voluntary Withdrawal of Listing in compliance with the Takeovers Code, the Share Buy-backs Code and the Listing Rules
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and has commenced from 29 March 2023, being the date of the first announcement made pursuant to Rule 3.7 of the Takeovers Code
“Offer Price”	HK\$17.50, being the price at which the H Share Buy-back Offer is made
“Offer Share(s)”	all the H Share(s) in issue
“Overseas H Shareholders”	H Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this Offer Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Relevant Period”	the period commencing on 29 September 2022, being the date falling six months preceding 29 March 2023, the date of commencement of the Offer Period, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.5 Announcement”	the announcement made by the Company on 9 May 2023 in relation to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing under Rule 3.5 of the Takeovers Code

DEFINITIONS

“Rule 3.7 Announcement”	the initial announcement made by the Company on 29 March 2023 in relation to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing under Rule 3.7 of the Takeovers Code
“SAFE”	the local bureau of the State Administration of Foreign Exchange of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	H Shares, B Shares and/or Domestic Shares
“Share Buy-backs Code”	the Code on Share Buy-backs
“Share Registrar”	Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Takeovers Code”	the Code on Takeovers and Mergers
“USD”	U.S. dollars, the lawful currency of the United States of America
“Voluntary Withdrawal of Listing”	the proposed conditional voluntary withdrawal of listing of the H Shares from the Hong Kong Stock Exchange
“Yitai (Group) Hong Kong”	Yitai Group (Hongkong) Co., Limited (伊泰(集團)香港有限公司), being the holder of 312,000,000 B Shares (representing approximately 10.66% of all the Domestic Shares and B Shares in issue and approximately 9.59% of the total issued share capital of the Company as at the Latest Practicable Date) and a wholly-owned subsidiary of the Controlling Shareholder
“%”	per cent.

* *For identification purposes only*

QUESTIONS AND ANSWERS

The following are some of the questions you, as an H Shareholder, may have and the answers to those questions. This Offer Document contains important information and you are encouraged to read this Offer Document in full, including the Appendices, carefully.

1. WHAT IS THE PURPOSE OF THIS OFFER DOCUMENT?

The purpose of this Offer Document is to provide you with, among others,

- (a) information regarding the H Share Buy-back Offer and the Voluntary Withdrawal of Listing;
- (b) letter of advice from the Independent Financial Adviser to the Independent H Shareholders in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing;
- (c) notice of EGM and the H Shareholders Class Meeting; and
- (d) the accompanying Form of Acceptance in respect of the H Share Buy-back Offer.

2. HOW DO I ACCEPT THE H SHARE BUY-BACK OFFER?

To accept the H Share Buy-back Offer, you should complete, sign and submit the accompanying Form of Acceptance to the Share Registrar on or before 4:00 p.m. on 10 July 2023 (or such later date as may be extended by the Company in accordance with the Takeovers Code), in accordance with the instructions printed thereon.

Beneficial owners of H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Details of the procedures for acceptance and settlement of the H Share Buy-back Offer are set out in Appendix I to this Offer Document and in the accompanying Form of Acceptance.

In order for the beneficial owners of the H Shares, whose investments are registered in the names of nominees (including those whose interests in the H Shares are held through CCASS), to accept the H Share Buy-back Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the H Share Buy-back Offer.

For the avoidance of doubt, for beneficial owners of H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant, if you send the accompanying Form of Acceptance to the Share Registrar by yourself directly, the acceptance of the H Share Buy-back Offer will be treated as invalid. Therefore, if the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are in the name of a nominee company or a name other than your own, you must take actions as mentioned above.

QUESTIONS AND ANSWERS

3. WHAT IS THE LATEST TIME TO ACCEPT THE H SHARE BUY-BACK OFFER?

The latest time for acceptance for the H Share Buy-back Offer is 4:00 p.m. on 10 July 2023, unless the Company decides to extend the H Share Buy-back Offer in accordance with the Takeovers Code.

4. WHAT WILL HAPPEN IF I DO NOT ACCEPT THE H SHARE BUY-BACK OFFER?

Independent H Shareholders are reminded that if they do not accept the H Share Buy-back Offer, and if the H Share Buy-back Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Hong Kong Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code (depending on whether it remains as a public company in Hong Kong under the Takeovers Code) after the completion of the H Share Buy-back Offer, and the rights of Independent H Shareholders to certain information of the Company will be reduced.

5. CAN I WITHDRAW MY ACCEPTANCE AFTER ACCEPTING THE H SHARE BUY-BACK OFFER?

Acceptance of the H Share Buy-back Offer will be irrevocable and will not be capable of being withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the H Share Buy-back Offer shall be entitled to withdraw its/his/her acceptance after twenty-one (21) days from 10 July 2023 (being the date stated as the First Closing Date in this Offer Document), if the H Share Buy-back Offer has not by then become unconditional as to acceptances.

6. WHAT IS THE PURPOSE OF HOLDING THE EGM AND THE H SHAREHOLDERS CLASS MEETING?

At the EGM, the H Share Buy-back Offer and the Voluntary Withdrawal of Listing will be voted on by the Shareholders. At the H Shareholders Class Meeting, the H Share Buy-back Offer and the Voluntary Withdrawal of Listing will be voted on by the Independent H Shareholders.

7. WHAT ARE THE LOCATION, DATE AND TIME OF THE EGM AND THE H SHAREHOLDERS CLASS MEETING?

The EGM will be held at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC on Friday, 30 June 2023 at 2:30 p.m. and the H Shareholders Class Meeting will be held at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC at Friday, 30 June 2023 at 2:30 p.m. (or immediately after the conclusion or adjournment of the EGM and the Non-H Shareholders Class Meeting).

QUESTIONS AND ANSWERS

8. WHAT VOTE IS REQUIRED FROM THE SHAREHOLDERS IN ORDER FOR THE H SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING TO BE APPROVED?

The following approvals are required:

- (a) the passing of the resolution to be proposed at the H Shareholders Class Meeting for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that**:
 - (i) the resolution is approved (by way of poll) by at least 75% of the votes attaching to all the H Shares held by the Independent H Shareholders that are voted either in person or by proxy at the H Shareholders Class Meeting; and
 - (ii) the number of votes cast (by way of poll) by the Independent H Shareholders present and voting either in person or by proxy at the H Shareholders Class Meeting against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing of the resolution to be proposed at the Non-H Shareholders Class Meeting for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that** the resolution must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the B Shares and the Domestic Shares held by the B Shareholders and the holder of Domestic Shares that are voted either in person or by proxy at the Non-H Shareholders Class Meeting; and
- (c) the passing of the resolution to be proposed at the EGM for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that** the resolution must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the Shares held by the Shareholders that are voted either in person or by proxy at the EGM.

9. I AM A SHAREHOLDER. HOW DO I VOTE ON THE H SHARE BUY-BACK OFFER AND/OR THE VOLUNTARY WITHDRAWAL OF LISTING?

If you are a Shareholder, you may vote in person or by proxy at the EGM. If you are also an Independent H Shareholder, you may also vote in person or by proxy at the H Shareholder Class Meeting.

If an H Shareholder accepts the H Share Buy-back Offer before the closure of the registers for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM and the Independent H Shareholders to attend and vote at the H Shareholders Class Meeting, such Shareholders will still be entitled to attend and vote at the relevant meeting(s).

Whether or not you are able to attend the EGM and H Shareholders Class Meeting in person, you are requested to complete and return the form(s) of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time of the EGM and H

QUESTIONS AND ANSWERS

Shareholders Class Meeting or any adjournment thereof to the office of the Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

Completion and return of the form(s) of proxy will not preclude you from attending and voting at the EGM and/or H Shareholders Class Meeting or any adjournment thereof should you so wish. In the event that you attend and vote at any of the EGM and/or the H Shareholders Class Meeting or any adjournment respectively thereof after having deposited the relevant proxy form, that proxy form will be deemed to have been revoked.

Voting at the EGM and the H Shareholders Class Meeting respectively will be taken by way of poll as required under the Listing Rules and the Takeovers Code.

10. HOW DO I VOTE IF MY H SHARES HAVE BEEN LODGED WITH MY SECURITIES DEALER/CUSTODIAN BANK THROUGH CCASS, OR LODGED WITH MY INVESTOR PARTICIPANT'S ACCOUNT MAINTAINED WITH CCASS?

If your H Share(s) has/have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS and you intend to vote at the EGM and/or the H Shareholders Class Meeting (as applicable) or attend in person, you should instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to give instructions to HKSCC Nominees Limited on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them.

If your H Share(s) has/have been lodged with your investor participant's account maintained with CCASS, you should authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

For the avoidance of doubt, your vote will be invalid if you give voting instructions to the Share Registrar by yourself directly. Therefore, if your H Share(s) has/have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, or lodged with your investor participant's account maintained with CCASS, you must take actions as mentioned above.

11. WHAT IS THE POSITION OF THE INDEPENDENT FINANCIAL ADVISER WITH REGARD TO THE H SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING?

Gram Capital, the Independent Financial Adviser, considers that (1) the H Share Buy-back Offer (including the Offer Price) is fair and reasonable so far as the Independent H Shareholders are concerned, (2) the terms of the Voluntary Withdrawal of Listing are fair and reasonable, and the Voluntary Withdrawal of Listing is in the interest of the Company and the Shareholders as a whole, and (3) the Voluntary Withdrawal of Listing is in the interest of the Independent H Shareholders.

QUESTIONS AND ANSWERS

Accordingly, Gram Capital recommends the Independent H Shareholders to (1) accept the H Share Buy-back Offer; and (2) vote in favour of the H Share Buy-back Offer and Voluntary Withdrawal of Listing resolution at the EGM and H Shareholders Class Meeting.

Shareholders are advised to read carefully the letter from Gram Capital set out on pages 42 to 65 of this Offer Document before deciding on how to vote on the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, and whether to accept the H Share Buy-back Offer.

12. I AM AN OVERSEAS H SHAREHOLDER. WHAT SHOULD I DO?

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Offer Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed “Notice to H Shareholders outside Hong Kong” in “Important Notices” and “Overseas H Shareholders” in “Letter from CICC” before taking any action. It is the responsibility of each Overseas H Shareholder wishing to accept the H Share Buy-back Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas H Shareholders are advised to seek professional advice on deciding whether or not to accept the H Share Buy-back Offer.

13. WHO SHOULD I CONTACT IF I HAVE ADDITIONAL QUESTIONS?

If Shareholders and potential investors have any questions of an administrative and procedural nature concerning the H Share Buy-back Offer and/or the Voluntary Withdrawal of Listing, please reach out to Orient Capital Pty Limited via the following ways:

By phone: +852 3953 7240

Working hours: Monday to Friday, 09:00-18:00 (Hong Kong time)

By email: ir@yitaicoal.com

For the avoidance of doubt, the designated phone line or email account cannot and will not (i) provide any information not available in the public domain nor any advice on the merits or risks of the H Share Buy-back Offer and/or the Voluntary Withdrawal of Listing or (ii) give any financial or legal advice. If you are in doubt as to any aspect of this Offer Document or action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

LETTER FROM CICC



5 June 2023

To the Shareholders

Dear Sir or Madam,

**(1) CONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF INNER MONGOLIA YITAI COAL CO., LTD. TO BUY-BACK ALL THE ISSUED H SHARES AT HK\$17.50 PER H SHARE; AND
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES OF INNER MONGOLIA YITAI COAL CO., LTD. ON THE STOCK EXCHANGE OF HONG KONG LIMITED**

INTRODUCTION

Reference is made to the Rule 3.5 Announcement in relation to, among other things, the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

On 9 May 2023, the Board announced that subject to compliance with the Takeovers Code, the Share Buy-backs Code and the Listing Rules, the H Share Buy-back Offer shall be made to buy-back all H Shares in issue. As at the Latest Practicable Date, the number of H Shares in issue is 326,007,000, representing approximately 10.02% of the total issued share capital of the Company. If the H Share Buy-back Offer becomes unconditional in all respects, all H Shares repurchased will be cancelled and the registered capital of the Company will be reduced accordingly, and the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

The H Shareholders may (1) accept the H Share Buy-back Offer by lodging the Form of Acceptance for the sale of their H Shares to the Company at the Offer Price of HK\$17.50 per H Share and (2) vote on the resolutions approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

The share capital of the Company comprises H Shares, B Shares and Domestic Shares. The Company will not make a comparable offer for the B Shares and the Domestic Shares, because:

- (a) it is the Company's intention to maintain the listing of the B Shares on the Shanghai Stock Exchange. As advised by the PRC legal advisers to the Company, the Company is not required to make a comparable offer for the B Shares pursuant to the PRC laws and regulations; and

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- (b) the Controlling Shareholder, being the direct sole holder of the unlisted Domestic Shares, and Yitai (Group) Hong Kong, being the direct holder of 312,000,000 B Shares and a wholly-owned subsidiary of the Controlling Shareholder, entered into the DS Irrevocable Undertaking in favour of the Company, pursuant to which they have irrevocably agreed and undertaken to the Company, among other things, no comparable offer has to be extended to each of the Controlling Shareholder and Yitai (Group) Hong Kong if the H Share Buy-back Offer is made by the Company and even if such comparable offer is extended to each of the Controlling Shareholder and Yitai (Group) Hong Kong, they will not accept such offer. Given that the Controlling Shareholder and Yitai (Group) Hong Kong have entered into the DS Irrevocable Undertaking, no comparable offer will be made to each of the Controlling Shareholder and Yitai (Group) Hong Kong.

Based on the above, the Company has applied to the Executive for a waiver from the requirements under Rule 14 of the Takeovers Code to extend a comparable offer for the B Shares and the Domestic Shares. The Executive has granted such waiver as at the Latest Practicable Date.

This letter sets out the details of the terms of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing. Further details of the terms and conditions of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing are set out in Appendix I to the Offer Document and the Form of Acceptance.

THE H SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING

Principal terms of the H Share Buy-back Offer

A conditional cash offer is being made by CICC on behalf of the Company to buy back all the 326,007,000 H Shares in issue, representing approximately 10.02% of the total issued share capital of the Company as at the Latest Practicable Date, on the following basis:

For each Offer Share HK\$17.50 in cash

The Company will not increase the Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Company will not be allowed to increase the Offer Price and the Company does not reserve the right to increase the Offer Price.

Subject to the H Share Buy-back Offer becoming unconditional in all respects, the Offer Shares to be acquired shall be fully paid and free from all Encumbrances, together with all rights attached or accrued thereto on or after the date on which the H Share Buy-back Offer is made, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date on which the H Share Buy-back Offer is made (i.e. the date of despatch of this Offer Document).

The Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the closing date of the H Share Buy-back Offer.

All the H Shares bought-back under the H Share Buy-back Offer will be cancelled and subject to the H Share Buy-back Offer becoming unconditional in all respects, the H Shares listing on the Hong Kong Stock Exchange will be withdrawn.

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THE OFFER PRICE

The Offer Price, being HK\$17.50 per H Share, represents:

- (a) a premium of approximately 5.29% over the closing price of the H Shares as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date of HK\$16.62 per Share;
- (b) a premium of approximately 8.97% over the closing price of HK\$16.06 per H Share as quoted on the Hong Kong Stock Exchange on 9 May 2023, being the last trading day prior to the publication of the Rule 3.5 Announcement;
- (c) a premium of approximately 54.87% over the closing price of HK\$11.30 per H Share as quoted on the Hong Kong Stock Exchange on 29 March 2023, being the Last Trading Day;
- (d) a premium of approximately 58.66% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$11.03 per H Share;
- (e) a premium of approximately 63.70% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK\$10.69 per H Share;
- (f) a premium of approximately 67.30% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$10.46 per H Share;
- (g) a premium of approximately 64.17% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of HK\$10.66 per H Share;
- (h) a premium of approximately 65.09% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of HK\$10.60 per H Share;
- (i) a premium of approximately 2.58% over the audited consolidated net asset value of approximately RMB15.24 (equivalent to approximately HK\$17.06) per Share (based on (i) the audited consolidated net asset value attributable to the shareholders of the Company as stated in the annual report of the Company for the year ended 31 December 2022 published on 24 April 2023; (ii) 3,254,007,000 Shares in issue as at the Latest Practicable Date; and (iii) the exchange rate of HK\$1: RMB0.89327, being the median exchange rate on 30 December 2022 as announced by the People's Bank of China; and
- (j) a discount of approximately 6.02% to the unaudited consolidated net asset value of approximately RMB16.30 (equivalent to approximately HK\$18.62) per Share based on (i) the unaudited consolidated net asset value attributable to shareholders of the Company of approximately RMB53,033 million as at 31 March 2023 as extracted from the first quarterly report of the Company for the three months

LETTER FROM CICC

ended 31 March 2023; (ii) the issued share capital of the Company of 3,254,007,000 Shares as at the Latest Practicable Date; and (iii) the exchange rate of HK\$1: RMB0.87541, being the median exchange rate on 31 March 2023 as announced by the People's Bank of China.

The Offer Price has been determined on a commercial basis after taking into account the historical and prevailing prices of the Shares traded on the Stock Exchange and with reference to other recent similar transactions in Hong Kong. As such, the Board believes that the Offer Price is fair and reasonable and the H Share Buy-back Offer is in the interests of the Company and its Shareholders as a whole.

Highest and lowest H Share prices

During the Relevant Period, the highest and lowest closing prices of the H Shares as quoted on the Hong Kong Stock Exchange was HK\$16.92 per H Share on 11 May 2023 and HK\$9.35 per H Share on 31 October 2022, respectively.

Value of the H Share Buy-back Offer

As at the Latest Practicable Date, the Company has 326,007,000 H Shares in issue. The H Share Buy-back Offer will be extended to all H Shareholders in accordance with the Takeovers Code.

Based on the Offer Price of HK\$17.50 per Offer Share, and assuming that the H Share Buy-back Offer is accepted in full, the value of the H Share Buy-back Offer will be HK\$5,705,122,500.

Financial resources available for the H Share Buy-back Offer

The Company intends to finance the consideration for the full acceptance of the H Share Buy-back Offer of HK\$5,705,122,500 by internal resources.

CICC, being the financial adviser to the Company in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, is satisfied that sufficient financial resources are available to the Company to satisfy the consideration payable by the Company for the full acceptance of the H Share Buy-back Offer.

CONDITIONS OF THE H SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING

The H Share Buy-back Offer and the Voluntary Withdrawal of Listing will be subject to the following Conditions being fulfilled:

- (a) the passing of the resolution to be proposed at the H Shareholders Class Meeting for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that:**
 - (i) the resolution is approved (by way of poll) by at least 75% of the votes attaching to all the H Shares held by the Independent H Shareholders that are voted either in person or by proxy at the H Shareholders Class Meeting; and

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- (ii) the number of votes cast (by way of poll) by the Independent H Shareholders present and voting either in person or by proxy at the H Shareholders Class Meeting against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing of the resolution to be proposed at the Non-H Shareholders Class Meeting for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that** the resolution must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the B Shares and the Domestic Shares held by the B Shareholders and the holder of Domestic Shares that are voted either in person or by proxy at the Non-H Shareholders Class Meeting;
- (c) the passing of the resolution to be proposed at the EGM for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that** the resolution must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the Shares held by the Shareholders that are voted either in person or by proxy at the EGM;
- (d) minimum valid acceptances of the H Share Buy-back Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time and date as the Company may, subject to the Takeovers Code, decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (e) the granting by the Executive of (i) the waiver for the Company from strict compliance with the requirement to compulsorily acquire H Shares that are not tendered for acceptance under the H Share Buy-back Offer under Rule 2.2(c) of the Takeovers Code and (ii) the waiver for the Company's obligation to make a comparable offer to the B Shareholders and the holder of Domestic Shares under Rule 14 of the Takeovers Code;
- (f) the registration with SAFE in relation to the H Share Buy-back Offer remains in full force and effect;
- (g) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body in relation to the H Share Buy-back Offer (including its implementation) (if applicable) having been obtained and remaining in full force and effect pursuant to the provision of any laws or regulations in the PRC and other relevant jurisdictions; and
- (h) the compliance by the Company with the Listing Rules, the Takeovers Code, the Share Buy-backs Code, the statutory laws of Hong Kong and the PRC applicable to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

None of the above Conditions is waivable and as at the Latest Practicable Date, other than Condition (e) and Condition (f) (to the extent that such registration has been completed) above, none of the other Conditions has been fulfilled.

In respect of Condition (b) above, as set out in the Rule 3.5 Announcement, pursuant to the "Decision of the State Council to Repeal Certain Administrative Regulations and Documents" (《國務院關於廢止部分行政法規和文件的決定(中華人民共和國國務院令第七58號)》) issued by the State Council of the PRC on 14 February 2023 and the "Trial Administrative Measures of Overseas Securities Offering and Listing by

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Domestic Companies" (《境內企業境外發行證券和上市管理試行辦法》) and related guidelines issued by the China Securities Regulatory Commission on 17 February 2023, the Company is required to conform its articles of association to a new standard. As at the Latest Practicable Date, the Company expects that such amendments to the articles of association will be made subsequent to the date of the EGM, the Non-H Shareholders Class Meeting and the H Shareholders Class Meeting. Accordingly, it is expected that the Non-H Shareholders Class Meeting will be convened by the Company and Condition (b) will be applicable to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

In respect of Condition (e) above, the Company has applied for, and the Executive has granted, the waivers from strict compliance with Rule 2.2(c) and Rule 14 of the Takeovers Code.

In respect of Condition (g) above, the Company is not aware of any necessary authorisations, consents and approvals of any governmental or regulatory body required in relation to the H Share Buy-back Offer as at the Latest Practicable Date, save as disclosed in Conditions (e) and (f) above.

In respect of Condition (h) above, as at the Latest Practicable Date, the Directors are not aware of any non-compliance by the Company with the Listing Rules, the Takeovers Code, the Share Buy-backs Code and any statutory laws of Hong Kong and the PRC that are applicable to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Company should not invoke any of the Conditions (other than Condition (d) above) so as to cause the H Share Buy-back Offer to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Company in the context of the H Share Buy-back Offer.

Pursuant to Rule 15.5 of the Takeovers Code, the latest time at which the Company can declare the H Share Buy-back Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Offer Document (i.e. 4 August 2023) (or such later date to which the Executive may consent).

DS Irrevocable Undertaking

As at the Latest Practicable Date, the Controlling Shareholder holds:

- (a) 1,600,000,000 unlisted Domestic Shares (representing 100% of all the unlisted Domestic Shares in issue, approximately 54.64% of all the unlisted Domestic Shares and B Shares in issue and approximately 49.17% of the total issued share capital of the Company); and
- (b) (through Yitai (Group) Hong Kong, its wholly-owned subsidiary) 312,000,000 B Shares (representing approximately 10.66% of all the unlisted Domestic Shares and B Shares in issue and approximately 9.59% of the total issued share capital of the Company).

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Pursuant to the DS Irrevocable Undertaking, the Controlling Shareholder and Yitai (Group) Hong Kong have irrevocably and unconditionally undertaken to the Company that, amongst others:

- (a) no comparable offer has to be extended to each of the Controlling Shareholder and Yitai (Group) Hong Kong if the H Share Buy-back Offer is made by the Company and even if such comparable offer is extended to each of the Controlling Shareholder and Yitai (Group) Hong Kong, they will not accept such offer;
- (b) they will vote in favour of the resolutions to be proposed at the Non-H Shareholders Class Meeting and the EGM for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing; and
- (c) they will not sell, transfer, impose any encumbrance over, or grant to any third party any rights attaching to any Shares held by them and will not otherwise deal in the securities of the Company without the Company's prior written consent.

Given that the Controlling Shareholder and Yitai (Group) Hong Kong have entered into the DS Irrevocable Undertaking, no comparable offer will be made to each of the Controlling Shareholder and Yitai (Group) Hong Kong and the Company has applied to the Executive for a waiver from the requirements under Rule 14 of the Takeovers Code. The Executive has granted such waiver as at the Latest Practicable Date.

Approval by board of directors of Datang of the acceptance of the H Share Buy-back Offer by its wholly-owned subsidiary

As disclosed in the announcement of the Company dated 30 May 2023, based on the announcement of Datang International Power Generation Co., Ltd. (stock code: 991.HK, 601991.SH, "**Datang**") published on 29 May 2023 and the Company's understanding, the board of directors of Datang has approved the acceptance of the H Share Buy-back Offer in respect of all the H Shares held by Datang International (Hong Kong) Limited ("**Datang HK**", a wholly-owned subsidiary of Datang). Based on public information, as at the Latest Practicable Date, Datang HK holds 36,062,200 H Shares of the Company, representing approximately 11.06% of the total issued H Shares of the Company and total issued H Shares of the Company held by Independent H Shareholders, and approximately 1.11% of the total issued Shares of the Company as at the Latest Practicable Date.

REASONS AND BENEFITS OF THE H SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING

The Board believes that the H Share Buy-back Offer and the Voluntary Withdrawal of Listing is in the interest of the Company and the Shareholders as a whole on the following bases:

- (a) the low trading volume and limited liquidity of the H Shares, which creates difficulty for the Company to effectively conduct fund raising exercise in the Hong Kong Stock Exchange;
- (b) the H Share Buy-back Offer, if materialised, will result in an one-off investment gain for the accepting H shareholders; and

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- (c) the delisting of the H Shares, if materialised, will allow the Company to save costs and expenses associated with regulatory compliance of its listing of H Shares.

EFFECT OF ACCEPTANCE OF THE H SHARE BUY-BACK OFFER

In order to accept the H Share Buy-back Offer, H Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions set out in this Offer Document should be read together with the instructions printed on the Form of Acceptance (in which the instructions form part of the terms of the H Share Buy-back Offer). Except for any recognised clearing houses (including HKSCC Nominees Limited) or as otherwise determined by the Company, only one Form of Acceptance may be submitted by each H Shareholder to the Share Registrar. No acknowledgement of receipt of any Form of Acceptance or title documents will be given.

The H Share Buy-back Offer will initially be open for acceptances for 35 days from and including the date of this Offer Document. Once all Conditions have been satisfied, the H Share Buy-back Offer will be declared unconditional in all respects and the H Share Buy-back Offer shall remain open for acceptance for at least 28 days in compliance with the Note to Rule 2.2 and Rule 15.3 of the Takeovers Code before the H Share Buy-back Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Buy-back Offer to accept the H Share Buy-back Offer or to process the transfer of their H Shares.

The procedures for acceptance and settlement of the H Share Buy-back Offer and related information are set out in Appendix I to this Offer Document and in the accompanying Form of Acceptance. Acceptances of the H Share Buy-back Offer should be received by the Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on the First Closing Date.

Subject to the H Share Buy-back Offer becoming unconditional, by accepting the H Share Buy-back Offer, the relevant H Shareholder will be deemed to warrant that all Offer Shares to be sold by such person under the H Share Buy-back Offer are fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto on or after the date on which the H Share Buy-back Offer is made, including but not limited to the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date on which the H Share Buy-back Offer is made (i.e. the date of despatch of this Offer Document).

Acceptance of the H Share Buy-back Offer will be irrevocable and will not be capable of being withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the H Share Buy-back Offer shall be entitled to withdraw its/his/her acceptance after twenty-one (21) days from 10 July 2023 (being the date stated as the First Closing Date in this Offer Document), if the H Share Buy-back Offer has not by then become unconditional as to acceptances.

LETTER FROM CICC

If the Company is unable to comply with the requirements set out in paragraph headed “3. Announcement” in Appendix I of this Offer Document, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent H Shareholders who have tendered acceptance of the H Share Buy-back Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent H Shareholders withdraw their acceptance(s), the Company shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent H Shareholder(s) at his/her/its own risk.

No right of compulsory acquisition

The Company has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Buy-back Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the H Share Buy-back Offer, and if the H Share Buy-back Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Hong Kong Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code (depending on whether it remains as a public company in Hong Kong under the Takeovers Code) after the completion of the H Share Buy-back Offer, and the rights of Independent H Shareholders to certain information of the Company will be reduced. In view of the implications on the H Shareholders who have not accepted the H Share Buy-back Offer upon the Final Closing Date, the Company will notify the relevant H Shareholders in writing by way of issuing an announcement in one (1) week prior to the Final Closing Date to remind the H Shareholders of the Final Closing Date and the implications if they choose not to accept the H Share Buy-back Offer.

There is no comparable provision to sections 705, 711 to 716 and 718 to 721 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) under the laws of the PRC and the Independent H Shareholders have no rights under the laws of the PRC to compulsorily require the Company to buy-back the H Shares that are not tendered for acceptance pursuant to the H Share Buy-back Offer.

Shareholders should also note that if they do not agree to the terms of the H Share Buy-back Offer, they can vote against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, Non-H Shareholders Class Meeting and/or the EGM (as the case may be). If more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders are voted against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, the H Share Buy-back Offer would lapse and the H Shares would remain listed on the Hong Kong Stock Exchange.

LETTER FROM CICC

EGM, THE NON-H SHAREHOLDERS CLASS MEETING AND H SHAREHOLDERS CLASS MEETING

The notices convening the EGM and H Shareholders Class Meeting are set out in pages V-1 to V-2 and VI-1 to VI-2 of this Offer Document. Resolutions in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing will be proposed at the EGM, the Non-H Shareholders Class Meeting and H Shareholders Class Meeting.

A form of proxy for each of the EGM and H Shareholders Class Meeting are enclosed with this Offer Document. Whether or not you are able to attend the EGM and/or H Shareholders Class Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Share Registrar as soon as possible and in any event, not less than 24 hours before the time of the holding of the EGM and H Shareholders Class Meeting or any adjournment thereof (i.e. on or before 2:30 p.m. and 2:30 p.m. on Thursday, 29 June 2023 respectively), in the case of H Shareholders, to the office of the Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM and H Shareholders Class Meeting or any adjournment if you so wish.

NOMINEE REGISTRATION OF SHARES

Procedure for acceptance

Beneficial owners of H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Please refer to Appendix I to this Offer Document for additional information on how to accept the H Share Buy-back Offer.

In order for the beneficial owners of the H Shares, whose investments are registered in the names of nominees (including those whose interests in the H Shares are held through CCASS), to accept the H Share Buy-back Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the H Share Buy-back Offer.

For the avoidance of doubt, for beneficial owners of H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant, if you send the accompanying Form of Acceptance to the Share Registrar by yourself directly, the acceptance of the H Share Buy-back Offer will be treated as invalid. Therefore, if the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are in the name of a nominee company or a name other than your own, you must take actions as mentioned above.

LETTER FROM CICC

Procedures for voting

If your H Share(s) has/have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS and you intend to vote at the EGM and/or the H Shareholders Class Meeting (as applicable) or attend in person, you should instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to give instructions to HKSCC Nominees Limited on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them.

If your H Share(s) has/have been lodged with your investor participant's account maintained with CCASS, you should authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

For the avoidance of doubt, your vote will be invalid if you give voting instructions to the Share Registrar by yourself directly. Therefore, if your H Share(s) has/have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, or lodged with your investor participant's account maintained with CCASS, you must take actions as mentioned above.

SETTLEMENT

Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash in respect of acceptances of the H Share Buy-back Offer will be made within seven (7) Business Days (as defined under the Takeovers Code) following the later of the date on which (i) the H Share Buy-back Offer becomes, or are declared unconditional in all respects, and (ii) the duly completed acceptances of the H Share Buy-back Offer and the relevant documents of title of the Offer Shares in respect of such acceptances are received by or for the Company to render each such acceptance complete and valid. Relevant documents of title must be received by the Share Registrar to render each acceptance of the H Share Buy-back Offer complete and valid. Remittances in respect of the H Shares tendered for acceptance and taken up by the Company under the H Share Buy-back Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom) will be posted to the H Shareholders by ordinary post at their own risk.

If the H Share Buy-back Offer does not become unconditional, the title documents will be returned and/or sent to each accepting H Shareholder (by ordinary post at that H Shareholder's own risk) within 10 days of the lapse of the H Share Buy-back Offer. In such an event, the Company will make an announcement in accordance with the Takeovers Code. Where any accepting H Shareholder has sent one or more transfer receipt(s) and in the meantime one or more share certificate(s) has/have been collected on that H Shareholder's behalf in respect thereof, that H Shareholder will be sent (by ordinary post at his/her/its own risk) such share certificate(s) in lieu of the transfer receipt(s).

LETTER FROM CICC

HONG KONG STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the H Share Buy-back Offer will be payable by the relevant H Shareholders at a rate of 0.13% of the higher of (i) the market value of the relevant H Shares accepting the H Share Buy-back Offer; or (ii) the consideration payable by the Company in respect of the relevant acceptances of the H Share Buy-back Offer, and will be deducted from the amount payable by the Company to the relevant H Shareholders on acceptance of the H Share Buy-back Offer.

The Company will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant H Shareholders accepting the H Share Buy-back Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the H Share Buy-back Offer and the transfer of the Offer Shares.

RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Forms of Acceptance, proxy forms, the title documents and remittances to be delivered or sent by, to or from any H Shareholder will be delivered or sent by, to and from them, or their designated agents, at their risk and none of the Company, CICC, the Share Registrar and Gram Capital or any of their respective directors or any other persons involved in the H Share Buy-back Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

OVERSEAS H SHAREHOLDERS

The Company intends to make the H Share Buy-back Offer available to all H Shareholders, including the Overseas H Shareholders. However, the H Share Buy-back Offer is in respect of securities of a company incorporated in the PRC and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. The availability of the H Share Buy-back Offer to any Overseas H Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas H Shareholders' participation in the H Share Buy-back Offer may be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the H Share Buy-back Offer. Overseas H Shareholders and beneficial owners of the H Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice in respect of the H Share Buy-back Offer.

It is the responsibility of the Overseas H Shareholders and overseas beneficial owners of the H Shares who wish to accept the H Share Buy-back Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the H Share Buy-back Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Any acceptance of the H Share Buy-back Offer by any Overseas H Shareholder shall be deemed to constitute a representation and warranty from such Overseas H Shareholder to the Company and CICC that all applicable local laws and requirements have been observed and complied with. For the

LETTER FROM CICC

avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. Overseas H Shareholders should consult their professional advisers if in doubt.

The Company, the Directors and parties acting in concert with any of them, CICC, Gram Capital, the Share Registrar, any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the H Share Buy-back Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Acceptance by any Overseas H Shareholders and overseas beneficial owners of the H Shares will be deemed to constitute a representation and warranty from such Overseas H Shareholders or overseas beneficial owners of the H Shares, as applicable, to the Company and CICC that the local laws and requirements have been complied with. Overseas H Shareholders and overseas beneficial owners of the H shares should consult their professional advisers if in doubt.

This Offer Document (and the accompanying Form of Acceptance and the proxy forms) does not constitute a disclosure document under Chapter 6D.2 of the Australian Corporations Act; and has not been, and will not be, lodged with the Australian Securities and Investments Commission, as a disclosure document for the purposes of the Australian Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Australian Corporations Act. Neither this Offer Document nor any other document or material in connection with this document constitute an offer of sale or invitation for subscription or purchase of securities under the Australian laws and regulations.

TAXATION ADVICE

H Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the H Share Buy-back Offer. None of the Company, the Directors, parties acting in concert with any of them, CICC, Gram Capital, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the H Share Buy-back Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the H Share Buy-back Offer.

GENERAL

In considering what action to take, you must rely on your own consideration of the terms of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing. You should, if in any doubt, consult your professional advisers for professional advice.

You are strongly advised to consider carefully the information in the letter from the Board, the recommendation and the advice from Gram Capital contained in this Offer Document, and the information set out in the appendices to this Offer Document which form part of this Offer Document.

LETTER FROM CICC

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Offer Document and the accompanying Form of Acceptance, which form part of this Offer Document.

Yours faithfully,
For and on behalf of
**China International Capital
Corporation Hong Kong Securities Limited**
David Ching
Executive Director

LETTER FROM THE BOARD



內蒙古伊泰煤炭股份有限公司

INNER MONGOLIA YITAI COAL CO., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3948)

Executive Directors:

Mr. Zhang Jingquan
Mr. Liu Chunlin
Mr. Li Juncheng
Mr. Zhao Like
Mr. Yang Jialin
Mr. Bian Zhibao

Independent non-executive Directors:

Ms. Du Yingfen
Mr. E Erdun Tao Ketao
Mr. Tam, Kwok Ming Banny

Registered office:

Yitai Building
North Tianjiao Road
Dongsheng District, Ordos
Inner Mongolia, the PRC

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wan Chai, Hong Kong

5 June 2023

To the Shareholders

Dear Sir or Madam,

- (1) CONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF INNER MONGOLIA YITAI COAL CO., LTD. TO BUY-BACK ALL THE ISSUED H SHARES AT HK\$17.50 PER H SHARE; AND**
- (2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES OF INNER MONGOLIA YITAI COAL CO., LTD. ON THE STOCK EXCHANGE OF HONG KONG LIMITED**

INTRODUCTION

Reference is made to the Rule 3.5 Announcement in relation to, among other things, the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

A board meeting of the Company was held on 9 May 2023, whereby the Board resolved, among other matters, that subject to compliance with the Takeovers Code, the Share Buy-backs Code and the Listing Rules, the H Share Buy-back Offer shall be made to buy-back all H Shares in issue. If the H Share Buy-back Offer becomes unconditional in all respects, all H Shares repurchased will be cancelled and the registered capital of the Company will be reduced accordingly, and the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

LETTER FROM THE BOARD

If the H Share Buy-back Offer materialises and becomes unconditional, such H Shares which will be bought back by the Company will be cancelled, and the listing of H Shares of the Company will be withdrawn pursuant to the Takeovers Code, the Share Buy-backs Code and the Listing Rules. The H Share Buy-back Offer, together with the Voluntary Withdrawal of Listing, are subject to the fulfilment of the Conditions as set out in this Offer Document, including the passing of requisite resolutions approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the EGM, H Shareholders Class Meeting and the Non-H Shareholders Class Meeting and minimum valid acceptances of the H Share Buy-back Offer being received amounting to at least 90% of the H Shares held by the Independent H Shareholders. The Directors believe the H Share Buy-back Offer will be in the best interest of the Company and its Shareholders as a whole.

The share capital of the Company comprises H Shares, B Shares and Domestic Shares. The Company will not make a comparable offer for the B Shares and the Domestic Shares, because:

- (a) it is the Company's intention to maintain the listing of the B Shares on the Shanghai Stock Exchange. As advised by the PRC legal advisers to the Company, the Company is not required to make a comparable offer for the B Shares pursuant to the PRC laws and regulations; and
- (b) the Controlling Shareholder, being the direct sole holder of the unlisted Domestic Shares, and Yitai (Group) Hong Kong, being the direct holder of 312,000,000 B Shares and a wholly-owned subsidiary of the Controlling Shareholder, entered into the DS Irrevocable Undertaking in favour of the Company, pursuant to which they have irrevocably agreed and undertaken to the Company, among other things, no comparable offer has to be extended to each of the Controlling Shareholder and Yitai (Group) Hong Kong if the H Share Buy-back Offer is made by the Company and even if such comparable offer is extended to each of the Controlling Shareholder and Yitai (Group) Hong Kong, they will not accept such offer. Given that the Controlling Shareholder and Yitai (Group) Hong Kong have entered into the DS Irrevocable Undertaking, no comparable offer will be made to each of the Controlling Shareholder and Yitai (Group) Hong Kong.

Based on the above, the Company has applied to the Executive for a waiver from the requirements under Rule 14 of the Takeovers Code to extend a comparable offer for the B Shares and the unlisted Domestic Shares. The Executive has granted such waiver as at the Latest Practicable Date.

The purpose of this Offer Document is to provide you with, among other things, (i) the details of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing (including the expected timetable and terms of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing); (ii) a letter from CICC; (iii) a letter from the Board; (iv) a letter of advice from Gram Capital in relation to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing; and (v) information relating to the Group, together with the Form of Acceptance and proxy forms for the EGM and H Shareholders Class Meeting.

LETTER FROM THE BOARD

THE H SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING

Background

Pursuant to the Rule 3.7 Announcement and Rule 3.5 Announcement, the Company announced to buy-back all issued H Shares at the Offer Price of HK\$17.50 per H Share. The H Share Buy-back Offer, is subject to, among others, receipt of a minimum valid acceptances as to 90% of the H Shares held by the Independent H Shareholders and compliance with the applicable provisions under the Listing Rules, the Takeovers Code, the Share Buy-backs Code and the articles of association of the Company, including but not limited to, the passing of requisite resolutions approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the EGM, H Shareholders Class Meeting and the Non-H Shareholders Class Meeting. If the H Share Buy-back Offer materialises and becomes unconditional, such H Shares will be bought back by the Company and cancelled and the registered capital of the Company will be reduced accordingly. The listing of the H Shares on the Hong Kong Stock Exchange will also be voluntarily withdrawn pursuant to the Takeovers Code and the Listing Rules.

Shareholding structure of the Company

As at the Latest Practicable Date, save for the 326,007,000 H Shares (representing approximately 10.02% of the total issued share capital of the Company), 1,328,000,000 B Shares (representing approximately 40.81% of the total issued share capital of the Company) and 1,600,000,000 unlisted Domestic Shares (representing approximately 49.17% of the total issued share capital of the Company) in issue, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

All the 326,007,000 H Shares in issue will be subject to the H Share Buy-back Offer.

The shareholding table below sets forth the shareholding structure of the Company (i) as at the Latest Practicable Date based on public information available to the Company as at the Latest Practicable Date; and (ii) immediately upon completion of the H Share Buy-back Offer, based on public information available to the Company as at the Latest Practicable Date and assuming that the H Share Buy-back Offer is accepted in full and there will be no other change to the shareholding of the Company from the Latest Practicable Date up to the closing of the H Share Buy-back Offer:

LETTER FROM THE BOARD

	As at the Latest Practicable Date			Upon closing of the H Share Buy-back Offer		
	Class of Shares	No. of Shares	Approximate % of the relevant class of share capital of the Company (%)	Approximate % in the total share capital of the Company (%)	No. of Shares	Approximate % in the total share capital of the Company (%)
Independent H Shareholders						
Inner Mongolia Ordos Investment Holding Group Co., Ltd	H Shares	55,443,600	17.01	1.70	-	-
Ordos Hongrui Trade Company Limited	H Shares	44,711,200	13.71	1.37	-	-
Datang International (Hong Kong) Limited ^(Note 3)	H Shares	36,062,200	11.06	1.11	-	-
Inner Mongolia Manshi Investment Group Limited	H Shares	28,321,000	8.69	0.87	-	-
Great Huazhong Energy Co. Ltd	H Shares	27,168,000	8.33	0.83	-	-
Poseidon Sports Limited	H Shares	20,017,000	6.14	0.62	-	-
Other Independent H Shareholders	H Shares	114,284,000	35.06	3.51	-	-
Sub-total	H Shares	326,007,000	100	10.02	-	-
B Shareholders						
Yitai (Group) Hong Kong ^(Note 1)	B Shares	312,000,000	23.49	9.59	312,000,000	10.66
Other B Shareholders	B Shares	1,016,000,000	76.51	31.22	1,016,000,000	34.70
Sub-total	B Shares	1,328,000,000	100	40.81	1,328,000,000	45.36
Controlling Shareholder ^(Note 2)	Domestic Shares	1,600,000,000	100	49.17	1,600,000,000	54.64
Total		3,254,007,000	N/A	100	2,928,000,000	100

Notes:

- As at the Latest Practicable Date, Yitai (Group) Hong Kong is a wholly-owned subsidiary of the Controlling Shareholder.
- As at the Latest Practicable Date, Inner Mongolia Yitai Investment Co., Ltd. holds 99.64% of the registered capital in the Controlling Shareholder. Certain directors of the Company control certain voting rights in Inner Mongolia Yitai Investment Co., Ltd.. Such control of voting rights does not result in interests in the Shares required to be disclosed under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
- As disclosed in the announcement of the Company dated 30 May 2023, based on the announcement of Datang published on 29 May 2023 and based on the Company's understanding, the board of directors of Datang has approved the acceptance of the H Share Buy-back Offer in respect of all the H Shares held by Datang HK, a wholly-owned subsidiary of Datang. Please refer to the paragraph headed "Approval by board of directors of Datang of the acceptance of the H Share Buy-back Offer by its wholly-owned subsidiary" in the Letter from CICC of this Offer Document.

LETTER FROM THE BOARD

4. CICC is the financial adviser to the Company in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing. Accordingly, CICC and members of the CICC group are presumed to be acting in concert with the Company in respect of shareholdings of the CICC group in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code, excluding the Shares held on behalf of non-discretionary investment clients (for the avoidance of doubt, members of the CICC group which are exempt principal trader(s) or exempt fund manager(s), in each case recognised by the Executive as such for the purposes of the Takeovers Code and connected for the sole reason that they are under the same control as CICC, are not considered to be acting in concert with the Company). As at the Latest Practicable Date, (i) except for Shares held on behalf of non-discretionary investment clients and Shares held by member(s) of the CICC group acting in the capacity of exempt principal trader(s) and/or exempt fund manager(s), members of the CICC group did not own or control any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and (ii) the Shares held by exempt principal trader(s) of the CICC group include 312,000,000 B Shares held by a member of the CICC group acting as a simple custodian for and on behalf of Yitai (Group) Hong Kong on a non-discretionary basis. Notwithstanding the above, Shares held by any such exempt principal traders will not be voted at the H Shareholders Class Meeting unless the Executive allows such Shares to be so voted.

The Executive may allow such voting if:

- (a) such member of the CICC group holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients;
 - (b) there are contractual arrangements in place between such member of the CICC group and such non-discretionary client that strictly prohibit such member of the CICC group from exercising any voting discretion over such Shares;
 - (c) all voting instructions shall originate from such non-discretionary client only (if no instructions are given, then no votes shall be cast for such Shares held by such member of the CICC group); and
 - (d) such non-discretionary client is not a concert party of the Company.
5. The percentage figures are subject to rounding adjustments and may not add up to 100%.

Reasons and benefits of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing

The Board believes that the H Share Buy-back Offer and the Voluntary Withdrawal of Listing are in the interest of the Company and the Shareholders as a whole on the following bases:

- (a) the low trading volume and limited liquidity of the H Shares, which creates difficulty for the Company to effectively conduct fund raising exercise in the Hong Kong Stock Exchange;
- (b) the H Share Buy-back Offer, if materialised, will result in an one-off investment gain for the accepting H shareholders; and
- (c) the delisting of the H Shares, if materialised, will allow the Company to save costs and expenses associated with regulatory compliance of its listing of H Shares.

LETTER FROM THE BOARD

Conditions of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing

The H Share Buy-back Offer and the Voluntary Withdrawal of Listing will be subject to the following Conditions being fulfilled:

- (a) the passing of the resolution to be proposed at the H Shareholders Class Meeting for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that**:
 - (i) the resolution is approved (by way of poll) by at least 75% of the votes attaching to all the H Shares held by the Independent H Shareholders that are voted either in person or by proxy at the H Shareholders Class Meeting; and
 - (ii) the number of votes cast (by way of poll) by the Independent H Shareholders present and voting either in person or by proxy at the H Shareholders Class Meeting against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing of the resolution to be proposed at the Non-H Shareholders Class Meeting for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that** the resolution must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the B Shares and the Domestic Shares held by the B Shareholders and the holder of Domestic Shares that are voted either in person or by proxy at the Non-H Shareholders Class Meeting;
- (c) the passing of the resolution to be proposed at the EGM for approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, **provided that** the resolution must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the Shares held by the Shareholders that are voted either in person or by proxy at the EGM;
- (d) minimum valid acceptances of the H Share Buy-back Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time and date as the Company may, subject to the Takeovers Code, decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (e) the granting by the Executive of (i) the waiver for the Company from strict compliance with the requirement to compulsorily acquire H Shares that are not tendered for acceptance under the H Share Buy-back Offer under Rule 2.2(c) of the Takeovers Code and (ii) the waiver for the Company's obligation to make a comparable offer to the B Shareholders and the holder of Domestic Shares under Rule 14 of the Takeovers Code;
- (f) the registration with SAFE in relation to the H Share Buy-back Offer remains in full force and effect;
- (g) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body in relation to the H Share Buy-back Offer (including its implementation) (if applicable) having been obtained and remaining in full force and effect pursuant to the provision of any laws or regulations in the PRC and other relevant jurisdictions; and

LETTER FROM THE BOARD

- (h) the compliance by the Company with the Listing Rules, the Takeovers Code, the Share Buy-backs Code, the statutory laws of Hong Kong and the PRC applicable to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

None of the above Conditions is waivable and as at the Latest Practicable Date, other than Condition (e) and Condition (f) (to the extent that such registration has been completed) above, none of the other Conditions has been fulfilled.

In respect of Condition (b) above, as set out in the Rule 3.5 Announcement, pursuant to the "Decision of the State Council to Repeal Certain Administrative Regulations and Documents" (《國務院關於廢止部分行政法規和文件的決定(中華人民共和國國務院令第758號)》) issued by the State Council of the PRC on 14 February 2023 and the "Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies" (《境內企業境外發行證券和上市管理試行辦法》) and related guidelines issued by the China Securities Regulatory Commission on 17 February 2023, the Company is required to conform its articles of association to a new standard. As at the Latest Practicable Date, the Company expects that such amendments to the articles of association will be made subsequent to the date of the EGM, the Non-H Shareholders Class Meeting and the H Shareholders Class Meeting. Accordingly, it is expected that the Non-H Shareholders Class Meeting will be convened by the Company and Condition (b) will be applicable to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

In respect of Condition (e) above, the Company has applied for, and the Executive has granted, the waivers from strict compliance with Rule 2.2(c) and Rule 14 of the Takeovers Code.

In respect of Condition (g) above, the Company is not aware of any necessary authorisations, consents and approvals of any governmental or regulatory body required in relation to the H Share Buy-back Offer as at the Latest Practicable Date, save as disclosed in Conditions (e) and (f) above.

In respect of Condition (h) above, as at the Latest Practicable Date, the Directors are not aware of any non-compliance by the Company with the Listing Rules, the Takeovers Code, the Share Buy-backs Code and any statutory laws of Hong Kong and the PRC that are applicable to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Company should not invoke any of the Conditions (other than Condition (d) above) so as to cause the H Share Buy-back Offer to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Company in the context of the H Share Buy-back Offer.

Pursuant to Rule 15.5 of the Takeovers Code, the latest time at which the Company can declare the H Share Buy-back Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Offer Document (i.e. 4 August 2023) (or such later date to which the Executive may consent).

Acceptance of the H Share Buy-back Offer will be irrevocable and will not be capable of being withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the H Share Buy-back Offer shall be entitled to withdraw its/his/her acceptance after twenty-one (21) days from 10 July 2023 (being the date stated as the First Closing Date in this Offer Document), if the H Share Buy-back Offer has not by then become unconditional as to acceptances.

LETTER FROM THE BOARD

If the Company is unable to comply with the requirements set out in paragraph headed “3. Announcement” in Appendix I of this Offer Document, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent H Shareholders who have tendered acceptance of the H Share Buy-back Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent H Shareholders withdraw their acceptance(s), the Company shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent H Shareholder(s) at his/her/its own risk.

Principal terms of the H Share Buy-back Offer

CICC, on behalf of the Company and in compliance with the Takeovers Code and Share Buy-backs Code, makes the H Share Buy-back Offer on the terms set out in this Offer Document on the following basis:

For each Offer Share HK\$17.50 in cash

The Company will not increase the Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Company will not be allowed to increase the Offer Price and the Company does not reserve the right to increase the Offer Price.

Subject to the H Share Buy-back Offer becoming unconditional in all respects, the Offer Shares to be acquired shall be fully paid and free from all Encumbrances, together with all rights attached or accrued thereto on or after the date on which the H Share Buy-back Offer is made, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date on which the H Share Buy-back Offer is made (i.e. the date of despatch of this Offer Document).

All the H Shares bought-back under the H Share Buy-back Offer will be cancelled and subject to the H Share Buy-back Offer becoming unconditional in all respects, the H Shares listing on the Hong Kong Stock Exchange will be withdrawn.

Further details on the H Share Buy-back Offer

Further details regarding the H Share Buy-back Offer, including the terms and procedures for acceptance of the H Share Buy-back Offer are set out in “Further Terms and Procedures for Acceptance of the H Share Buy-back Offer” as set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

As it is proposed that all the H Shares will be bought-back under the H Share Buy-back Offer, no pro rating or odd lot procedures will be applicable to the H Share Buy-back Offer.

LETTER FROM THE BOARD

Comparison with the Offer Price

The Offer Price of HK\$17.50 per H Share represents:

- (a) a premium of approximately 5.29% over the closing price of the H Shares as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date of HK\$16.62 per Share;
- (b) a premium of approximately 8.97% over the closing price of HK\$16.06 per H Share as quoted on the Hong Kong Stock Exchange on 9 May 2023, being the last trading day prior to the publication of the Rule 3.5 Announcement;
- (c) a premium of approximately 54.87% over the closing price of HK\$11.30 per H Share as quoted on the Hong Kong Stock Exchange on 29 March 2023, being the Last Trading Day;
- (d) a premium of approximately 58.66% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$11.03 per H Share;
- (e) a premium of approximately 63.70% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK\$10.69 per H Share;
- (f) a premium of approximately 67.30% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$10.46 per H Share;
- (g) a premium of approximately 64.17% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of HK\$10.66 per H Share;
- (h) a premium of approximately 65.09% over the average of the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of HK\$10.60 per H Share;
- (i) a premium of approximately 2.58% over the audited consolidated net asset value of approximately RMB15.24 (equivalent to approximately HK\$17.06) per Share (based on (i) the audited consolidated net asset value attributable to the shareholders of the Company as stated in the annual report of the Company for the year ended 31 December 2022 published on 24 April 2023; (ii) 3,254,007,000 Shares in issue as at the Latest Practicable Date; and (iii) the exchange rate of HK\$1: RMB0.89327, being the median exchange rate on 30 December 2022 as announced by the People's Bank of China; and
- (j) a discount of approximately 6.02% to the unaudited consolidated net asset value of approximately RMB16.30 (equivalent to approximately HK\$18.62) per Share based on (i) the unaudited consolidated net asset value attributable to shareholders of the Company of approximately RMB53,033 million as at 31 March 2023 as extracted from the first quarterly report of the Company for the three months

LETTER FROM THE BOARD

ended 31 March 2023; (ii) the issued share capital of the Company of 3,254,007,000 Shares as at the Latest Practicable Date; and (iii) the exchange rate of HK\$1: RMB0.87541, being the median exchange rate on 31 March 2023 as announced by the People's Bank of China.

Historic share price information on the H Shares is set out in the paragraph headed "3. Market Prices" in Appendix IV to this Offer Document.

Dividends and Distribution

Subject to the H Share Buy-back Offer becoming unconditional in all respects, the Offer Shares to be acquired shall be fully paid and free from all Encumbrances, together with all rights attached or accrued thereto on or after the date on which the H Share Buy-back Offer is made, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date on which the H Share Buy-back Offer is made (i.e. the date of despatch of this Offer Document).

The Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the closing date of the H Share Buy-back Offer.

Value of the H Share Buy-back Offer

As at the Latest Practicable Date, the Company has 326,007,000 H Shares in issue. The H Share Buy-back Offer will be extended to all H Shareholders in accordance with the Takeovers Code. Based on the Offer Price of HK\$17.50 per Offer Share, and assuming that the H Share Buy-back Offer is accepted in full, the value of the H Share Buy-back Offer will be HK\$5,705,122,500.

Financial resources available for the H Share Buy-back Offer

The Company intends to finance the consideration for the full acceptance of the H Share Buy-back Offer of HK\$5,705,122,500 by internal resources.

CICC, being the financial adviser to the Company in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, is satisfied that sufficient financial resources are available to the Company to satisfy the consideration payable by the Company for the full acceptance of the H Share Buy-back Offer.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent H Shareholders in connection with the H Share Buy-back Offer and the Voluntary Withdrawal of Listing and, in particular, as to whether the H Share Buy-back Offer is fair and reasonable, acceptance of the H Share Buy-back Offer and voting at the EGM and H Shareholders Class Meeting in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, pursuant to Rule 2.1 of the Takeovers Code. A copy of their letter is set out on pages 42 to 65 of this Offer Document.

LETTER FROM THE BOARD

Pursuant to Rule 3.3 of the Share Buy-backs Code, as no Directors are considered as independent in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, no independent board committee has been formed for the purpose of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

INFORMATION ON THE COMPANY

The Company is a joint stock limited liability company incorporated in the PRC on 23 September 1997, which is the largest local coal enterprise in the Inner Mongolia Autonomous Region and one of the large-scale coal enterprises in the PRC. The principal businesses of the Company include coal production and operation, rail transportation operations, coal-related chemical operations and other operations.

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 December 2021 and 2022:

	For the year ended/as at 31 December	
	2021	2022
	RMB'000	RMB'000
	(audited)	(audited)
Operating revenue	50,675,643	60,646,669
Profit before tax	12,671,566	15,299,780
Net profit attributable to the shareholders of the Company	8,643,453	10,975,355
Net assets attributable to shareholders of the Company	40,867,522	49,579,783

Your attention is drawn to the sections headed “Financial Information of the Group”, “Unaudited Pro Forma Financial Information of the Group” and “General Information of the Company” as set out in Appendix II, III and IV, respectively, to this Offer Document.

FINANCIAL IMPACT OF THE H SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING

Earnings per Share attributable to equity holders of the Company

Assuming that the H Share Buy-back Offer is accepted in full and there will be no other change to the shareholding of the Company from the Latest Practicable Date up to the closing of the H Share Buy-back Offer, the total number of issued Shares will be reduced from 3,254,007,000 as at the Latest Practicable Date to 2,928,000,000 upon the closing of the H Share Buy-back Offer and cancellation of the H Shares.

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming the completion of the H Share Buy-back Offer on 31 December 2022 and that there is no change to the shareholding of the Company other than the reduction in the total number of issued Shares, the earnings per Share attributable to the equity holders of the Company for the year ended 31 December 2022 would have increased by approximately 11.28% from approximately RMB3.37 per Share to approximately RMB3.75 per Share.

LETTER FROM THE BOARD

Net asset value per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming the completion of the H Share Buy-back Offer on 31 December 2022, the net assets per Share attributable to the equity holders of the Company as at 31 December 2022 would have decreased by approximately 0.39% from approximately RMB15.24 per Share to approximately RMB15.18 per Share.

The cash outlay from the estimated costs to be incurred under the H Share Buy-back Offer represented only approximately 10.35% of the consolidated net asset value of the Company as at 31 December 2022. The Directors believe that the H Share Buy-back Offer and the Voluntary Withdrawal of Listing will not have a material adverse impact on the Group's cash position and consolidated net asset value.

Liabilities and Working Capital

The estimated costs of approximately RMB5,130,571,998 to be incurred under the H Share Buy-back Offer will be settled by cash and therefore the H Share Buy-back Offer will not have any effect on the liabilities of the Group. On the other hand, the estimated costs would have decreased the working capital at 31 December 2022 by approximately RMB5,130,571,998.

The Company will satisfy the H Share Buy-back Offer using cash from its own internal resources and has no intention of buying back its H Shares with borrowings. As such, this will result in a corresponding decrease in the working capital of the Group. Given the net asset value attributable to equity holders of the Company amounted to approximately RMB49,579,782,510 as at 31 December 2022, the net asset value would be decreased by approximately 10.35% to approximately RMB44,449,210,512 taking into account the abovementioned estimated cost, the Directors believe that the H Share Buy-back Offer will not have a material adverse impact on the Group or the liabilities and working capital of the Group. For more details, please refer to "Appendix III – Unaudited Pro Forma Financial Information of the Group" of this Offer Document.

INTENTION OF THE COMPANY

The Company intends to buy-back all H Shares in issue and withdraw the listing of its H Shares from the Hong Kong Stock Exchange pursuant to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing. The Company intends to maintain the listing status of the B Shares on the Shanghai Stock Exchange. Completion of the H Share Buy-back Offer will not result in a change in control of the Company within the meaning of the Takeovers Code.

It is the intention of the Company that, after the delisting of the H Shares, (i) the Group will continue to carry on its current business, which principally comprises coal operations, transportation operations, coal related chemical operations and other operations; (ii) the Company will not introduce any major changes to the business of the Group (including any redeployment of fixed assets of the Group) in the foreseeable future; and (iii) the Company will not make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the H Share Buy-back Offer or the Voluntary Withdrawal of Listing.

LETTER FROM THE BOARD

WITHDRAWAL OF LISTING OF THE H SHARES

Upon the H Share Buy-back Offer becoming unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

H Shareholders will be notified by way of an announcement of the last day of dealings in the H Shares and the date on which the withdrawal of the listing of the H Shares on the Hong Kong Stock Exchange will become effective.

No right of compulsory acquisition

The Company has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Buy-back Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the H Share Buy-back Offer, and if the H Share Buy-back Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Hong Kong Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code (depending on whether it remains as a public company in Hong Kong under the Takeovers Code) after the completion of the H Share Buy-back Offer, and the rights of Independent H Shareholders to certain information of the Company will be reduced. In view of the implications on the H Shareholders who have not accepted the H Share Buy-back Offer upon the Final Closing Date, the Company will notify the relevant H Shareholders in writing by way of issuing an announcement in one (1) week prior to the Final Closing Date to remind the H Shareholders of the Final Closing Date and the implications if they choose not to accept the H Share Buy-back Offer.

There is no comparable provision to sections 705, 711 to 716 and 718 to 721 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) under the laws of the PRC and the Independent H Shareholders have no rights under the laws of the PRC to compulsorily require the Company to buy-back the H Shares that are not tendered for acceptance pursuant to the H Share Buy-back Offer.

Shareholders should also note that if they do not agree to the terms of the H Share Buy-back Offer, they can vote against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, Non-H Shareholders Class Meeting and/or the EGM (as the case may be). If more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders are voted against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, the H Share Buy-back Offer would lapse and the H Shares would remain listed on the Hong Kong Stock Exchange.

LETTER FROM THE BOARD

EGM, THE NON-H SHAREHOLDERS CLASS MEETING AND H SHAREHOLDERS CLASS MEETING

The notices convening the EGM and H Shareholders Class Meeting are set out in pages V-1 to V-2 and VI-1 to VI-2 of this Offer Document. Resolutions in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing will be proposed at the EGM, the Non-H Shareholders Class Meeting and H Shareholders Class Meeting.

A form of proxy for each of the EGM and H Shareholders Class Meeting are enclosed with this Offer Document. Whether or not you are able to attend the EGM and/or H Shareholders Class Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Share Registrar as soon as possible and in any event, not less than 24 hours before the time of the holding of the EGM and H Shareholders Class Meeting or any adjournment thereof (i.e. on or before 2:30 p.m. and 2:30 p.m. on Thursday, 29 June 2023 respectively), in the case of H Shareholders, to the office of the Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM and H Shareholders Class Meeting or any adjournment if you so wish.

As at the Latest Practicable Date, the Company has 326,007,000 H Shares in issue, and no H Shares are held by the Directors and parties acting in concert with any of the Directors and the Company, and hence, all H Shareholders are considered as Independent H Shareholders in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing. Therefore, all H Shareholders (being Independent H Shareholders) are eligible to vote at the H Shareholders Class Meeting.

As at the Latest Practicable Date, the Company has 1,600,000,000 Domestic Shares, 1,328,000,000 B Shares and 326,007,000 H Shares in issue. Pursuant to the articles of association of the Company and the laws and regulations in the PRC, all B Shareholders and the holder of the Domestic Shares are eligible to vote at the Non-H Shareholders Class Meeting, and all Shareholders are eligible to vote at the EGM.

In order to determine the H Shareholders who are eligible to attend and vote at the EGM and H Shareholders Class Meeting, the H shares register of members of the Company shall be closed from 27 June 2023 to 30 June 2023 (both days inclusive), during which period no transfer of shares will be registered.

Shareholders who intend to appoint a proxy to attend the EGM and H Shareholders Class Meeting shall complete and return the form of proxy in accordance with the instructions printed thereon. For H Shareholders, the form of proxy should be returned to the office of the Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the EGM and H Shareholders Class Meeting or any adjourned meeting thereof.

PROCEDURES IN DEMANDING A POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM, H

LETTER FROM THE BOARD

Shareholders Class Meeting and the Non-H Shareholders Class Meeting will therefore demand a poll for every resolution put to the vote of the EGM, H Shareholders Class Meeting and the Non-H Shareholders Class Meeting.

In compliance with the requirements of Rule 2.9 of the Takeovers Code, the Listing Rules and the articles of association of the Company, the Company will appoint the lawyer from Global Law Office (the Company's PRC legal advisers), representatives of Shareholders, representatives of supervisors and the Share Registrar, to jointly act as scrutineers for the vote-taking at the EGM and the H Shareholders Class Meeting.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same manner.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Offer Document. You are also recommended to carefully read "Further Terms and Procedures for Acceptance of the H Share Buy-back Offer" as set out in Appendix I to this Offer Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the H Share Buy-back Offer. In considering what action to take in connection with the H Share Buy-back Offer, you should also consider your own tax positions, if any, any in case of any doubt, consult your professional advisers.

RECOMMENDATION

The Directors are of the view that the terms of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing are fair and reasonable and is in the best interest of the Company and its Shareholders as a whole.

Your attention is drawn to the "Letter from Gram Capital" as set out on pages 42 to 65 of this Offer Document, which contain, among other things, their advice in relation to the H Share Buy-back Offer and Voluntary Withdrawal of Listing and the principal factors considered by them in arriving at their recommendation.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Offer Document.

Yours faithfully,
By order of the Board
Inner Mongolia Yitai Coal Co., Ltd.*
Zhang Jingquan
Chairman of the Board

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent H Shareholders in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing for the purpose of inclusion in the Offer Document.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

5 June 2023

*To: The independent H shareholders of Inner Mongolia Yitai Coal Co., Ltd.**

Dear Sirs,

(1) CONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF INNER MONGOLIA YITAI COAL CO., LTD. TO BUY-BACK ALL THE ISSUED H SHARES AT HK\$17.50 PER H SHARE; AND
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES OF INNER MONGOLIA YITAI COAL CO., LTD. ON THE STOCK EXCHANGE OF HONG KONG LIMITED

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent H Shareholders in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, details of which are set out in the Offer Document dated 5 June 2023 issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

Reference is made to the announcements of the Company dated 29 March 2023, 28 April 2023 and 9 May 2023 made pursuant to Rule 3.7 and Rule 3.5 respectively, of the Takeovers Code in relation to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

On 9 May 2023, the Board resolved, among other matters, that subject to compliance with the Takeovers Code, the Share Buy-backs Code and the Listing Rules, the H Share Buy-back Offer shall be made to buy-back all H Shares in issue. If the H Share Buy-back Offer becomes unconditional in all respects, all H Shares repurchased will be cancelled and the registered capital of the Company will be reduced accordingly, and the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Company will not make an offer for the B Shares and the Domestic Shares and it is the Company's intention to maintain the listing of the B Shares on the Shanghai Stock Exchange. As advised by the PRC legal advisers to the Company, the Company is not required to make a comparable offer for the B Shares pursuant to the PRC laws and regulations. The Controlling Shareholder (as the sole shareholder of the Domestic Shares) and Yitai (Group) Hong Kong has also entered into the DS Irrevocable Undertaking pursuant to which they have irrevocably and unconditionally undertaken to the Company, among other things, that no comparable offer has to be extended to each of the Controlling Shareholder and Yitai (Group) Hong Kong if the H Share Buy-back Offer is made by the Company and even if such offer is extended to each of the Controlling Shareholder and Yitai (Group) Hong Kong, they will not accept such offer.

We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent H Shareholders as to (i) whether the H Share Buy-back Offer is, or is not, fair and reasonable and as to the acceptance of the H Share Buy-back Offer; and (ii) whether the terms of the Voluntary Withdrawal of Listing are fair and reasonable, whether the Voluntary Withdrawal of Listing is in the interest of the Company and the Shareholders as a whole and as to the voting of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing. Our opinion herein is solely for the assistance of the Independent H Shareholders in connection with its consideration of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

INDEPENDENCE

Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to continuing connected transaction and major transaction of the Company (details of which are set out in the Company's circular dated 13 December 2022). Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent H Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Offer Document and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Offer Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Offer Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our

LETTER FROM GRAM CAPITAL

opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the H Share Buy-back Offer and the Voluntary Withdrawal of Listing. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "1. RESPONSIBILITY STATEMENT" of Appendix IV to the Offer Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Offer Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company or its respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing.

We have assumed that the H Share Buy-back Offer and the Voluntary Withdrawal of Listing will be consummated in accordance with the terms and conditions set forth in the Offer Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the H Share Buy-back Offer and the Voluntary Withdrawal of Listing. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, we have taken into consideration the following principal factors and reasons:

1. Background and terms of the H Share Buy-back Offer

With reference to the "Letter from the Board", CICC, on behalf of the Company, is making the H Share Buy-back Offer on the following basis:

For each Offer Share HK\$17.50 in cash

Further details of the Share Buy-back Offer are set out in Appendix I to the Offer Document and the accompanying Form of Acceptance.

LETTER FROM GRAM CAPITAL

2. Background of the Group

2.1 Financial information of the Group

With reference to the “Letter from the Board” of the Offer Document, the Company is a joint stock limited liability company incorporated in the PRC on 23 September 1997, which is the largest local coal enterprise in the Inner Mongolia Autonomous Region and one of the large-scale coal enterprises in the PRC. The principal businesses of the Company include coal production and operation, rail transportation operations, coal-related chemical operations and other operations.

As at the Latest Practicable Date, the Company has 326,007,000 H Shares (representing approximately 10.02% of the total issued share capital of the Company), 1,328,000,000 B Shares (representing approximately 40.81% of the total issued share capital of the Company) and 1,600,000,000 unlisted Domestic Shares (representing approximately 49.17% of the total issued share capital of the Company) in issue.

Set out below is a summary of the audited consolidated financial information on the Group for the three years ended 31 December 2022 as extracted from the Company’s annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”) and the Company’s annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”):

	For the year ended 31 December			Change from 2021 to 2022 %	Change from 2020 to 2021 %
	2022	2021	2020		
	(“FY2022”) <i>RMB’000</i>	(“FY2021”) <i>RMB’000</i>	(“FY2020”) <i>RMB’000</i>		
Total operating revenue	60,646,669	50,675,643	33,790,580	19.68	49.97
– Coal segment	49,571,002	42,503,232	27,947,662	16.63	52.08
– Coal-related chemical segment	10,480,934	7,470,063	5,337,090	40.31	39.97
– Transportation segment	572,388	670,403	480,030	(14.62)	39.66
– Others	22,345	31,945	25,798	(30.05)	23.83
Net profit/(loss) attributable to the owners of the parent company	10,975,355	8,643,453	(657,055)	26.98	N/A

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FY2021

During FY2021, the Group recorded total operating revenue of approximately RMB50.68 billion, representing an increase of approximately 49.97% as compared to that for FY2020. As advised by the Directors, the increase in total operating revenue for FY2021 was mainly due to the increase in coal price but partially offsetting by the decrease in sales volume of coal.

The Group turned around from loss making position of approximately RMB0.66 billion for FY2020 to net profit attributable to the owners of the parent company of approximately RMB8.64 billion for FY2021. As advised by the Directors, the turnaround from loss making position to profit making position was mainly due to (i) the increase in total operating revenue; (ii) various measures of cost reduction and improvement of production efficiency; and (iii) the reduction of asset impairment loss.

FY2022

During FY2022, the Group recorded total operating revenue of approximately RMB60.65 billion, representing an increase of approximately 19.68% as compared to that for FY2021. With reference to the 2022 Annual Report, the aforesaid increase was mainly due to the increase in the operating revenue from coal (which was benefit from the increase in sales volume of coal and the continuous increase in coal price as advised by the Directors) and coal-related chemicals.

The Group also recorded an increase of approximately 26.98% in net profit attributable to the owners of the parent company from approximately RMB8.64 billion in FY2021 to approximately RMB10.98 billion in FY2022, which was mainly due to (i) increase in total operating revenue; and (ii) decrease in finance costs, but partial offsetting by the increase in asset impairment loss.

With reference to the section headed “Material Change” of Appendix II to the Offer Document and as advised by the Directors, the Group’s total current liabilities as at 31 March 2023 decreased substantially as compared to that as at 31 December 2022, which was mainly due to the decreases in the Group’s accounts payable (as a result of the settlement of coal payable and freight payable during the first quarter of 2023 (“1Q2023”)), staff remuneration payable (as a result of the settlement of wages and bonuses payable during 1Q2023), taxes payable (as a result of the settlement of resources tax payable during 1Q2023), other payables (as a result of the settlement of dividend payables during 1Q2023) and non-current liabilities due within one year (as a result of the decrease in long-term borrowings due within a year during 1Q2023) as at 31 March 2023 as compared to those as at 31 December 2022.

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2.2 *Industry overview*

As (i) the Company operates in the coal mining industry, and primarily engages in coal production and operation, supported by rail transportation and coal chemical industries; and (ii) the coal segment (i.e. the production and sale of coal products) accounted for over 80% to the total operating revenue for each of the three years ended 31 December 2022, we summarised relevant statistics of coal and policies which may affect coal mining industry.

Total production of coal in the PRC

Set out below are the total production of coal in the PRC during the five years ended 31 December 2022, published by the National Bureau of Statistics of the PRC:

	2022	2021	2020	2019	2018
Total production of coal in the PRC (million tons)	4,500	4,070	3,840	3,750	3,550

As shown in the table above, the total production of coal in the PRC moved in a general increasing trend during each of the year 2019, 2020, 2021 and 2022, from approximately 3,550 million tons in 2018 to approximately 4,500 million tons in 2022, representing a compounded annual growth rate (“CAGR”) of approximately 6.1%.

Coal consumption in the PRC

Set out below are the (i) total consumption of energy in the PRC; (ii) year-on-year growth in coal consumption in the PRC; and (iii) coal consumption (as a percentage of total energy consumption) during the five years ended 31 December 2022, being the latest available figures as published by the National Bureau of Statistics of the PRC:

	2022	2021	2020	2019	2018
Total consumption of energy in the PRC (million tons standard coal)	5,410	5,240	4,980	4,860	4,640
Year-on-year growth in coal consumption in the PRC	4.3%	4.6%	0.6%	1.0%	1.0%
Proportion of coal consumption to total energy consumption	56.2%	56.0%	56.8%	57.7%	59.0%

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As shown in the table above, the total consumption of energy in the PRC moved in a general increasing trend during each of the year 2019, 2020, 2021 and 2022, from approximately 4,640 million tons standard coal in 2018 to approximately 5,410 million tons standard coal in 2022, representing a CAGR of approximately 3.9%. The coal consumption in the PRC also moved in a general increasing trend during the five years ended 31 December 2022.

As shown in the table above, coal consumption (as a percentage of total energy consumption) moved in a general decreasing trend, representing year-on-year decrease during each of the year 2019, 2020 and 2021 and slightly rebounded in 2022.

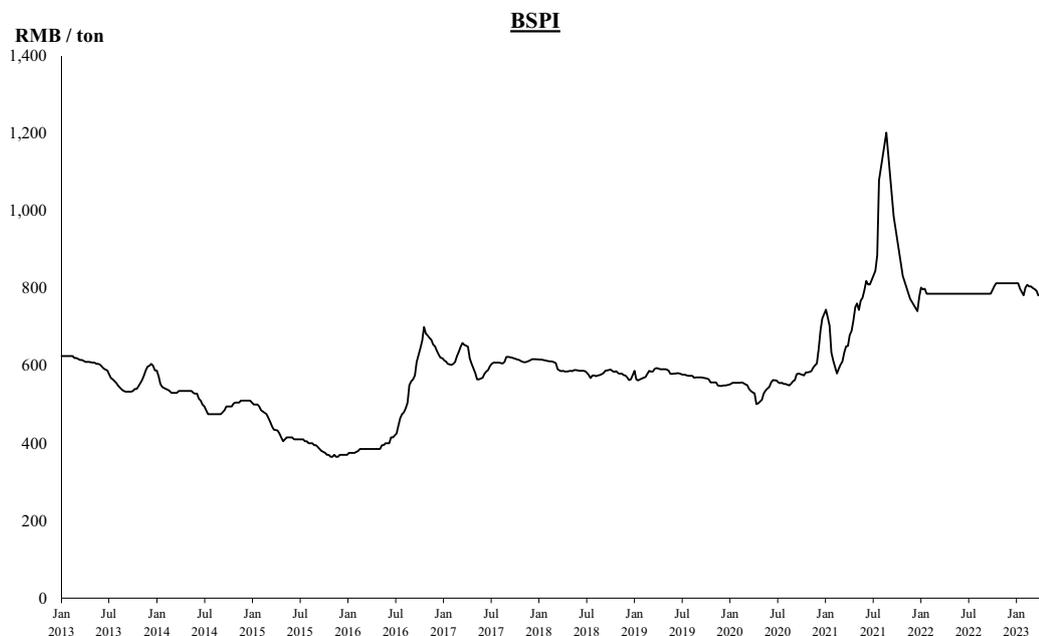
With reference to the 2022 Annual Report:

- Internationally, the international energy was in shortage as a whole due to the impact of Indonesia's export ban and Russia-Ukraine conflict in 2022. According to the data from National Bureau of Statistics, the coal import volume decreased by about 9.2% for FY2022 over that for FY2021. The supply and demand in seaborne coal market was tight.
- Domestically, benefiting from the gradual release of additional capacity during the supply assurance period, national raw coal increased significantly on a year-on-year basis. According to data from National Bureau of Statistics, raw coal production amounted to 4.5 billion tons throughout 2022, representing a year-on-year increase of 9%. The coal demand of the downstream steel and building materials industries has decreased, however, as the significant increase in power plant inventory and national coal reserve construction, which increased hidden social inventory, coal supply and demand were still in a tight balance, and the premium of non-electric coal was obvious.

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Coal price

Set out below is a summary of the Bohai-Bay Thermal Coal Price Index for 5,500 kcal/kg (“**BSPI**”) from 1 January 2013 to the Latest Practicable Date, being approximately 10 years immediately before the Latest Practicable Date. We consider the 10-year BSPI implied the movement of coal price for a long period and is appropriate for the Independent H Shareholders’ reference:



Source: Wind Financial Terminal

BSPI moved in a decreasing trend from RMB625 per ton at the beginning of 2013 to RMB365 per ton in November 2015. After BSPI reached the bottom during the whole 10-year period, BSPI rebounded in 2016 and 2017 and reached RMB700 per ton in November 2016. Since then, BSPI fluctuated between RMB500 per ton and RMB700 per ton until January 2021. From January 2021, BSPI moved in a general increasing trend and reached the highest of RMB1,202 per ton at the end of October 2021. Afterwards, BSPI decreased to around RMB800 per ton and was stable at this price level till the beginning of April 2023. Subsequently, BSPI decreased from around RMB800 per ton to RMB729 per ton as at the Latest Practicable Date.

Policies

In recent years, PRC government issued various policies affecting the long-term of the energy market.

On 13 March 2021, 《中華人民共和國國民經濟和社會發展第十四個五年 (2021-2025)規劃和2035年遠景目標綱要》 (the 14th Five-Year Plan for National Economic and Social Development of the PRC (2021-2025) and the Outline of Long-term Objectives for 2035*)

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was issued which outlined the acceleration of development of non-fossil fuel, increase in scale of wind power and photovoltaic power generation, increase in proportion of non-fossil energy in the total energy consumption to approximately 20% and the promotion of digitized and green coordinated development that assist in realizing carbon peaking and carbon neutrality objectives.

On 24 October 2021, 《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》 (the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy*) was published on the website of the State Council of the PRC, which stated the coal reduction plan, including (i) strictly controlling the consumption of fossil energy; (ii) accelerating the pace of coal reduction; and (iii) strictly controlling the growth of coal consumption during the “14th Five-Year Plan” period (i.e. from 2021 to 2025), and gradually reduce the growth during the “15th Five-Year Plan” period (i.e. from 2026 to 2030).

The State Council of the PRC published 《2030年前碳達峰行動方案》 (the Action Plan for Carbon Dioxide Peaking Before 2030*) in October 2021, pursuant to which the PRC government would (i) strictly control new oil refining and traditional coal chemical production capacity, and develop modern coal chemical industry in a steady and orderly manner; and (ii) guide enterprises to change the way in the usage of energy and encourage electricity, natural gas, etc. to replace coal.

The State Council of the PRC published 《“十四五”節能減排綜合工作方案》 (the Comprehensive Work Plan for Energy Conservation and Emission Reduction for the “14th Five-Year Plan” Period*) in December 2021, pursuant to which the PRC government would strictly and reasonably control the growth of coal consumption, steadily and orderly promote the coal reduction in key areas of the prevention and control for air pollution, and implement clean electricity and natural gas as substitution.

On 6 March 2023, the State Council Information Office of the PRC held a press conference. During the press conference, Vice Chairman of National Development and Reform Commission (NDRC) pointed out that NDRC will (i) further strengthen the supply and price stability of bulk commodities such as energy; (ii) stabilize coal production, strengthen the construction of reserve capacity; and (iii) continuously regulate and supervise coal prices, and guide coal prices within a reasonable range.

On 6 April 2023, National Energy Administration of the PRC issued 《2023年能源工作指導意見》 (Guiding Opinions on Energy Work in 2023*), which outlined the main expected objectives of 2023, including (i) the continuous improvement of energy supply assurance and targeting that the production level of coal remains reasonable; and (ii) the steady reduction in proportion of coal consumption to total energy consumption and the increase in proportion of non-fossil energy in the total energy consumption to approximately 18.3%.

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Despite that the total production and consumption of coal in the PRC increased in the past five years, the proportion of coal consumption to total energy consumption for the past five years indicated generally decreasing trend and the Group's coal segment may be negatively affected by the PRC government's policies in recent years affecting the long-term of the coal consumption should the coal price being weak or the demands of quantity of coal reduce.

3. Intention in respect of the Company

Set out below is the intention in respect of the Company as extracted from "Letter from the Board" in the Offer Document:

The Company intends to buy-back all H Shares in issue and withdraw the listing of its H Shares from the Hong Kong Stock Exchange pursuant to the H Share Buy-back Offer. The Company intends to maintain the listing status of the B Shares on the Shanghai Stock Exchange.

It is the intention of the Company that, after the delisting of the H Shares, (i) the Group will continue to carry on its current business, which principally comprises coal operations, transportation operations, coal related chemical operations and other operations; (ii) the Company will not introduce any major changes to the business of the Group (including any redeployment of fixed assets of the Group) in the foreseeable future; and (iii) the Company will not make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the H Share Buy-back Offer or the Voluntary Withdrawal of Listing.

4. Reasons for and the benefits of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing

The Board believes that the H Share Buy-back Offer and the Voluntary Withdrawal of Listing is in the interest of the Company and the Shareholders as a whole on the following bases:

- the low trading volume and limited liquidity of the H Shares, which creates difficulty for the Company to effectively conduct fund raising exercise in the Hong Kong Stock Exchange;
- the H Share Buy-back Offer, if materialised, will result in a one-off investment gain for the accepting H shareholders; and
- the delisting of the H Shares, if materialised, will allow the Company to save costs and expenses associated with regulatory compliance of its listing of H Shares.

In addition to the abovementioned bases, we further perform the following analyses:

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(a) *Low liquidity of H Shares may cause abnormal share price fluctuation*

Based on our understanding, a low trading liquidity of a listed issuer's shares may normally make it difficult for the listed issuer's shareholders to execute substantial on-market disposals without adversely affecting the price of the shares and also make it difficult for the listed issuer's shareholders to dispose of a large number of shares when any event that has an adverse impact on the listed issuer's share price occurs.

We performed a trading liquidity analysis of the H Shares for the period from 1 April 2022 (being approximately one year before the commencement of the Offer Period) to and including the Latest Practicable Date (the "**Review Period**"). The number of trading days per month, the average daily number of the H Shares traded per calendar month, and the percentage of the average daily H Shares' trading volume for each calendar month as compared to the total number of issued H Shares as at the relevant month, during the Review Period are tabulated below:

Month	Number of trading days	Average daily trading volume of H Shares (the "Average Volume") <i>Number of H Shares</i>	% of the Average Volume to total number of issued H Shares as at relevant month (Note 1) <i>Approximate %</i>
2022			
April	18	1,629,294	0.50
May	20	1,016,776	0.31
June	21	997,767	0.31
July	20	598,715	0.18
August	23	744,261	0.23
September	21	888,524	0.27
October	20	370,175	0.11
November	22	405,018	0.12
December	20	254,355	0.08
2023			
January	18	397,339	0.12
February	20	255,541	0.08
March	23	902,191	0.28
April	17	758,233	0.23
May	21	796,052	0.24
June (up to and including the Latest Practicable Date)	2	604,452	0.19

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Source: the website of Hong Kong Stock Exchange

Notes:

1. The number of H Shares of 326,007,000 H Shares remained unchanged during the Review Period.

As illustrated from the table above, the H Shares' trading volume was thin during the Review Period. The Average Volume of H Shares traded in each month was not higher than 0.5% of the total number of H Shares in issue as at the relevant month. Accordingly, we are of the view that the trading liquidity of the H Shares is low during the Review Period and disposal of a large number of H Shares by Independent H Shareholders in the open market may have adverse impact on the price of H Shares.

(b) *A one-off investment gain for H shareholders*

During the Review Period, the highest and lowest closing prices of the H Shares as quoted on the Hong Kong Stock Exchange were HK\$16.92 recorded on 11 May 2023 and HK\$8.89 recorded on 1 April 2022 respectively. The Offer Price is above the closing prices of the H Shares in all trading days of the Review Period. Detailed analysis on the Offer Price is contained in the section headed "The Offer Price" below.

In addition to the comparison of Offer Price during the Review Period, we also noticed that the Offer Price was higher than the closing prices in over 90% of trading days since the listing of H Shares on 12 July 2012.

The H Share Buy-back Offer represents an opportunity to realize Independent H Shareholders' investments in the Company with relatively low liquidity at a cash consideration which was above the closing prices of the H Shares in all trading days of the Review Period and over 90% of trading days since the listing of H Shares. The H Share Buy-back Offer also allows the Independent H Shareholders to redeploy capital from accepting the H Share Buy-back Offer into other investment opportunities that they may consider more attractive in the current market environment.

5. The Offer Price

5.1 *Offer Price comparison*

The Offer Price of HK\$17.50 per H Share represents:

- (a) a premium of approximately 5.29% over the closing price of the Shares of HK\$16.62 per Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 54.87% over the closing price of HK\$11.30 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day (the "**LTD Premium**");

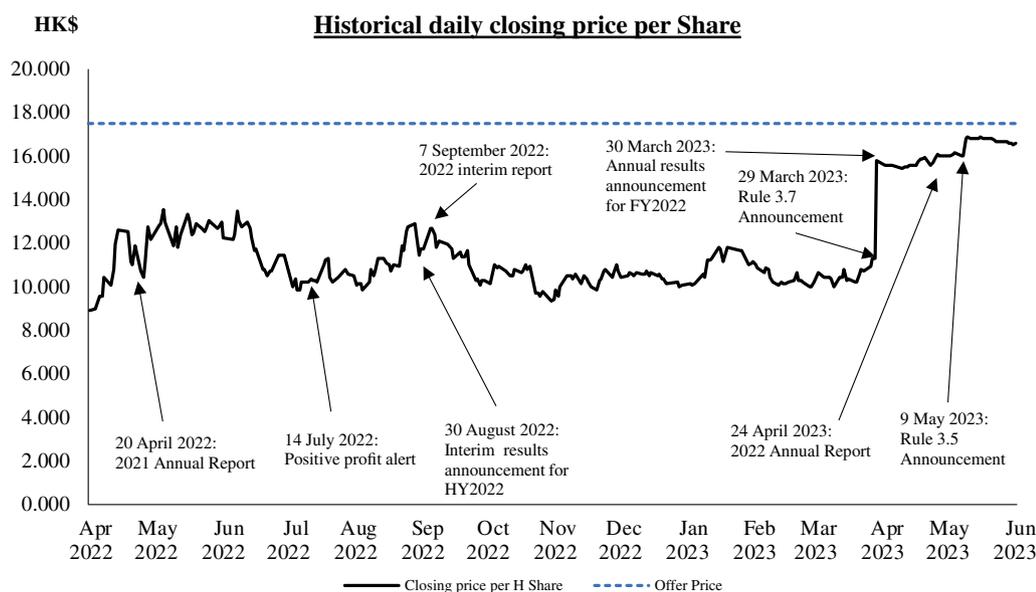
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- (c) premium of approximately 58.66% over the average closing prices of approximately HK\$11.03 per H Shares as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (d) premium of approximately 63.70% over the average closing prices of approximately HK\$10.69 per H Shares as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (e) premium of approximately 67.30% over the average closing prices of approximately HK\$10.46 per H Shares as quoted on the Hong Kong Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (f) premium of approximately 64.17% over the average closing prices of approximately HK\$10.66 per H Shares as quoted on the Hong Kong Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day;
- (g) premium of approximately 65.09% over the average closing prices of approximately HK\$10.60 per H Shares as quoted on the Hong Kong Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (h) a premium of approximately 2.58% over the audited consolidated net asset value attributable to owners of the Company (the “NAV”) of approximately RMB15.24 per Share (equivalent to approximately HK\$17.06 per Share according to the exchange rate of HK\$1: RMB0.89327, being the median exchange rate on 30 December 2022 as published by The People’s Bank of China) as at 31 December 2022, based on 3,254,007,000 Shares in issue and audited NAV of approximately RMB49.58 billion as at 31 December 2022.
- (i) a discount of approximately 6.02% to the unaudited NAV of approximately RMB16.30 per Share (equivalent to approximately HK\$18.62 per Share according to the exchange rate of HK\$1: RMB0.87541, being the median exchange rate on 31 March 2023 as published by The People’s Bank of China) as at 31 March 2023, based on 3,254,007,000 Shares in issue and unaudited NAV of approximately RMB53.03 billion as at 31 March 2023 (the “NAV Discount”).

5.2 *Historical price performance of the H Shares*

Set out below is a chart showing the movement of the closing prices of the H Shares during the Review Period to illustrate the general trend and level of movement of the closing prices of the H Shares.

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Source: the website of Hong Kong Stock Exchange

During the Review Period, the highest and lowest closing prices of the H Shares as quoted on the Hong Kong Stock Exchange were HK\$16.92 recorded on 11 May 2023 and HK\$8.89 recorded on 1 April 2022 respectively. The Offer Price is above the closing prices of the H Shares in all trading days of the Review Period.

As depicted from the above chart, the closing prices of the H Shares fluctuated between HK\$8.89 and HK\$13.54 from 1 April 2022 to 29 March 2023 (both of the aforesaid closing prices were also the lowest and highest closing prices during the aforesaid period). After the publication of Rule 3.7 Announcement on 29 March 2023, the closing prices of the H Shares increased sharply and fluctuated between HK\$15.46 and HK\$16.16 from 30 March 2023 to 9 May 2023. After the publication of Rule 3.5 Announcement on 9 May 2023, the closing prices of the H Shares further increased and fluctuated between HK\$16.84 and HK\$16.92 from 10 May 2023 to the Latest Practicable Date. As advised by the Directors, the surge of approximately 39.8% in the closing prices of H Shares from 29 March 2023 to 30 March 2023 and further increase of approximately 4.9% in the closing prices of H Shares from 9 May 2023 to 10 May 2023 were due to the publication of Rule 3.7 Announcement and Rule 3.5 Announcement respectively.

The Offer Price remained higher than the closing price of the H Shares in all trading days during the period from the publication of Rule 3.7 Announcement to the Latest Practicable Date.

5.3 Comparison with other comparable companies

We noted that trading multiples analyses (including price-to-earnings ratio (“**PER**”) and price-to-book value ratio (“**PBR**”)) are commonly adopted methods for the purpose of assessing the fairness and reasonableness of the Offer Price. In this regard, we researched for Hong Kong

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Main Board listed companies which are principally engaged in similar line of businesses as the Group, being the production, transportation and sales of coal in the PRC, and derived more than 50% of their turnover from such businesses in aggregate, based on their respective latest published financial information immediately before the board meeting in respect of Rule 3.7 Announcement, for comparison. We found 12 companies listed below which met the aforesaid criteria and they are exhaustive (the “**Comparable Company/(ies)**”).

Set out below are PERs and PBRs of the Comparable Companies based on their closing prices as at 29 March 2023 (being the date of the publishment of the Rule 3.7 Announcement) (the “**Rule 3.7 Announcement Date**”) and their latest published financial information:

Company name (Stock code)	Principal business	PER (Note 1)	PBR (Note 2)	Market capitalization of shares listed on the Hong Kong Stock Exchange as at the date of Rule 3.7 Announcement (HK\$' million)
Green Leader Holdings Group Limited (61)	Engaged in (i) coal exploration and development, sale of coking coal, coal processing, sales of coal products and provision of coal related services; (ii) the development of cassava cultivation and deep processing business; and (iii) the sale and provision of information technology products and services	0.25	N/A (Note 3)	66.3
Grand Ocean Advanced Resources Company Limited (65) (Note 4)	Engaged in the coal mining business	48.47	4.03	496.1
Shougang Fushan Resources Group Limited (639)	Engaged in mining of coking coal, production and sales of raw and clean coking coal	4.45	0.72	12,073.9
China Qinfa Group Limited (866)	Engaged in the coal operation business involving coal mining, purchase and sales, filtering, storage, blending of coal in the PRC	0.16	N/A (Note 3)	563.5
China Shenhua Energy Company Limited (1088 & SH601088)	Engaged in the production and sales of coal and power, railway, port and shipping transportation as well as coal-to-olefins businesses in the PRC	5.84	1.07	81,059.6 (Note 5)
Yankuang Energy Group Company Limited (1171 & SH600188)	Engaged in the mining business and smart logistics business	3.70	1.25	48,355.0 (Note 5)
Nan Nan Resources Enterprise Limited (1229)	Engaged in (i) mining and sales of coal; (ii) renewable energy solutions; and (iii) information technology outsourcing, consultancy and technical services	2.64	N/A (Note 3)	176.0
Kinetic Development Group Limited (1277)	Engaged in the extraction and sale of coal products	1.81	0.86	5,479.5

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Company name (Stock code)	Principal business	PER <i>(Note 1)</i>	PBR <i>(Note 2)</i>	Market capitalization of shares listed on the Hong Kong Stock Exchange as at the date of Rule 3.7 Announcement <i>(HK\$ million)</i>
Hidili Industry International Development Limited (1393)	Engaged in coal mining, manufacture and sale of raw coal and clean coal	1.22	0.61	961.4
Feishang Anthracite Resources Limited (1738)	Engaged in the extraction and sale of anthracite coal and trading of anthracite coal in the PRC	N/A <i>(Note 3)</i>	N/A <i>(Note 3)</i>	911.2
China Coal Energy Company Limited (1898 & SH601898)	Engaged in the production and trade of coal, coal chemical business, coal mining equipment manufacturing and related services, pithead power generation and other businesses in the PRC	3.50	0.53	23,941.8 <i>(Note 5)</i>
Perennial Energy Holdings Limited (2798)	Engaged in mine development, coal mining as well as clean coal production and sales	2.17	0.66	1,808.0
Maximum (excluding outlier)		5.84	1.25	
Minimum (excluding outlier)		0.16	0.53	
Average (excluding outlier)		2.58	0.81	
Median		2.64	0.79	
The H Share Buy-back Offer		4.63 <i>(Note 6)</i>	0.94 <i>(Note 7)</i>	5,705.1 <i>(Note 8)</i>

Source: the Hong Kong Stock Exchange's website

Notes:

- The PERs of the Comparable Companies were calculated based on their respective latest published profit attributable to owners of the company according to their latest published annual results/reports immediately before the board meeting in respect of Rule 3.7 Announcement and their respective closing prices per share or per H share as quoted on the Hong Kong Stock Exchange and total issued shares as at the Rule 3.7 Announcement Date.
- The PBRs of the Comparable Companies were calculated based on their respective latest net assets attributable to the owners of the company according to their latest published annual results/reports, interim reports or quarterly reports immediately before the board meeting in respect of Rule 3.7 Announcement and their respective closing prices per share or per H share as quoted on the Hong Kong Stock Exchange and total issued shares as at the Rule 3.7 Announcement Date.
- The subject companies recorded net loss attributable to shareholders for its latest financial year and/or net liabilities according to their latest published financial information immediately before the board meeting in respect of Rule 3.7 Announcement.

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4. We noted that the PER and PBR of Grand Ocean Advanced Resources Company Limited (stock code: 65, “**Grand Ocean**”) is extremely higher than the PERs and PBRs of other Comparable Companies (being approximately seven times to the second largest PER of the Comparable Companies and two times to the second largest PBR of the Comparable Companies). Despite that we were not aware of any reasons caused the extreme PER and PBR of Grand Ocean, having considered the fact that both PER and PBR of Grand Ocean represented several times to the second largest PER and PBR of the Comparable Companies, we are of the view that the PER and PBR of Grand Ocean Advanced Resources Company Limited (stock code: 65) are outliers of both PERs and PBRs of the Comparable Companies. Therefore, we excluded PER and PBR of Grand Ocean Advanced Resources Company Limited (stock code: 65) from the maximum, minimum and average of the Comparable Companies.
5. For the avoidance of doubt, market capitalizations of shares listed on the Hong Kong Stock Exchange of the subject companies were calculated based on their number of respective H shares in issue and closing prices per H share as at the Rule 3.7 Announcement Date.
6. The implied PER of the H Share Buy-back Offer was calculated based on the Company’s net profit attributable to the owners of the parent company for FY2022, the Company’s issued shares as at the Latest Practicable Date and the Offer Price.
7. The implied PBR of the H Share Buy-back Offer was calculated based on the Company’s NAV as at 31 March 2023, the Company’s issued shares as at the Latest Practicable Date and the Offer Price.
8. The value of the H Share Buy-back Offer was calculated based on number of H Shares as at the Latest Practicable Date and the Offer Price.

We noticed from the above table that (i) the implied PER of the H Share Buy-back Offer of approximately 4.63 times fell within the PERs range of the Comparable Companies (excluding outliers) and is higher than the average of the PERs of the Comparable Companies (excluding outliers) and median of PERs of the Comparable Companies; and (ii) the implied PBR of the H Share Buy-back Offer of approximately 0.94 times fell within the PBRs range of the Comparable Companies (excluding outliers) and is higher than the average of the PBRs of the Comparable Companies (excluding outliers) and median of PBRs of the Comparable Companies.

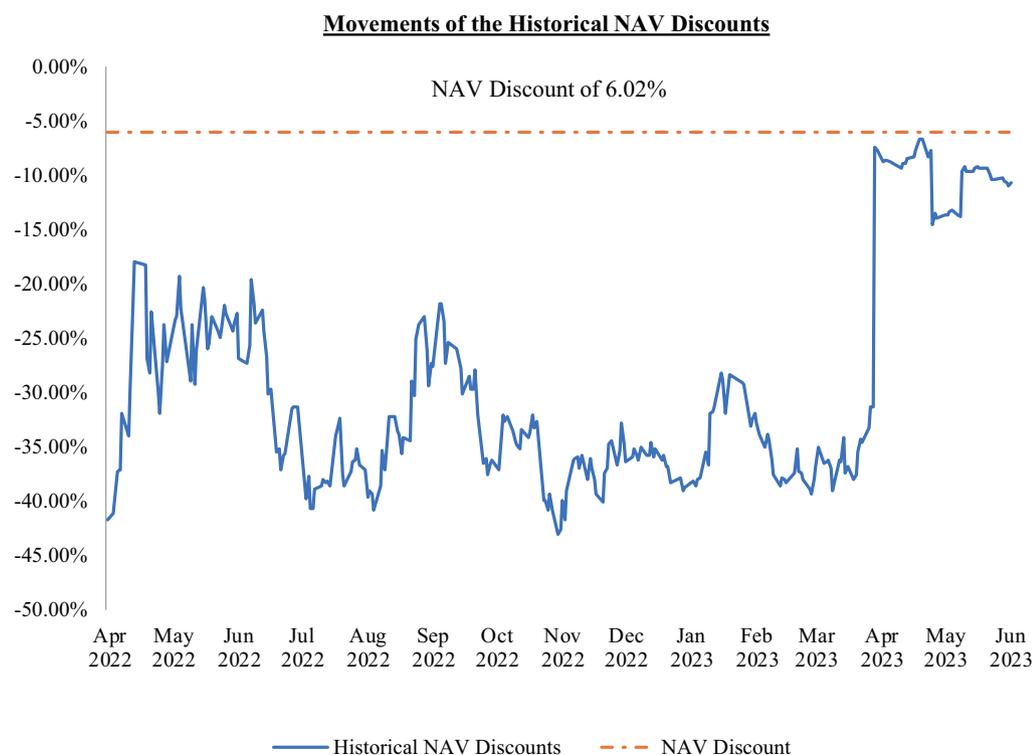
Despite that the businesses, operations and market capitalisation of the Comparable Companies are not the same as the Group, the above analysis could provide additional reference in assessing the fairness and reasonableness of the Offer Price.

5.4 Historical discount of market price of the Shares to the NAV per Share

As mentioned above, the Offer Price represented a discount of approximately 6.02% to the unaudited NAV per Share as at 31 March 2023 (i.e. the NAV Discount).

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In light of the NAV Discount, we reviewed discounts of H Share closing price to NAV per Share during the Review Period (the “**Historical NAV Discount(s)**”) as set out in the chart below:



Notes:

The Historical NAV Discount was calculated based on the following bases:

Daily Historical NAV	Denominator for calculating daily Historical NAV Discounts	Numerator for calculating daily Historical NAV Discounts
During the period from 26 April 2023 to the Latest Practicable Date	NAV as at 31 March 2023, which was published after trading hours on 25 April 2023	Daily closing price of H Share from 26 April 2023 to the Latest Practicable Date
During the period from 30 March 2023 to 25 April 2023	NAV as at 31 December 2022, which was published before trading hours on 30 March 2023	Daily closing price of H Share from 30 March 2023 to 25 April 2023
During the period from 28 October 2022 to 29 March 2023	NAV as at 30 September 2022, which was published after trading hours on 27 October 2022	Daily closing price of H Share from 28 October 2022 to 29 March 2023
During the period from 31 August 2022 to 27 October 2022	NAV as at 30 June 2022, which was published after trading hours on 30 August 2022	Daily closing price of H Share from 31 August 2022 to 27 October 2022

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<i>Daily Historical NAV</i>	<i>Denominator for calculating daily Historical NAV Discounts</i>	<i>Numerator for calculating daily Historical NAV Discounts</i>
<i>During the period from 28 April 2022 to 30 August 2022</i>	<i>NAV as at 31 March 2022, which was published after trading hours on 27 April 2022</i>	<i>Daily closing price of H Share from 28 April 2022 to 30 August 2022</i>
<i>During the period from 1 April 2022 to 27 April 2022</i>	<i>NAV as at 31 December 2021, which was published before trading hours on 30 March 2022</i>	<i>Daily closing price of H Share from 1 April 2022 to 27 April 2022</i>

As illustrated by the above chart, the Historical NAV Discounts ranged from approximately 6.57% to 43.40% during the period from 1 April 2022 to Latest Practicable Date (the “**NAV Discount Range**”).

The NAV Discount is less than NAV Discount Range during the Review Period.

We also reviewed the daily closing price of the Comparable Companies and latest available consolidated net asset value attributable to owners of the Comparable Companies for each trading day during the Review Period, we noted that shares/H shares of the majority Comparable Companies (excluding those recorded net liabilities during the Review Period) were traded below their respective latest available consolidated net asset value attributable to owners of such Comparable Companies during most of the Review Period.

5.5 Comparison with other privatisation transactions

To further assess the fairness and reasonableness of the Offer Price, we also searched for approved privatisation transactions by way of share buy-back announced by listed companies in Hong Kong. We could only found two privatisation transactions with similar arrangement to the H Share Buy-back Offer and the Voluntary Withdrawal of the Listing in recent five years (i.e. Zhejiang Cangnan Instrument Group Company Limited (previous stock code: 1743) and Lanzhou Zhuangyuan Pasture Co., Ltd. (previous stock code: 1533 and A share stock code: SZ002910)).

For the Independent H Shareholders’ information purpose only, we broadened our research criteria and conducted a search of approved privatisation transactions announced by listed companies in Hong Kong for the period from 1 April 2022 (being approximately one year prior to the date of Rule 3.7 Announcement) up to and including the Latest Practicable Date, excluding (1) transactions involving share consideration (note: the consideration shares have different investment values which were based on factors such as background and industry, share price performance and liquidity of the subject company. We consider that share consideration and cash consideration are different in nature, and privatisation transactions with share consideration is not directly comparable with those with cash consideration); and (2) transactions which required acceptance level were not or yet to be achieved or transactions which required shareholders’ approval were not or yet to be obtained (the “**Privatisation Cases**”).

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We found 10 Privatisation Cases which met the aforesaid criteria for comparison and they are exhaustive.

Company name (stock code or previous stock code)	Initial announcement date of the privatization (note 1)	Premium of the offer/cancellation price over closing price per share on					
		Last full	Last full five	Last full ten	Last full 30	Last full 60	Last full 90
		trading day	trading days	trading days	trading days	trading days	trading days
		(note 2)	(note 3)	(note 3)	(note 3)	(note 3)	(note 3)
		Approximate %	Approximate %	Approximate %	Approximate %	Approximate %	Approximate %
Zhejiang Cangnan Instrument Group Company Limited (1743)	5 February 2021	15.18	13.58	13.11	18.03	25.21	4.41
Lanzhou Zhuangyuan Pasture Co., Ltd. (1533)	17 December 2021	45.39	49.18	49.38	44.24	55.13	59.44
Xiamen International Port Co., Ltd (3378)	2 June 2022	97.37	90.68	110.28	139.36	152.81	155.68
China VAST Industrial Urban Development Company Limited (6166)	9 June 2022	30.43	29.03	29.03	31.15	37.14	42.01
Lifestyle International Holdings Limited (1212)	5 August 2022	62.34	76.06	81.82	70.07	58.73	47.93
EVOG Intelligent Technology Company Limited (2308)	8 August 2022	52.17	49.57	48.31	45.83	52.17	53.51
China Binary New Fintech Group (8255)	31 August 2022	35.14	42.86	42.86	25.00	11.11	11.11
Kingston Financial Group Limited (1031)	24 October 2022	47.78	50.00	50.00	36.36	30.43	30.43
AAG Energy Holdings Limited (2686)	17 February 2023	10.12	10.12	9.47	10.78	24.16	27.59
Jiangnan Group Limited (1366)	21 February 2023	83.49	100.00	110.53	110.53	100.00	90.48

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Company name (stock code or previous stock code)	Initial	Premium of the offer/cancellation price over closing price per share on					
	announcement date of the privatization (note 1)	Last full trading day (note 2)	Last full five trading days (note 3)	Last full ten trading days (note 3)	Last full 30 trading days (note 3)	Last full 60 trading days (note 3)	Last full 90 trading days (note 3)
		Approximate %	Approximate %	Approximate %	Approximate %	Approximate %	Approximate %
	Maximum	97.37	100.00	110.53	139.36	152.81	155.68
	Minimum	10.12	10.12	9.47	10.78	11.11	4.41
	Average	47.94	51.11	54.48	53.13	54.69	52.26
	Median	46.59	49.38	48.84	40.30	44.66	44.97
The Company		54.87	58.66	63.70	67.30	64.17	65.09

Notes:

1. The date of Takeovers Code Rule 3.5 announcement or Rule 3.7 announcement, whichever earlier.
2. The premium of offer/cancellation price over closing price per share on last full trading day prior to the publication of initial announcement in relation to the respective privatisation, as disclosed in the respective privatisation documents.
3. The premium of offer/cancellation price over average closing price per share on the five/ten/30/60/90 consecutive full trading days prior to the publication of initial announcement in relation to the respective privatisation, as disclosed in the respective privatisation documents.

As depicted in the above table, the premiums represented by the Offer Price over the Last Trading Day, five, ten, 30, 60 and 90 consecutive trading days are all within ranges of the premiums of the Privatisation Cases and above the average and median of the aforesaid ranges.

Taking into account that:

- (i) The Offer Price was higher than the closing prices of H Shares in all trading days during the Review Period and over 90% of trading days since the listing of H Shares in 12 July 2012. In addition, the Offer Price also represented substantial premiums over the recent closing price of the H Shares, including: (a) a premium of approximately 5.29% over the closing price as quoted on the Hong Kong Stock Exchange on Latest Practicable Date; (b) a premium of approximately 54.87% over the closing price per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day; and (c) premiums of approximately 58.66%, 63.70%, 67.30%, 64.17%, and 65.09% over the average closing prices per H Shares as quoted on the Hong Kong Stock Exchange for five, ten, 30, 60 and 90 consecutive trading days up to and including the Last Trading Day;
- (ii) the implied PER and PBR of the H Share Buy-back Offer falls within the range of the PERs and PBRs range of Comparable Companies (excluding outlier); and are higher than the average of PERs and PBRs of the Comparable Companies (excluding outlier) and the median of PERs and PBRs of the Comparable Companies respectively;

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- (iii) the NAV Discount is less than NAV Discount Range during the Review Period;
- (iv) as compared to the Privatization Cases, the premiums represented by the Offer Price over the Last Trading Day, five, ten, 30, 60 and 90 consecutive trading days are all within ranges of the premiums of the Privatization Cases and above the average and median of the aforesaid ranges;
- (v) the trading liquidity of the H Shares is low during the Review Period and disposal of a large number of H Shares by Independent H Shareholders in the open market may have adverse impact on the price of H Shares; and
- (vi) after considering the trend of the H Share closing price during the Review Period, there is no guarantee that the H Share price will remain at a level close to the Offer Price should the H Share Buy-back Offer lapse,

we consider the Offer Price to be fair and reasonable.

RECOMMENDATION

In relation to the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, taking into account the factors as discussed above, in particular:

- (i) it is difficult for the Company to conduct fund raising exercises effectively offshore having considered following factors:
 - the H Shares' trading volume was thin during the Review Period, which may not be attractive to potential investors as the potential investors may not be able to realize their investment in a timely manner;
 - the Group's coal segment may be negatively affected by the PRC government's policies in recent years affecting the long-term of the coal consumption should the coal price being weak or the demands of quantity of coal reduce
- (ii) a low trading liquidity of a listed issuer's shares may normally make it difficult for the listed issuer's shareholders to execute substantial on-market disposals without adversely affecting the price of the shares and also make it difficult for the listed issuer's shareholders to dispose of a large number of shares when any event that has an adverse impact on the listed issuer's share price occurs. The H Share Buy-back Offer (which is conditional upon, among other things, the passing of a resolution by the Independent H Shareholders approving the Voluntary Withdrawal of the Listing at the EGM and H Shareholders class meeting) provides an exit alternative for the Independent H Shareholders who would like to realise their investments in the H Shares; and
- (iii) as concluded in the section headed "The Offer Price" above, the Offer Price being fair and reasonable taking into account the following factors:

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- The Offer Price was higher than the closing prices of H Shares in all trading days during the Review Period and over 90% of trading days since the listing of H Shares in 12 July 2012. In addition, the Offer Price also represented substantial premiums over the recent closing price of the H Shares, including: (a) a premium of approximately 5.29% over the closing price as quoted on the Hong Kong Stock Exchange on Latest Practicable Date; (b) a premium of approximately 54.87% over the closing price per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day; and (c) premiums of approximately 58.66%, 63.70%, 67.30%, 64.17%, and 65.09% over the average closing prices per H Shares as quoted on the Hong Kong Stock Exchange for five, ten, 30, 60 and 90 consecutive trading days up to and including the Last Trading Day;
- the implied PER and PBR of the H Share Buy-back Offer falls within the range of the PERs and PBRs range of Comparable Companies (excluding outlier); and are higher than the average of PERs and PBRs of the Comparable Companies (excluding outlier) and the median of PERs and PBRs of the Comparable Companies respectively;
- the NAV Discount is less than NAV Discount Range during the Review Period;
- as compared to the Privatization Cases, the premiums represented by the Offer Price over the Last Trading Day, five, ten, 30, 60 and 90 consecutive trading days are all within ranges of the premiums of the Privatization Cases and above the average and median of the aforesaid ranges;
- the trading liquidity of the H Shares is low during the Review Period and disposal of a large number of H Shares by Independent H Shareholders in the open market may have adverse impact on the price of H Shares; and
- after considering the trend of the H Share closing price during the Review Period, there is no guarantee that the H Share price will remain at a level close to the Offer Price should the H Share Buy-back Offer lapse,

we consider that (1) the H Share Buy-back Offer (including the Offer Price) is fair and reasonable so far as the Independent H Shareholders are concerned, (2) the terms of the Voluntary Withdrawal of Listing are fair and reasonable, and the Voluntary Withdrawal of Listing is in the interest of the Company and the Shareholders as a whole, and (3) the Voluntary Withdrawal of Listing is in the interest of the Independent H Shareholders. Accordingly, we recommend the Independent H Shareholders to (1) accept the H Share Buy-back Offer; and (2) vote in favour of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing resolution at the EGM and H Shareholders class meeting.

The Company has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Buy-back Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the H Share Buy-back Offer, and if the H Share Buy-back Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Hong Kong Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code (depending on

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whether it remains as a public company in Hong Kong under the Takeovers Code) after the completion of the H Share Buyback Offer, and the rights of Independent H Shareholders to certain information of the Company will be reduced.

Shareholders should also note that if they do not agree to the terms of the H Share Buy-back Offer, they can vote against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, Non-H Shareholders Class Meeting (if required) and/or the EGM (as the case may be). If more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders are voted against the H Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, the H Share Buy-back Offer would lapse and the H Shares would remain listed on the Hong Kong Stock Exchange.

We would also like to remind the Independent H Shareholders to closely monitor the market price and liquidity of the H Shares during the offer period, and consider selling their H Shares in the open market, where possible, instead of accepting the H Share Buy-back Offer, if the net proceeds from such sales exceed the net amount receivable under the H Share Buy-back Offer.

As different Independent H Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent H Shareholders who may require advice in relation to any aspect of the Offer Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE H SHARE BUY-BACK OFFER

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE H SHARE BUY-BACK OFFER

The H Share Buy-back Offer

The terms and conditions of the H Share Buy-back Offer are set out in the Offer Document. To accept the H Share Buy-back Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and/or printed on the Form of Acceptance, which instructions form part of the terms and conditions of the H Share Buy-back Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are in your name, and you wish to accept the H Share Buy-back Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in an envelope marked "**Inner Mongolia Yitai Coal Co., Ltd. – H Share Buy-back Offer**" to be received by the Share Registrar no later than 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be) or such later time and/or date as the Company may determine and the Company may announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the H Share Buy-back Offer in respect of your H Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the H Share Buy-back Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Share Registrar; or
 - (ii) arrange for the H Shares to be registered in your name by the Company through the Share Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Share Registrar; or
 - (iii) if your H Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees

**APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE
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Limited to accept the H Share Buy-back Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your H Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

H Shareholders with such a nominee holding of H Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be) or such later time and/or date as the Company may determine and the Company may announce in accordance with the Takeovers Code.

- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are not readily available and/or is/are lost and you wish to accept the H Share Buy-back Offer in respect of your H Shares, the Form of Acceptance should nevertheless be completed and delivered to the Share Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Share Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Share Registrar for a form of the letter of indemnity in respect of the lost share certificate(s) and/or transfer receipt(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to the Share Registrar. In such cases, the H Shareholder will be informed of the fees payable to the Share Registrar for which it/he/she will be responsible.
- (d) If you lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the H Share Buy-back Offer in respect of your H Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Share Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to CICC and/or the Company or their respective agent(s) to collect from the Share Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Share Registrar as if it was/they were delivered to the Share Registrar with the Form of Acceptance.

**APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE
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- (e) Acceptance of the H Share Buy-back Offer will be treated as valid only if the completed Form of Acceptance is received by the Share Registrar no later than 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be) or such later time and/or date as the Company may determine and announce in accordance with the Takeovers Code and the Share Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant H Shares; or
 - (ii) from a registered H Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to H Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Share Registrar or the Hong Kong Stock Exchange; or
 - (iv) otherwise treated as valid at the sole discretion of the Company, provided that the cash consideration will not be despatched until the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Share Registrar or in the case of loss of relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), such relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) has been cancelled and the register of members of the Company has been updated.
- (f) If the Form of Acceptance is executed by a person other than the registered H Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Share Registrar must be produced.
- (g) Seller's ad Hong Kong valorem stamp duty for transfer of H Shares registered in the seller's name by the Company through the Share Registrar arising in connection with acceptance of the H Share Buy-back Offer payable by the relevant H Shareholders at a rate of 0.13% of the higher of (i) the market value of the relevant H Shares accepting the H Share Buy-back Offer; or (ii) the consideration payable by the Company in respect of the relevant acceptances of the H Share Buy-back Offer, whichever is higher, will be deducted from the amount payable by the Company to such H Shareholders on acceptance of the H Share Buy-back Offer. The Company will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant H Shareholders accepting the H Share Buy-back Offer and will pay the buyer's

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE H SHARE BUY-BACK OFFER

Hong Kong ad valorem stamp duty in connection with the acceptances of the H Share Buy-back Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Company for payment.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the H Share Buy-back Offer has previously been revised or extended in accordance with the Takeovers Code, the Form of Acceptance must be received by the Share Registrar by 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be) in accordance with the instructions printed on the relevant Form of Acceptance, and the H Share Buy-back Offer will be closed on the First Closing Date or the Final Closing Date (as the case may be). No Form of Acceptance received by the Share Registrar later than 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be) will be accepted.
- (b) The Company will issue an announcement in accordance with the Takeovers Code through the respective websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.yitaicoal.com) no later than 7:00 p.m. on the First Closing Date and/or the Final Closing Date (as the case may be) stating whether the H Share Buy-back Offer has been extended, revised or has lapsed or has become or been declared unconditional.
- (c) In the event that the Company decides to extend the H Share Buy-back Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the H Share Buy-back Offer, to those H Shareholders who have not accepted the H Share Buy-back Offer.
- (d) If the Company revises the terms of the H Share Buy-back Offer (which will not, for the avoidance of doubt, include an increase in the Offer Price save for any exceptional circumstances as permitted under the Takeovers Code), all H Shareholders, all H Shareholders, whether or not they have already accepted the H Share Buy-back Offer, will be entitled to the revised terms. The revised H Share Buy-back Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (e) If the First Closing Date and/or the Final Closing Date of the H Share Buy-back Offer is extended, any reference in this Offer Document and in the Form of Acceptance to the latest date of acceptance shall, except where the context otherwise requires, be deemed to refer to the latest date of acceptance of the H Share Buy-back Offer so extended.

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE H SHARE BUY-BACK OFFER

3. ANNOUNCEMENT

- (a) As required under Rule 19.1 of the Takeovers Code, by 6:00 p.m. on the latest date of acceptance (or such later time and/or date as the Executive may in exceptional circumstances permit), the Company must inform the Executive and the Hong Kong Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the H Share Buy-back Offer. The Company must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the latest date of acceptance stating whether the H Share Buy-back Offer has been extended, revised, has lapsed or has become or been declared unconditional. Such announcement must state the following:
- (i) the total number of H Shares for which acceptances of the H Share Buy-back Offer have been received;
 - (ii) the total number of Shares held, controlled or directed by the Company, the Directors and parties acting in concert with any of them before the Offer Period;
 - (iii) the total number of H Shares acquired or agreed to be acquired by the Company, the Directors and parties acting in concert with any of them during the Offer Period;
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Company, the Directors and parties acting in concert with any of them have borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and
 - (v) the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (b) In computing the total number of H Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Share Registrar no later than 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be), being the latest time and date for acceptance of the H Share Buy-back Offer, shall be included.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the H Share Buy-back Offer will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.yitaicoal.com).

4. NOMINEE REGISTRATION

To ensure equality of treatment to all H Shareholders, those registered H Shareholders who hold the H Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the H Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the H Share Buy-back Offer.

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5. RIGHT OF WITHDRAWAL

The H Share Buy-back Offer is conditional upon fulfillment of the Conditions. Acceptance of the H Share Buy-back Offer will be irrevocable and will not be capable of being withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the H Share Buy-back Offer shall be entitled to withdraw its/his/her acceptance after twenty-one (21) days from 10 July 2023 (being the date stated as the First Closing Date in this Offer Document), if the H Share Buy-back Offer has not by then become unconditional as to acceptances.

If the Company is unable to comply with the requirements set out in paragraph headed “3. Announcement” in Appendix I of this Offer Document, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the H Shareholders who have tendered acceptance of the H Share Buy-back Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the H Shareholders withdraw their acceptance(s), the Company shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent H Shareholder(s) at his/her/its own risk.

6. SETTLEMENT OF THE H SHARE BUY-BACK OFFER

Assuming the H Share Buy-back Offer has become unconditional in all respects and provided that the accompanying Form of Acceptance for the H Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Share Registrar no later than 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be), a cheque for the amount due to each of the accepting H Shareholders in respect of the H Shares tendered under the H Share Buy-back Offer (less seller’s Hong Kong ad valorem stamp duty payable by him/her/it) will be despatched to the accepting H Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which (i) the H Share Buy-back Offer becomes, or are declared unconditional in all respects, and (ii) the duly completed acceptances of the H Share Buy-back Offer and the relevant documents of title of the Offer Shares in respect of such acceptances are received by or for the Company to render each such acceptance complete and valid. If the H Share Buy-back Offer lapses, the share certificate(s) and/or relevant document(s) of title will be returned to the H Shareholders within ten (10) days of the lapse of the H Share Buy-back Offer by ordinary post at that H Shareholder’s own risk.

Settlement of the consideration to which any accepting H Shareholder is entitled under the H Share Buy-back Offer will be paid by the Company in full in accordance with the terms of the H Share Buy-back Offer (save in respect of the payment of seller’s Hong Kong ad valorem stamp duty, as the

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case may be) set out in this Offer Document (including this Appendix) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counter claim or other analogous right to which the Company may otherwise be, or claim to be, entitled against such H Shareholder.

7. OVERSEAS H SHAREHOLDERS

The making of the H Share Buy-back Offer to the Overseas H Shareholders may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the H Share Buy-back Offer to the Overseas H Shareholders or require compliance with certain filing, registration or other requirements in respect of the H Share Buy-back Offer.

The availability of the H Share Buy-back Offer to any Overseas H Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas H Shareholders' participation in the H Share Buy-back Offer may be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the H Share Buy-back Offer. Overseas H Shareholders and beneficial owners of the H Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice in respect of the H Share Buy-back Offer.

It is the responsibility of the Overseas H Shareholders and overseas beneficial owners of the H Shares who wish to accept the H Share Buy-back Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the H Share Buy-back Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Any acceptance of the H Share Buy-back Offer by any Overseas H Shareholder shall be deemed to constitute a representation and warranty from such Overseas H Shareholder to the Company and CICC that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. Overseas H Shareholders should consult their professional advisers if in doubt.

As at the Latest Practicable Date, there were no Overseas H Shareholders on the register of members of the Company.

This Offer Document (and the accompanying Form of Acceptance and the proxy forms) does not constitute a disclosure document under Chapter 6D.2 of the Australian Corporations Act; and has not been, and will not be, lodged with the Australian Securities and Investments Commission, as a disclosure document for the purposes of the Australian Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Australian Corporations Act. Neither this Offer Document nor any other document or material in connection with this document constitute an offer of sale or invitation for subscription or purchase of securities under the Australian laws and regulations.

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8. HONG KONG STAMP DUTY AND TAX IMPLICATIONS

The seller's Hong Kong *ad valorem* stamp duty arising in connection with acceptances of the H Share Buy-back Offer will be payable by the relevant H Shareholders at a rate of 0.13% of the higher of (i) the market value of the relevant H Shares accepting the H Share Buy-back Offer; or (ii) the consideration payable by the Company in respect of the relevant acceptances of the H Share Buy-back Offer, and will be deducted from the amount payable by the Company to the relevant H Shareholders on acceptance of the H Share Buy-back Offer.

The Company will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the relevant H Shareholders accepting the H Share Buy-back Offer and will pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the H Share Buy-back Offer and the transfer of the Offer Shares.

H Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the H Share Buy-back Offer. None of the Company, the Directors, parties acting in concert with any of them, CICC, Gram Capital, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the H Share Buy-back Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the H Share Buy-back Offer.

9. EFFECT OF ACCEPTANCE OF THE H SHARE BUY-BACK OFFER

Each H Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and CICC (so as to bind it/him/her, its/his/her personal representatives, heirs, successors and assigns) to the effect:

Representations and Warranties

- (a) Acceptance of the H Share Buy-back Offer by any person or persons will constitute representations and warranties by such person or persons to the Company and CICC that:
- (i) it/he/she has full power and authority to tender, sell, assign and transfer all the H Shares specified in such Form of Acceptance for buy-back; and
 - (ii) the H Shares tendered under the H Share Buy-back Offer are sold by such person or persons free from any Encumbrance and together with all rights and entitlements attached or accrued, including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the H Share Buy-back Offer is made (i.e. the date of the despatch of this Offer Document). For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

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- (b) Acceptance of the H Share Buy-back Offer by any nominee will be deemed to constitute a warranty by such nominee to the Company that the number of H Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of H Shares held by such nominee for such beneficial owners who accept the H Share Buy-back Offer.

Appointment and Authority

- (c) Execution of the Form of Acceptance constitutes:
- (i) the irrevocable appointment of any director or officer of the Company or CICC, or such other person as any of them may direct, as such accepting H Shareholder's agent (the “**Agent**”): and
 - (ii) an irrevocable instruction to the Agent to complete and execute the Form of Acceptance and/or any other document at the Agent's discretion on behalf of such accepting H Shareholder and to do any other acts or things (such as, amongst others, due execution of any instrument of transfers or to tender the relevant Share certificate(s) for cancellation) as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company buying-back any H Shares (as the Company may in its absolute discretion determine) tendered by such accepting H Shareholder.

Undertakings

- (d) By executing the Form of Acceptance, it/he/she:
- (i) agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of its or its/his/her powers and/or authorities under the terms of the H Share Buy-back Offer:
 - (ii) undertakes to deliver to the Share Registrar the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of the Shares for which the H Share Buy-back Offer is accepted, or an indemnity or indemnities acceptable to the Company in lieu thereof, or to procure the delivery of such document(s) to the Share Registrar as soon as possible thereafter and, in any event, by 4:00 p.m. on the First Closing Date or the Final Closing Date (as the case may be);
 - (iii) accepts that the provisions of the Form of Acceptance and the other terms and conditions in this Offer Document are deemed to be incorporated into the terms and conditions of the H Share Buy-back Offer;
 - (iv) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with its/his/her acceptance of the H Share Buy-back Offer as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the buy-back of any H Shares in respect of which it/he/she has accepted the H Share Buy-back Offer free from all liens,

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charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever and such Shares are sold together with all rights accruing or attaching thereto, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date on which the H Share Buy-back Offer is made (i.e. the date of despatch of this Offer Document) and/or to perfect any of the authorities expressed to be given hereunder;

- (v) authorises the Company or the Agent to procure the despatch by ordinary post of the consideration to which it/he/she is entitled at its/his/her own risk to the first-named holder at its/his/her registered address stated in the Form of Acceptance; and
- (vi) submits to the jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the H Share Buy-back Offer or the Form of Acceptance.

10. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the H Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, CICC, Gram Capital, the Share Registrar, any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the H Share Buy-back Offer accepts any liability for any loss in postage or any other liabilities whatsoever which may arise as a result thereof.
- (b) The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant accepting H Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.
- (c) All questions as to the validity, form, eligibility (including the time of receipt) and acceptance for payment of any acceptance under the H Share Buy-back will be determined by the Company in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable laws or regulations or by the Takeovers Code and/or the Share Buy-back Code). The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment therefor which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right (provided that this is exercised consistently with the requirements of the Takeovers Code and/or the Share Buy-back Code or otherwise with the Executive's consent) to waive any of the terms of the Offer, except the Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the H Share Buy-back Offer will not be despatched until after the Form of Acceptance is completed in all respects and the relevant share certificate(s) and/or transfer receipt(s) and/or

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any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) satisfactory to the Company have been received. None of the Company, CICC, Gram Capital, the Share Registrar or any of their respective directors or any other person involved in the H Share Buy-back Offer is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.

- (d) The provisions set out in the accompanying Form of Acceptance form part of the terms and conditions of the H Share Buy-back Offer.
- (e) The accidental omission to despatch this Offer Document and/or the accompanying Form of Acceptance or either of them to any person to whom the H Share Buy-back Offer is made shall not invalidate the H Share Buy-back Offer in any way.
- (f) The right of acceptance of the H Share Buy-back Offer is personal to each H Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the H Shareholders.
- (g) The H Share Buy-back Offer, all acceptances of it, the Form of Acceptance and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with the laws of Hong Kong.
- (h) The H Share Buy-back Offer is made in accordance with the Takeovers Code and the Share Buy-backs Code.
- (i) References to the H Share Buy-back Offer in this Offer Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) In making their decision, the H Shareholders and/or Independent H Shareholders must rely on their own examination of the Group and the terms of the H Share Buy-back Offer, including the merits and risks involved. The contents of this Offer Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Company, the Directors and parties acting in concert with any of them, CICC, Gram Capital, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the H Share Buy-back Offer. H Shareholders and/or Independent H Shareholders should consult their own professional advisers for professional advice.
- (k) Unless otherwise expressly stated in this Offer Document and/or the Form of Acceptance, no person other than the Company and the accepting H Shareholders may enforce any terms of the H Share Buy-back Offer that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance, Chapter 623 of the Laws of Hong Kong.

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- (1) The English text of this Offer Document and of the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2020, 2021 and 2022 and the unaudited consolidated financial results of the Group for the three months ended 31 March 2023, respectively, as extracted from the relevant published financial statements of the Company for the relevant years/period.

	For the three months ended		For the year ended 31 December	
	31 March 2023 (unaudited) RMB'000	2022 (audited) RMB'000	2021 (audited) RMB'000	2020 (audited) RMB'000
Operating revenue	13,717,783	60,646,669	50,675,643	33,790,580
Operating cost	9,454,658	36,320,151	31,827,244	26,300,639
Profit from operations	4,747,894	15,892,858	12,929,225	352,140
Profit before tax	4,716,367	15,299,780	12,671,566	277,953
Income tax expenses	1,021,3378			
Profit/(loss) for the year	3,695,029	12,325,584	9,874,426	(545,900)
Profit/(loss) attributable to				
the owners of the Company	3,220,750	10,975,355	8,643,453	(657,055)
minority interests	474,279	1,350,230	1,230,973	111,155
Earnings per Share for profit attributable to equity holders of the Company				
Basic and diluted earnings/(loss) per Share (expressed in RMB per Share)	0.99	3.37	2.66	(0.20)
Profit/(loss) for the year	3,220,750	10,975,355	8,643,453	(657,055)
Other comprehensive income/(loss)	673	630,329	453,500	(36,102)
Total comprehensive income/(loss) for the year attributable to				
the owners of the Company	3,221,423	11,603,890	89,102,700	(705,747)
minority shareholders	474,279	1,352,023	1,225,226	123,745
Earning/(loss) per Share (expressed in RMB per Share)	0.99	3.37	2.66	(0.20)
Dividend	–	–	3,026,227	735,406
Dividend per Share (expressed in RMB per Share)	–	–	0.930	0.226

There are no other items of income or expense which are material for each of the three years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023.

The auditors' report issued by Da Hua Certified Public Accountants (Special General Partnership) (“**Da Hua**”), in respect of the audited consolidated financial statements of the Group for each of the years ended 31 December 2020, 2021 and 2022 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Offer Document the consolidated statements of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the years ended 31 December 2022 (the “**2022 Financial Statements**”), 31 December 2021 (the “**2021 Financial Statements**”) and 31 December 2020 (the “**2020 Financial Statements**”) and unaudited consolidated financial statements of the Group for the three months ended 31 March 2023 (the “**2023 Q1 Financial Statements**”), together with the significant accounting policies and the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2023 Q1 Financial Statements are set out from page 2 to page 17 in the first quarterly report for the quarter ended 31 March 2023, which was published on 25 April 2023 (the “**2023 Q1 Report**”). The 2023 Q1 Report is posted on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.yitaicoal.com), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042502579.pdf>

The 2022 Financial Statements are set out from page 168 to page 428 in the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”) of the Company, which was published on 24 April 2023. The 2022 Annual Report is posted on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.yitaicoal.com), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401555.pdf>

The 2021 Financial Statements are set out from page 168 to page 448 in the annual report of the Company for the year ended 31 December 2021, which was published on 20 April 2022 (the “**2020 Annual Report**”). The 2021 Annual Report is posted on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.yitaicoal.com), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042001162.pdf>

The 2020 Financial Statements are set out from page 177 to page 432 in the annual report of the Company for the year ended 31 December 2020, which was published on 15 April 2021 (the “**2020 Annual Report**”). The 2020 Annual Report is posted on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.yitaicoal.com), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041501135.pdf>

The 2023 Q1 Financial Statements, the 2022 Financial Statements, the 2021 Financial Statements and the 2020 Financial Statements (but not any other parts of the 2023 Q1 Report, the 2022 Annual Report, the 2021 Annual Report or the 2020 Annual Report in which they respectively appear) are incorporated by reference into this Offer Document and form part of this Offer Document.

3. INDEBTEDNESS

Set out below is the indebtedness statement of the Group as at 30 April 2023, being the latest practicable date for the purposes of this indebtedness statement prior to the printing of this Offer Document:

Borrowings	<i>RMB: Yuan</i>
Guaranteed and secured borrowings	9,111,013,837.89
Unguaranteed and unsecured borrowings	6,301,000,000.00
Accrued undue interest	69,392,345.95
Total borrowings	15,481,406,183.84
Bonds payable	
19 Yitai 01	178,232,979.72
19 Yitai 02	127,692,699.81
Accrued undue interest	5,785,250.86
Total bonds payable	311,710,930.39
Long-term payables	
Long-term borrowings from non-financial institutions	443,279,000.04
Total long-term borrowings from non-financial institutions	443,279,000.04
Total lease liabilities	3,999,712.77

Notes to the indebtedness statement:

1. Borrowings

As at 30 April 2023 (being the latest practicable date for the purposes of this indebtedness statement prior to the printing of this Offer Document), the total outstanding borrowings and accrued interest of the Group were RMB15,481,406,183.84. Among them, both guaranteed and secured borrowings are borrowings guaranteed by the Company for subsidiaries, while the unguaranteed and unsecured borrowings are credit borrowings of the Group.

2. Bonds payable

As at 30 April 2023 (being the latest practicable date for the purposes of this indebtedness statement prior to the printing of this Offer Document), the bonds payable of the Group are the remaining bonds of creditors who have waived the right of redemption after the early redemption of corporate bonds issued by the Company in tranches in 2019, which will be due for repayment on 2 April and 2 July 2024, respectively.

3. Long-term payables

As at 30 April 2023 (being the latest practicable date for the purposes of this indebtedness statement prior to the printing of this Offer Document), the Group's long-term borrowings from non-financial institutions were the investment from external shareholders of subsidiaries that the Company committed to repurchase.

4. Lease liabilities

As at 30 April 2023 (being the latest practicable date for the purposes of this indebtedness statement prior to the printing of this Offer Document), the lease liabilities of the Group were unguaranteed or unsecured.

5. Contingent liabilities and guarantees

As at 30 April 2023 (being the latest practicable date for the purposes of this indebtedness statement prior to the printing of this Offer Document), the Group had no contingent liabilities or external guarantees.

As at 30 April 2023 (being the latest practicable date for the purposes of this indebtedness statement prior to the printing of this Offer Document), save as disclosed above, the Group did not have any mortgages, pledges and bonds, bank overdrafts or borrowings, loans, debt securities or other similar debts, mortgages, pledges or lease purchase commitments, lease commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors confirm that save as and except for the below, there was no material change in the financial or trading position or outlook of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- The Group's total current liabilities as at 31 March 2023 decreased substantially as compared to that as at 31 December 2022, which was mainly due to the decreases in the Group's accounts payable, staff remuneration payable, taxes payable, other payables and non-current liabilities due within one year as at 31 March 2023 as compared to those as at 31 December 2022.

5. FINANCIAL AND TRADING PROSPECTS

The Company is a large-scale clean energy enterprise integrating railway and coal-related chemical industry with coal production, transportation and sales as the basis.

As the largest local coal enterprise in Inner Mongolia, the Company has an overall competitive advantage over its peers as its scale, development quality and efficiency, industrial structure and financial strength have been enhancing during over 25 years of development. The Company has abundant coal reserves, superior mining conditions, modern mining technology and sustained opportunities for integration of internal and external resources.

As disclosed in the 2022 Annual Report, the Company's operating income in 2022 was RMB60,646,668,600, an increase of 19.68% over that of the same period of last year. Operating revenue of the Company mainly generated from coal sales, chemical products sales, and transportation services. Among them, the operating revenues of coal sales and sales of chemical products for 2022 were RMB49,372,501,900 and RMB9,911,756,800, representing increases of 16.98% and 43.63% over that of the same period of the previous year, respectively.

In 2023, in response to the opportunities and challenges brought about by the new development pattern, while unswervingly promoting the high-quality development of the principal coal business, the Company will actively explore low-carbon transformation and development, accelerate industrial upgrading and structural adjustment, and strive to build a new pattern of diversified development with complementary industries, complementary benefits and complementary markets. On the basis of consolidating the principal coal industry, the Company will accelerate the low-carbon transformation and promote the high-quality development of various businesses.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purposes only, the financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out here to provide further information about how the financial information of the Group might be affected by the completion of the H Share Buy-back Offer assuming and as if the H Share Buy-back Offer had been completed on 31 December 2022.

The following are illustrative and unaudited pro forma statements of adjusted consolidated net assets per Share and adjusted earnings per Share (the “**Unaudited Pro Forma Financial Information**”) of the Group attributable to equity holders of the Company which have been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the H Share Buy-back Offer as if it had taken place on 31 December 2022 for the unaudited pro forma adjusted consolidated net assets per Share attributable to equity holders of the Company after completion of the Share Buy-back Offer or 1 January 2022 for the pro forma adjusted earnings per Share attributable to equity holders of the Company after completion of the H Share Buy-back Offer.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position or financial results of the Group had the H Share Buy-back Offer been completed as at 31 December 2022, 1 January 2022 or at any future date.

**UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET ASSETS
PER SHARE**

	Audited consolidated net assets of the Group attributable to equity holders of the Company as at 31 December 2022 <i>(Note 1)</i> RMB'000	Estimated costs to be incurred under the H Share Buy-back Offer <i>(Note 2)</i> RMB'000	Unaudited pro forma adjusted consolidated net assets attributable to equity holders of the Company as at 31 December 2022 RMB'000
Current assets*	27,835,199.70	5,130,572.00	22,704,627.70
Non-current assets	63,381,932.91	–	63,381,932.91
Current liabilities <i>(Note 3)</i>	15,753,131.66	–	15,753,131.66
Net current assets <i>(Note 3)</i>	12,082,068.03	5,130,572.00	6,951,496.03
Non-current liabilities <i>(Note 3)</i>	17,084,713.24	–	17,084,713.24
Net assets	58,379,287.70	5,130,572.00	53,248,715.70
Net assets attributable to equity holders of the Company	49,579,782.51	5,130,572.00	44,449,210.51
*Including:			
– Cash and cash equivalents	21,340,326.60	5,130,572.00	16,209,754.60
Net assets per Share attributable to equity holders of the Company <i>(RMB)</i>	15.24 <i>(Note 4)</i>	–	15.18 <i>(Note 5)</i>

Unaudited pro forma statement of adjusted earnings per Share

	Audited consolidated profit attributable to equity holders of the Company for the year ended 31 December 2022 <i>(Note 1)</i> RMB'000	Earnings per Share attributable to equity holders of the Company for the year ended 31 December 2022 <i>(Note 4)</i> RMB	Unaudited pro forma adjusted earnings per Share attributable to equity holders of the Company after completion of the H Share Buy-back Offer <i>(Note 6)</i> RMB
Share Buy-back of 326,007,000 H Shares at HK\$17.50 per Share	10,975,354.79	3.3729	3.7484

Notes:

1. The audited consolidated net assets of the Group attributable to equity holders of the Company as at 31 December 2022 and audited consolidated profit attributable to equity holders of the Company for the year ended 31 December 2022 are extracted from the published annual results announcement of the Group for the year ended 31 December 2022.
2. The estimated costs to be incurred under the H Share Buy-back Offer of RMB5,130,571,998 include the costs of the H Share Buy-back Offer of approximately RMB5,096,214,776, which is calculated based on 326,007,000 H Shares to be bought back at the Offer Price of HK\$17.50 per H Share and the related transaction costs of approximately RMB34,357,222.
3. The estimated costs to be incurred under the H Share Buy-back Offer will be settled by cash and therefore the H Share Buy-back Offer will not have any effect on the liabilities of the Group, and the working capital (expressed as net current assets) as at 31 December 2022 would decrease by approximately RMB5,130,571,998 from approximately RMB12,082,068,030 to approximately RMB6,951,496,032.
4. The consolidated net assets per Share attributable to equity holders of the Company as at 31 December 2022 and the earnings per Share attributable to equity holders of the Company for the year ended 31 December 2022 were approximately RMB15.24 and approximately RMB3.3729 respectively, which was based on the audited consolidated net assets of the Group attributable to equity holders of the Company as at 31 December 2022 of approximately RMB49,579,782,510 and the audited consolidated profit attributable to equity holders of the Company for the year ended 31 December 2022 of approximately RMB10,975,354,790 respectively, and on the basis that 3,254,007,000 Shares were in issue as at 31 December 2022 and throughout the year ended 31 December 2022.
5. The unaudited pro forma adjusted consolidated net assets per Share attributable to equity holders of the Company after completion of the H Share Buy-back Offer is arrived at after taking into account of the following (i) the audited consolidated net assets of the Group attributable to equity holders of the Company as at 31 December 2022 of approximately RMB49,579,782,510 (Note 1) deducted by the estimated costs to be incurred under the H Share Buy-back Offer of approximately RMB5,130,571,998 (Note 2) and (ii) on the basis that 3,254,007,000 Shares were in issue as at 31 December 2022 and 326,007,000 H Shares were bought-back under the H Share Buy-back Offer, resulting in 2,928,000,000 Shares, assuming the H Share Buy-back Offer had been completed on 31 December 2022.

6. The unaudited pro forma adjusted earnings per Share attributable to equity holders of the Company after completion of the H Share Buy-back Offer is arrived at after taking into account of the audited consolidated profit attributable to equity holders of the Company for the year ended 31 December 2022 of approximately RMB10,975,354,790 (Note 1) and on the basis that 3,254,007,000 Shares were in issue as at 1 January 2022 and 326,007,000 Shares were bought back under the H Share Buy-back Offer, resulting in 2,928,000,000 Shares throughout the year ended 31 December 2022, assuming the H Share Buy-back Offer had been completed on 1 January 2022. The Directors confirm that the related transaction costs of approximately RMB5,130,571,998 will be debited in full to equity in accordance with the Company's accounting policies.
7. For the purposes of the consideration payable from the H Share Buy-back Offer, the amount denominated in HK\$ has been converted into RMB at an exchange rate of HK\$1.00 to RMB0.89327, being the median exchange rate on 30 December 2022 as announced by the People's Bank of China. No representation is made that the HK\$ amounts have been, could have been or may be converted to RMB, at that rate or at all.
8. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2022.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from Da Hua Certified Public Accountants (Special General Partnership) for the purpose of incorporation in this Offer Document.

Da Hua Certified Public Accountants
(Special General Partnership)
12th Floor, Building No.7, Block No. 16
Xi Si Huan Zhong Road
Haidian District, Beijing
[100039]
Tel: 86 (10) 5835 0011 Fax: 86 (10) 5835 0006

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Inner Mongolia Yitai Coal Co., Ltd. (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net assets per Share attributable to the equity owners of the Group as at 31 December 2022, unaudited pro forma adjusted earnings per Share attributable to the equity owners of the Company as at 31 December 2022 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages III-1 to III-3 of the Company’s offer document dated 5 June 2023 (the “**Offer Document**”), in connection with the conditional cash offer for repurchasing all issued H Shares at the price of HK\$17.50 per H Share (the “**H Share Buy-back Offer**”). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-3 of the Offer Document.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the H Share Buy-back Offer on the Group’s financial position as at 31 December 2022 and the Group’s financial results for the year ended 31 December 2022 as if the H Share Buy-back Offer had taken place at 31 December 2022 and 1 January 2022 respectively. As part of this process, information about the Group’s financial position and financial results have been extracted by the Directors from the Group’s financial statements for the year ended 31 December 2022, on which an audit report has been published.

I. Responsibilities of the Directors of the Company for the Unaudited Pro Forma Financial Information

The Directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 issued by the Hong Kong Institute of Certified Public Accountants for inclusion in the Offer Document.

II. Our Independence and Quality Control

We have complied with the independence requirements of the “Code of Ethics for Chinese Certified Public Accountants No. 5 - Other Assurance Engagements” issued by the Chinese Institute of Certified Public Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the “Quality Control Standard for Accounting Firms No. 5101 - Practice Quality Control” issued by the Chinese Institute of Certified Public Accountants and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

III. Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with the “Standards for Other Assurance Engagements for Chinese Certified Public Accountants No. 3101 – Assurance Engagements Other Than Auditing or Reviewing Historical Financial Information” issued by the Chinese Institute of Certified Public Accountants. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 issued by the Hong Kong Institute of Certified Public Accountants.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Offer Document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the H Share Buy-back Offer at 31 December 2022 or 1 January 2022 respectively would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

IV. Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group;
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Da Hua Certified Public Accountants
(Special General Partnership)

Beijing, the PRC

Chinese Certified
Public Accountant: Gong Xinping

Chinese Certified
Public Accountant: Zhao Xi

5 June 2023

1. RESPONSIBILITY STATEMENT

As at the date of this Offer Document, the executive Directors of the Company are Mr. Zhang Jingquan, Mr. Liu Chunlin, Mr. Li Juncheng, Mr. Zhao Like, Mr. Yang Jialin and Mr. Bian Zhibao; and the independent non-executive Directors of the Company are Ms. Du Yingfen, Mr. E Erdun Tao Ketao and Mr. Tam, Kwok Ming Banny.

The Directors jointly and severally accept fully responsibility for the accuracy of the information contained in this Offer Document, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statement contained in this Offer Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the total registered share capital of the Company was RMB3,254,007,000 and the number of issued Shares was 3,254,007,000, comprising 326,007,000 issued H Shares, 1,328,000,000 issued B Shares and 1,600,000,000 Domestic Shares. As the Company is incorporated under the PRC laws, the Company does not have an authorised share capital.

All the existing issued Shares are fully paid up or credited as fully paid and rank pari passu in all respects with each other, including all rights in respect of capital, dividends and voting.

The Company has not issued any new Shares nor bought back any Shares since 31 December 2022, being the end of the last financial year of the Company. As at the Latest Practicable Date, the Company had no outstanding options, warrants or derivatives in respect of the Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code), other than the Shares as disclosed above.

During the two financial years preceding the commencement of the Offer Period, there has been no reorganisation of capital. In addition, the Company did not buy back any Shares for the 12 months period immediately preceding the date of this Offer Document. None of the H Shares were issued during the two-year period immediately preceding the date of the H Share Buy-back Offer.

3. MARKET PRICES

The table below sets out the closing prices of the H Shares on the Hong Kong Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; (iii) the last trading day prior to publication of the Rule 3.5 Announcement; and (iv) the Latest Practicable Date:

	Closing Price of the H Shares (HK\$)
30 September 2022	10.32
31 October 2022	9.35
30 November 2022	11.06
30 December 2022	10.06
31 January 2023	11.12
28 February 2023	9.98
29 March 2023 (the Last Trading Day)	11.30
31 March 2023	15.74
28 April 2023	16.02
9 May 2023 (the last full trading day immediately prior to publication of the Rule 3.5 Announcement)	16.06
31 May 2023	16.64
2 June 2023 (the Latest Practicable Date)	16.62

During the Relevant Period, the highest and lowest closing prices of the H Shares as quoted on the Hong Kong Stock Exchange was HK\$16.92 per H Share on 11 May 2023 and HK\$9.35 per H Share on 31 October 2022, respectively. The Offer Price is above the highest closing price of the H Share during the Relevant Period.

4. DIVIDEND

The frequency and amount of dividends that have been proposed or paid out by the Company to the H Shareholders during the two year period immediately preceding the date of this Offer Document are as follows:

	For the year ended 2021 RMB	For the year ended 2022 RMB
Interim dividend for the six months ended 30 June	Nil	Nil
Final dividend per Share for the year ended 31 December	0.930	Nil

Depending on the future results and financial position of the Group, the Company may declare dividends as and when it considers appropriate taking into account the then financial performance of the Group, capital needs for coal production and operation, constructions and projects, research and development and other operations of the Group in accordance with its dividend policy and the articles of association of the Company. The Company does not intend to announce, declare or pay any dividend, distribution or other return of capital or alter its dividend policy before the close of the H Share Buy-back Offer.

5. DISCLOSURE OF INTERESTS

Interests and short positions of Directors in the Company and the associated corporations of the Company

As at the Latest Practicable Date, save for the interests in Inner Mongolia Yitai Investment Co., Ltd. (an associated corporation of the Company) as disclosed below, none of the Directors, supervisors and chief executive of the Company has any interest and short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors, supervisors or chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules; or (iv) disclosed pursuant to the Takeovers Code or the Share Buy-backs Code:

Name of Director/ supervisor	Name of associated corporation	Capacity	Number of ordinary shares of the associated corporation interested	Approximate % of the associated corporation's issued share capital
Directors				
Mr. Zhang Jingquan (Note)	Inner Mongolia Yitai Investment Co., Ltd	Beneficial owner	2,266,452	0.31
Mr. Liu Chunlin (Note)	Inner Mongolia Yitai Investment Co., Ltd	Beneficial owner	6,181,234	0.86
Mr. Zhao Like	Inner Mongolia Yitai Investment Co., Ltd	Beneficial owner	257,551	0.04
Mr. Yang Jialin	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	2,266,452	0.31

Name of Director/ supervisor	Name of associated corporation	Capacity	Number of ordinary shares of the associated corporation interested	Approximate % of the associated corporation's issued share capital
Mr. Bian Zhibao	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	543,013	0.08
Supervisor				
Mr. Liu Xianghua	Inner Mongolia Yitai Investment Co., Ltd	Beneficial owner	358,993	0.05

Note: In addition to the beneficial interests set out above, Mr. Zhang Jingquan and Mr. Liu Chunlin are entitled to exercise the voting rights of 11,424,973 shares in Inner Mongolia Yitai Investment Co., Ltd. (representing approximately 1.59% of the associated corporation's issued share capital) and 18,974,376 shares in Inner Mongolia Yitai Investment Co., Ltd. (representing approximately 2.63% of the associated corporation's issued share capital) respectively as trustee for other beneficial owners in Inner Mongolia Yitai Investment Co., Ltd.

Interests of substantial shareholders in the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, the following persons had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Shareholders	Capacity	Class of Shares held	No. of Shares held	Approximate % of the relevant class of Shares in issue	Approximate % of the total Shares in issue
Inner Mongolia Yitai Investment Co., Ltd. (Note 1)	Interest in controlled corporation	Domestic Shares	1,600,000,000	100	49.17
		B Shares	312,000,000	10.65	9.58
The Controlling Shareholder (Note 2)	Beneficial owner Interest in controlled corporation	Domestic Shares	1,600,000,000	100	49.17
		B Shares	312,000,000	10.65	9.58
Yitai (Group) Hong Kong (Note 2)	Beneficial owner	B Shares	312,000,000	10.65	9.58
Inner Mongolia Ordos Investment Holding Group Co., Ltd	Beneficial owner	H Shares	55,443,600	17.01	1.70
Ordos Hongrui Trade Company Limited	Trust beneficiary	H Shares	44,711,200	13.71	1.37
China Datang Corporation	Interest of controlled corporation	H Shares	36,062,200	11.06	1.11
Datang International Power Generation Co., Ltd. (Note 3)	Interest of controlled corporation	H Shares	36,062,200	11.06	1.11

Shareholders	Capacity	Class of Shares held	No. of Shares held	Approximate	Approximate %
				% of the relevant class of Shares in issue	of the total Shares in issue
Datang International (Hong Kong) Limited	Beneficial owner	H Shares	36,062,200	11.06	1.11
Inner Mongolia Manshi Investment Group Limited	Beneficial owner	H Shares	28,321,000	8.69	0.87
Great Huazhong Energy Co. Ltd	Beneficial owner	H Shares	27,168,000	8.33	0.83
Chen Yihong	Interest of controlled corporation	H Shares	20,017,000	6.14	0.62
Harvest Luck Development Limited	Interest of controlled corporation	H Shares	20,017,000	6.14	0.62
Poseidon Sports Limited	Beneficial owner	H Shares	20,017,000	6.14	0.62

Notes:

- (1) Inner Mongolia Yitai Investment Co., Ltd. holds 99.64% of the registered capital of the Controlling Shareholder and is thus deemed to be interested in all of the Shares directly or indirectly held by the Controlling Shareholder.
- (2) Yitai (Group) Hong Kong is a wholly-owned subsidiary of the Controlling Shareholder and the Controlling Shareholder is thus deemed to be interested in the B Shares held by Yitai (Group) Hong Kong.
- (3) Datang International (Hong Kong) Limited is wholly owned by Datang International Power Generation Co., Ltd. while China Datang Corporation holds 53.61% of interests in H shares of Datang International Power Generation Co., Ltd.. Pursuant to the SFO, Datang International Power Generation Co., Ltd. and China Datang Corporation are deemed to be interested in the Shares held by Datang International (Hong Kong) Limited.
- (4) Harvest Luck Development Limited holds 100% interest in Poseidon Sports Limited while Harvest Luck Development Limited is wholly owned by Chen Yihong. Pursuant to the SFO, Chen Yihong and Harvest Luck Development Limited are deemed to be interested in the Shares held by Poseidon Sports Limited.
- (5) The percentage figures are subject to rounding adjustments.
- (6) The above information is set out based on the public information available to the Company as at the Latest Practicable Date.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group which (i) have been entered into or amended within 6 months before the commencement of the Offer Period (including both continuous and fixed terms contracts); (ii) are continuous contracts with a notice period of 12 months or more; and (iii) are fixed terms contracts with more than 12 months to run irrespective of the notice period.

7. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS IN THE COMPANY

The Company confirms that, as at the Latest Practicable Date:

- (a) none of the Directors and their respective concert parties has any interest (within the meaning of Part XV of the SFO) in the Shares or convertible securities, warrants, options or derivatives in respect of the Shares, and there is no outstanding derivative in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by the Directors or any of their respective concert parties;
- (b) save for the DS Irrevocable Undertaking, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares which might be material to the H Share Buy-back Offer;
- (c) save as disclosed in the section headed “Interest of Substantial Shareholders” in this Appendix, there is no Shareholder which holds 10% or more of the voting rights in the Company;
- (d) save for the DS Irrevocable Undertaking, the Company or any parties acting in concert with it has not received any irrevocable commitment to accept or reject the H Share Buy-back Offer, or to vote in favour of or against the resolutions at the H Shareholders’ Class Meeting, the Non-H Shareholders’ Class Meeting and/or the EGM. Save as disclosed in the paragraph headed “Shareholding Structure of the Company” in “Letter from the Board” above, none of the Controlling Shareholder or Yitai (Group) Hong Kong has any interest (within the meaning of Part XV of the SFO) in the Shares or convertible securities, warrants, options or derivatives in respect of the Shares;
- (e) there is no agreement or arrangement to which the Company is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the H Share Buy-back Offer;
- (f) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Company, any of the Directors or any of their respective concert parties has borrowed or lent;

- (g) save for the shareholdings of the Controlling Shareholder and Yitai (Group) Hong Kong as disclosed in the paragraph headed “Shareholding Structure of the Company” in the “Letter from the Board”, the Company and parties acting in concert with it do not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code);
- (h) save for the consideration for the H Share Buy-back Offer, there is no other consideration, compensation or benefits in whatever form provided (or to be provided) by the Company or any of its concert parties to any Shareholder in connection with the H Share Buy-back Offer;
- (i) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between:
 - (i) (x) the Company or any of its concert parties on one hand and (y) the Shareholders on the other hand; and
 - (ii) (x) the Company, its subsidiaries or associated companies on one hand and (y) the Shareholders on the other hand.

None of the Company, the Directors, or parties acting in concert with any of them (including the Controlling Shareholder or Yitai (Group) Hong Kong) has dealt for value in the Shares during the Relevant Period.

As set out in the paragraph headed “DS Irrevocable Undertaking” in the Letter from CICC, the Controlling Shareholder and Yitai (Group) Hong Kong have provided the DS Irrevocable Undertaking pursuant to which they will vote in favour of the resolutions to be proposed at the Non-H Shareholders Class Meeting and the EGM in respect of all the unlisted Domestic Shares (being 1,600,000,000 unlisted Domestic Shares) and all the B Shares (being 312,000,000 B Shares) respectively held by them. As at the Latest Practicable Date, none of the Controlling Shareholder or Yitai (Group) Hong Kong holds any H Shares which would entitle them to accept or reject the H Share Buy-back Offer.

Save as disclosed above, no person referred to in paragraph 7(a), 7(c), 7(d) and 7(f) above has indicated its intention to accept the H Share Buy-back Offer and/or to vote in favour or against the H Share Buy-back Offer and/or the Voluntary Withdrawal of Listing. In addition, as set out in the paragraph headed “Approval by board of directors of Datang of the acceptance of the H Share Buy-back Offer by its wholly-owned subsidiary” in the Letter from CICC, based on the announcement of Datang published on 29 May 2023 and the Company's understanding, the board of directors of Datang has approved the acceptance of the H Share Buy-back Offer held by Datang HK. Based on public information, as at the Latest Practicable Date, Datang HK holds 36,062,200 H Shares of the Company, representing approximately 11.06% of the total issued H Shares of the Company and total issued H Shares of the Company held by Independent H Shareholders, and approximately 1.11% of the total issued Shares of the Company as at the date of the Latest Practicable Date.

8. DEALINGS DISCLOSURE OBLIGATIONS

Associates of the Company are reminded to observe their disclosure obligations regarding their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Note 11 to Rule 22 of the Takeovers Code, stockbrokers, banks and others who deal in any securities of the Company on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any securities of the Company undertaken for a client during any 7-day period is less than HK\$1 million.

Intermediaries are expected to co-operate with the Executive in its dealing enquiries. Therefore, those who deal in the securities of the Company should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against either the Company or any of its subsidiaries.

10. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) within the two years immediately preceding the date of the Rule 3.7 Announcement and up to and including the Latest Practicable Date which are or may be material:

- (a) the cross guarantee agreement dated 30 March 2021 entered into between the Company and the Controlling Shareholder pursuant to which the Company and the Controlling Shareholder and their respective subsidiaries agree to provide guarantee services in respect of their borrowings or financing from financial institutions for each other in each account year of 2021, 2022 and 2023. The amount of guarantee to be provided by the Group to the Controlling Shareholder and its subsidiaries under such agreement shall not exceed RMB2 billion annually, while the accumulated amount of guarantees provided by Yitai Group and its subsidiaries to the Group under such agreement is not subject to a cap. Please refer to the Company's announcement dated 30 March 2021 for further details;
- (b) the equity transfer agreement dated 20 August 2021 entered into between the Company and Shanghai Hanqing Enterprise Management Partnership (Limited Partnership)* (上海漢磬企業管理合夥企業(有限合夥)) (“**Shanghai Hanqing**”) pursuant to which Shanghai Hanqing agreed to transfer and the Company agreed to acquire 29.0475% equity held by Shanghai

Hanqing in Inner Mongolia Yitai Chemical Co., Ltd.* (內蒙古伊泰化工有限責任公司) (“**Yitai Chemical**”) in consideration of RMB2,099,343,782.02 paid by the Company to Shanghai Hanqing. Upon completion of the equity transfer, the Company held 90.2% equity interests in Yitai Chemical, and Yitai Chemical remained the controlled subsidiary of the Company. Please refer to the Company's announcement dated 20 August 2021 for further details;

- (c) the capital increase agreement (the “**Capital Increase Agreement**”) dated 1 April 2022 entered into between the Company, Beijing Jingneng Power Co., Ltd.* (北京京能電力股份有限公司) (“**Jingneng Power**”), Shanxi Yudean Energy Co., Ltd.* (山西粵電能源有限公司) (“**Shanxi Yudean**”) and Inner Mongolia Jingtai Power Generation Co., Ltd.* (內蒙古京泰發電有限責任公司) (“**Jingtai Power**”), pursuant to which the Company, Jingneng Power and Shanxi Yudean agreed to make a capital increase of RMB81,849,600, RMB143,942,400 and RMB56,448,000 respectively to Jingtai Power on the basis of their respective shareholding proportion of 29%, 51% and 20% respectively in Jingtai Power. Please refer to the Company's announcements dated 13 December 2021 and 1 April 2022 for further details;
- (d) the resource compensation agreement (the “**Resources Compensation Agreement**”) dated 1 April 2022 entered into between Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd.* (內蒙古伊泰京粵酸刺溝礦業有限責任公司) (“**Suancigou Mining**”), a non-wholly owned subsidiary of the Company and Jingtai Power, pursuant to which Jingtai Power agreed to pay compensation for overlaid of coal resources in an amount of RMB282.24 million to Suancigou Mining as 14.7 million tonnes of coal resources of Suancigou Mining were overlaid by the power plant phase II project constructed by Jingtai Power. The amount of RMB282.24 million payable by Jingtai Power to Suancigou Mining was agreed to be offset by the dividend payable by Suancigou Mining to its shareholders (one of which include Jingtai Power) and therefore Jingtai Power was not required to pay Suancigou Mining in cash. Please refer to the Company's announcements dated 13 December 2021 and 1 April 2022 for further details;
- (e) the framework agreement on supply of products dated 29 March 2022 entered into between the Company and Inner Mongolia Jingning Thermal Power Co., Ltd. (“**Jingning Thermal Power**”), pursuant to which the Company and/or its subsidiaries agreed to provide coals to Jingning Thermal Power and/or its subsidiaries subject to annual caps of RMB25 million for the two financial years ended 31 December 2022 and ending 31 December 2023. Please refer to the Company's announcement dated 29 March 2022 for further details;
- (f) the five parties' agreement on dividends, capital increase and payment of overlaid resource compensation dated 1 April 2022 entered into between the Company and Jingneng Power, Shanxi Yudean, Suancigou Mine and Jingtai Power (collectively, the “**five parties**”) in furtherance of the Capital Increase Agreement and the Resources Compensation Agreement, pursuant to which the five parties unanimously agreed to an offset arrangement between the capital increase of Jingtai Power, overlaid resource compensation by Jingtai Power to Suancigou Mining, involving (i) Suancigou Mining making dividend distribution of a total of RMB599.76 million to the Company, Jingneng Power and Shanxi Yudean (being shareholders of Suancigou Mining); (ii) the Company, Jingneng Power and Shanxi Yudean making capital contribution of RMB81.8496 million, RMB143.9424 million and RMB56.448 million

respectively into Jingtai Power using part or all of the aforementioned dividend from Suancigou Mining; and (iii) Jingtai Power and Suancigou Mining confirming that the aforementioned contribution in paragraph (ii) above is offset in full with the overlaid compensation of RMB282.42 million payable by Jingtai Power to Suancigou Mining under the Resources Compensation Agreement. Please refer to the Company's announcement dated 1 April 2022 for further details;

- (g) the supplemental purchase and sale of products and services agreement dated 27 April 2022 entered into between the Company and Inner Mongolia Yitai Investment Co., Ltd. ("**Yitai Investment**"), pursuant to which the Company and Yitai Investment agreed to amend certain terms (including the scope of products and services to be supplied by Yitai Investment and its subsidiaries) in relation to products and services under the framework agreement for purchase and sales of products and services of Yitai Investment to the Company. No consideration was payable by any of the Company or Yitai Investment under such supplemental agreement. Please refer to the Company's announcement dated 27 April 2022 for further details; and
- (h) the revised financial services agreement dated 11 November 2022 entered into between the Company and Inner Mongolia Yitai Finance Co., Ltd. ("**Yitai Finance**"), pursuant to which the Company and Yitai Finance agreed to adjust the annual caps for the financial year ending 31 December 2023 for (i) deposit services to the Group to RMB18,000 million (in respect of the Group's daily deposit balance, inclusive of accrued interests occurred); (ii) loan services to the Group to RMB22,000 million (in respect of the total credit facilities provided by Yitai Finance to the Group, with an upper limit of daily average loan balance at RMB8,000 million) and to RMB312.80 million (in respect of the loan interest paid by the Group for the financial year), respectively; and (iii) other financial services to the Group to RMB33.35 million (in respect of other financial service fees payable by the Group to Yitai Finance for such other financial services). Please refer to the Company's announcement dated 11 November 2022 for further details.

11. CONSENTS AND QUALIFICATIONS

The following are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Offer Document.

Name	Qualifications
CICC	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Gram Capital	a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Da Hua	PRC Certified Public Accountant

Each of the above professional advisers has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of the text of its letter and/or report and the references to its name in the form and content in which they appear therein.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on (i) the website of the SFC (www.sfc.hk) and (ii) the Company's website (www.yitaicoal.com) during the period from the date of this Offer Document for so long as the H Share Buy-back Offer remains opened for acceptance:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for each of the years ended 31 December 2020, 2021 and 2022;
- (c) the quarterly report of the Company for the three months ended 31 March 2023;
- (d) the letter from CICC, the financial adviser to the Company, the text of which is set out in pages 13 to 26 of this Offer Document;
- (e) the letter from the Board, the text of which is set out in pages 27 to 41 of this Offer Document;
- (f) the letter from Gram Capital, the text of which is set out in pages 42 to 65 of this Offer Document;
- (g) the report from Da Hua in respect of the Unaudited Pro Forma Financial Information of the Group, the text of which is set out in Appendix III to this Offer Document;
- (h) the DS Irrevocable Undertaking;
- (i) the material contracts referred to in paragraph headed "10. Material Contracts" in this Appendix; and
- (j) the letters of consent referred to in the paragraph headed "11. Consents and Qualifications" in this Appendix.

13. MISCELLANEOUS

- (a) The addresses of the principal members of the concert group of the Company, being the Controlling Shareholder and Yitai (Group) Hong Kong, are Liuzhongnan, Jiefang Area, No. 14 Yimei Road South, Dongsheng District, Ordos, Inner Mongolia, the PRC and Room 1002, 10/F, Perfect Commercial Building, 20 Austin Avenue, Tsim Sha Tsui, Hong Kong.
- (b) The joint secretaries of the Company are Mr. He Peixun and Mr. Wong Wai Chiu.

- (c) The registered office of the Company in the PRC is situated at North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia.
- (d) The principal place of business and head office of the Company in the PRC is situated at Yitai Building, North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia.
- (e) The H Shares registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (f) The registered address of CICC, the financial adviser to the Company, is at 29/F One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (g) The registered office of Gram Capital, the Independent Financial Adviser, is at Room 1209, 12F., Nan Fung Tower, 173 Des Voeux Road Central, Central, Hong Kong.
- (h) The English text of this Offer Document, the accompanying Form of Acceptance and proxy forms shall prevail over their respective Chinese text in case of inconsistency.



内蒙古伊泰煤炭股份有限公司
INNER MONGOLIA YITAI COAL CO., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3948)

NOTICE OF THE 2023 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 second extraordinary general meeting (the “EGM”) of Inner Mongolia Yitai Coal Co., Ltd. (the “Company”) will be held at 2:30 p.m. on 30 June 2023 at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC for the purposes of considering and, if thought fit, passing the following resolution.

Save as defined herein, capitalised terms defined in the offer document dated 5 June 2023 issued by the Company (the “Offer Document”) shall have the same meanings when used herein.

RESOLUTIONS

1. **THAT** the H Share Buy-back Offer and the Voluntary Withdrawal of Listing pursuant to the Takeovers Code, the Share Buy-backs Code and the Listing Rules be approved; and
2. **THAT** the Chairman of the Board and any persons authorized by the Chairman of the Board is hereby authorised to take all such steps, do all such acts and things and to sign, execute, seal and deliver all such documents where he/she may in his/her absolute discretion, consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the H Share Buy-back Offer and/or the Voluntary Withdrawal of Listing.

By order of the Board
Inner Mongolia Yitai Coal Co., Ltd. *
Zhang Jingquan
Chairman of the Board

Inner Mongolia, the PRC, 5 June 2023

Notes:

- A. For details of the resolutions, the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, please refer to the Offer Document. As set out in the Offer Document, it is one of the Conditions that the resolution (1) approving the H Share Buy-back Offer and the Voluntary Withdrawal of Listing must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the Shares held by the Shareholders that are voted either in person or by proxy at the EGM.

- B. In order to ascertain the entitlements of the Shareholders to attend and vote at the EGM, the register of members of H shares of the Company will be closed from Tuesday, 27 June 2023 to Friday, 30 June 2023 (both days inclusive), during which period no transfer of H shares of the Company will be effected. To be eligible to attend and vote at the EGM, all transfer documents must be lodged by holders of H shares with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 26 June 2023. Shareholders whose names are recorded in the register of members of the Company on Friday, 30 June 2023 are entitled to attend and vote at the EGM.
- C. Each holder of H shares entitled to attend and vote at the EGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on his/her/its behalf. A proxy need not be a Shareholder of the Company. With respect to any Shareholder who has appointed more than one proxy, the proxy may only vote on a poll.
- D. A proxy shall be appointed by a Shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its legal representative or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.
- E. To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (C) above must be delivered to the Company's H share registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong), no less than 24 hours before the time appointed for the EGM (i.e. 2:30 p.m. on Thursday, 29 June 2023) or 24 hours before the time appointed for the holding of any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the meeting if he/she/it so desires.
- F. A Shareholder or his proxy should produce proof of identity when attending the EGM. Where a Shareholder is a legal person, the legal representative of that Shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.
- G. The EGM is expected to last for half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.

As at the date of this notice, the executive directors of the Company are Mr. Zhang Jingquan, Mr. Liu Chunlin, Mr. Li Juncheng, Mr. Zhao Like, Mr. Yang Jialin and Mr. Bian Zhibao; and the independent non-executive directors of the Company are Ms. Du Yingfen, Mr. E Erdun Tao Ketao and Mr. Tam, Kwok Ming Banny.

* *For identification purposes only*



内蒙古伊泰煤炭股份有限公司
INNER MONGOLIA YITAI COAL CO., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3948)

NOTICE OF THE 2023 FIRST H SHAREHOLDERS CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2023 first H Shareholders class meeting (the “**H Shareholders Class Meeting**”) of Inner Mongolia Yitai Coal Co., Ltd.* (the “**Company**”) will be held at 2:30 p.m. or immediately after the conclusion of the EGM and Non-H Shareholders Class Meeting or any adjournment thereof on 30 June 2023 at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC for the purposes of considering and, if thought fit, passing the following resolution.

Save as defined herein, capitalised terms defined in the offer document dated 5 June 2023 issued by the Company (the “**Offer Document**”) shall have the same meanings when used herein.

RESOLUTIONS

1. **THAT** the H Share Buy-back Offer and the Voluntary Withdrawal of Listing pursuant to the Takeovers Code, the Share Buy-backs Code and the Listing Rules be approved, and
2. **THAT** the Chairman of the Board and any persons authorized by the Chairman of the Board is hereby authorised to take all such steps, do all such acts and things and to sign, execute, seal and deliver all such documents where he/she may in his/her absolute discretion, consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the H Share Buy-back Offer and/or the Voluntary Withdrawal of Listing.

By order of the Board
Inner Mongolia Yitai Coal Co., Ltd. *
Zhang Jingquan
Chairman of the Board

Inner Mongolia, the PRC, 5 June 2023

Notes:

- A. For details of the resolutions, the H Share Buy-back Offer and the Voluntary Withdrawal of Listing, please refer to the Offer Document. As set out in the Offer Document, it is one of the Conditions that the resolution (1) to be proposed at the H Shareholders Class Meeting is passed, provided that (a) the resolution (1) is approved (by way of poll) by at least 75% of the votes attaching to all the H Shares held by the Independent H Shareholders that are voted either in person or

by proxy at the H Shareholders Class Meeting and (b) the number of votes cast (by way of poll) by the Independent H Shareholders present and voting either in person or by proxy at the H Shareholders Class Meeting against the resolution (1) is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders.

- B. In order to ascertain the entitlements of the Shareholders to attend and vote at the H Shareholders Class Meeting, the register of members of H shares of the Company will be closed from Tuesday, 27 June 2023 to Friday, 30 June 2023 (both days inclusive), during which period no transfer of H shares of the Company will be effected. To be eligible to attend and vote at the H Shareholders Class Meeting, all transfer documents must be lodged by holders of H shares with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 26 June 2023. Shareholders whose names are recorded in the register of members of the Company on Friday, 30 June 2023 are entitled to attend and vote at the H Shareholders Class Meeting.
- C. Each holder of H shares entitled to attend and vote at the H Shareholders Class Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the H Shareholders Class Meeting on his/her/its behalf. A proxy need not be a Shareholder of the Company. With respect to any Shareholder who has appointed more than one proxy, the proxy may only vote on a poll.
- D. A proxy shall be appointed by a Shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its legal representative or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.
- E. To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (C) above must be delivered to the Company's H share registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong), no less than 24 hours before the time appointed for the H Shareholders Class Meeting (i.e. 2:30 p.m. on Thursday, 29 June 2023) or 24 hours before the time appointed for the holding of any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the meeting he/she/it so desires.
- F. A Shareholder or his proxy should produce proof of identity when attending the H Shareholders Class Meeting. Where a Shareholder is a legal person, the legal representative of that Shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.
- G. The H Shareholders Class Meeting is expected to last for half a day. Shareholders who attend the H Shareholders Class Meeting shall bear their own travelling and accommodation expenses.

As at the date of this notice, the executive directors of the Company are Mr. Zhang Jingquan, Mr. Liu Chunlin, Mr. Li Juncheng, Mr. Zhao Like, Mr. Yang Jialin and Mr. Bian Zhibao; and the independent non-executive directors of the Company are Ms. Du Yingfen, Mr. E Erdun Tao Ketao and Mr. Tam, Kwok Ming Banny.

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