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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)

ANNOUNCEMENT

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PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS

The board of directors (the “**Director(s)**”) (the “**Board**”) of Inner Mongolia Yitai Coal Co., Ltd. (the “**Company**”) is pleased to announce that, as the term of the sixth session of the Board will be expired on 30 May 2017, the Board passed the resolution for the proposed re-election and appointment of the members of the seventh session of the Board on 23 March 2017. The current directors of the Company will continue to perform their duties as the Company has not held the annual general meeting. The next session of the Board shall comprise 11 Directors, and currently the nomination committee of the Company has recommended the Director candidates for this general election as follows:

Executive Directors	Zhang Donghai (張東海), Liu Chunlin (劉春林), Ge Yaoyong (葛耀勇), Zhang Dongsheng (張東升), Wang Sanmin (王三民), Lv Guiliang (呂貴良), Song Zhanyou (宋占有)
Independent Non-Executive Directors	Yu Youguang (俞有光), Zhang Zhiming (張志銘), Huang Sujian (黃速建), Wong Hin Wing (黃顯榮)

* *For identification purpose only*

The biographies of the Director candidates of the seventh session of the Board are set out in Appendix I to this announcement.

After the seventh session of the Board has taken office, Zhang Jingquan and Tam Kwok Ming, Banny, Directors of the sixth session of the Board, shall cease to be a Director. There is no disagreement between he and the Board and there is no other matter in relation to his retirement that needs to be brought to the attention of the shareholders of the Company (the “**Shareholders**”) or The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

According to the articles of association of the Company, each session of Directors has a term of three years. If candidates above are appointed as Directors of the seventh session of the Board of the Company at the annual general meeting, they will enter into service agreements with the Company. Remuneration of each Director will be determined in accordance with the remuneration standard of directors of the Company. Allowance for domestic independent Director of the Company is RMB200,000 per year; and allowance for overseas independent Directors of the Company is RMB250,000 per year; remuneration of Directors as managerial personnel in the Company shall be received based on their actual managerial duties and they are also entitled to a Director allowance of RMB24,000 per year; Directors who do not serve as managerial personnel in the Company are only entitled to a Director allowance of RMB24,000 per year.

Save as disclosed in the biographies of the candidates above, each of them confirmed that: (1) he does not hold any position in the Company or any subsidiary of the Company, and he has not held any position as a director or a supervisor in any other listed companies in the last three years; (2) he does not have any relationship with any other Directors, supervisors, senior management, or substantial or controlling Shareholders or shareholders of any subsidiary of the Company; and (3) he does not have any interest in the shares of the Company (within the meaning of Part XV of the SFO) as of the date of this announcement.

In addition, the candidates above have no other events required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Rule governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), nor is there any other matters in relation to proposed appointment of Directors that need to be brought to the attention of Shareholders.

PROPOSED RE-ELECTION AND APPOINTMENT OF SUPERVISORS

As the term of the sixth session of the supervisory (the “**Supervisor (s)**”) committee of the Company (the “**Supervisory Committee**”) will be expired on 30 May 2017, the Supervisory Committee passed the resolution for the proposed re-election and appointment of the members of the seventh session of the Supervisory Committee on 23 March 2017. The current supervisors of the Company will continue

to perform their duties as the Company has not held the annual general meeting. The next session of the Supervisory Committee shall comprise 7 supervisors, and currently the nomination committee of the Company has recommended the Supervisor candidates for this general election as follows:

Shareholder Representative Supervisors Yuan Bing (袁兵), Liu Xianghua (劉向華)

Independent Supervisors Wang Yongliang (王永亮), Wu Qu (鄔曲)

At the same time, the labor union of the Company has nominated staff Supervisor candidates through democratic election as follows:

Staff Supervisor Jia Xiaolan (賈小蘭), Li Cailing (李彩玲), He Peixun (賀佩勳)

The biographies of the Supervisor candidates of the seventh session of the Supervisory Committee are set out in Appendix II to this announcement.

After the seventh session of the Supervisory Committee has taken office, Li Wenshan (李文山), Han Zhanchun (韓占春), Wang Xiaodong (王小東) and Ji Zhifu (姬志福), Supervisors of the sixth session of the Supervisory Committee, shall cease to be Supervisors. They have confirmed that there is no disagreement between each of them and the Supervisory Committee and there is no other matter in relation to their retirement that needs to be brought to the attention of the Shareholders or the Stock Exchange.

According to the articles of association of the Company, each session of Supervisors has a term of three years. If candidates above are appointed as Supervisors of the seventh session of the Supervisory Committee at the annual general meeting, they will enter into service agreements with the Company. Remuneration of each Supervisor will be determined in accordance with the remuneration standard of supervisors of the Company. Allowance for independent Supervisors is RMB100,000 per year; remuneration of Supervisors working for the Company shall be received based on their actual work posts and they are also entitled to a Supervisor allowance of RMB12,000 per year; Supervisors who do not hold any post in the Company are only entitled to a Supervisor allowance of RMB12,000 per year.

Save as disclosed in the biographies of the candidates above, each of them confirmed that: (1) he does not hold any position in the Company or any subsidiary of the Company, and he has not held any position as a director or a supervisor in any other listed companies in the last three years; (2) he does not have any relationship with any other Directors, Supervisors, senior management, or substantial or controlling Shareholders of the Company or shareholders of any subsidiary of the Company; and (3) he does not have any interest in the shares of the Company (within the meaning of Part XV of the SFO) as of the date of this announcement.

In addition, the candidates above have no other events required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules, nor is there any other matters in relation to proposed appointment of Supervisors that need to be brought to the attention of Shareholders.

APPOINTMENT OF GENERAL MANAGER

As Mr. Zhang Jingquan, the general manager of the Company has resigned as the general manager of the Company due to job adjustment as at the date of this announcement, the Board announces that Mr. Wang Sanmin (王三民) is appointed as the the general manager of the Company from the date of this announcement with a term of office until the expiry of the sixth session of the Board.

The biography of Mr. Wang Sanmin is set out in Appendix I of this announcement.

Mr. Wang's salary will be determined based on the remuneration standard of management of the Company. Save as disclosed above, he confirmed that: (1) he does not hold any position in the Company or any subsidiary of the Company, and he has not held any position as a director or a supervisor in any other listed companies in the last three years; (2) he does not have any relationship with any other Directors, Supervisors, senior management, or substantial or controlling Shareholders or shareholders of any subsidiary of the Company; and (3) he does not have any interest in the shares of the Company (within the meaning of Part XV of the SFO) as of the date of this announcement.

In addition, Mr. Wang has no other events required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules, nor is there any other matters in relation to proposed appointment of general manager that need to be brought to the attention of Shareholders.

PROPOSED AMENDMENTS TO RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE

To maintain the independence of the Supervisory Committee and comply with the regulatory requirements in the People's Republic of China ("PRC"), the Supervisory Committee proposes to amend the existing Rules of Procedure of the Supervisory Committee.

The specific amendments are as follows:

Article	Before Amendment	After Amendment	Reasons for Amendment
Article 4	<p>Article 4 The office of the Supervisory Committee</p> <p>The Company sets up the office of the Supervisory Committee which <u>works jointly with the administrative office of the Board</u> and is responsible for the daily routine of the Supervisory Committee. The office of the Supervisory Committee is subject to the leadership of the chairman of the Supervisory Committee and is responsible for keeping the seal of the Supervisory Committee, drafting and keeping the meeting materials of the Supervisory Committee.</p>	<p>Article 4 The office of the Supervisory Committee</p> <p>The Company sets up the office of the Supervisory Committee which is responsible for the daily routine of the Supervisory Committee. The office of the Supervisory Committee is subject to the leadership of the chairman of the Supervisory Committee and is responsible for keeping the seal of the Supervisory Committee, drafting and keeping the meeting materials of the Supervisory Committee.</p>	To maintain the independence of the Supervisory Committee

Article	Before Amendment	After Amendment	Reasons for Amendment
Article 14	<p>Article 14 Resolutions at the Meeting of the Supervisory Committee</p> <p>Each supervisor shall have one vote in the meeting of the Supervisory Committee, to be exercised by way of a show of hands or by vote recognized by the Supervisory Committee.</p> <p>The Supervisors' voting intentions include For, Against and Abstain. Supervisors present shall select one of the above-mentioned intentions. If a supervisor selects no or two or above intentions, the chairman of the meeting shall request the supervisor to reselect. Any supervisor refusing to reselect shall be deemed abstention. Any supervisor who leaves the venue in the course of the meeting and does not return for voting shall be deemed abstention.</p> <p>Resolutions at the meeting of the Supervisory Committee shall be passed by half or more of all supervisors' votes.</p>	<p>Article 14 Resolutions at the Meeting of the Supervisory Committee</p> <p>Each supervisor shall have one vote in the meeting of the Supervisory Committee, to be exercised by way of a show of hands or by vote recognized by the Supervisory Committee.</p> <p>The Supervisors' voting intentions include For, Against and Abstain. Supervisors present shall select one of the above-mentioned intentions. If a supervisor selects no or two or above intentions, the chairman of the meeting shall request the supervisor to reselect. Any supervisor refusing to reselect shall be deemed abstention. Any supervisor who leaves the venue in the course of the meeting and does not return for voting shall be deemed abstention.</p> <p>Resolutions at the meeting of the Supervisory Committee shall be passed by <u>at least two-thirds of the supervisors' votes</u>.</p>	<p>In accordance with the provisions under the Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong</p>

THE COMPANY ENTERED INTO THE SERVICES FRAMEWORK AGREEMENT WITH KELING ENVIRONMENTAL PROTECTION CO, LTD.

The principal terms:

- Parties:**
- the Company (as the service recipient)
 - Keling Environmental Protection Co., Ltd (“**Keling Environmental Protection**”) (as the service provider)
- Date:**
- 23 March 2017
- Nature of the Transaction:**
- Providing hazardous waste treatment services
- Principal Terms:**
- Keling Environmental Protection provides services related to hazardous waste treatment to the Company and its subsidiaries.
 - The Agreement will be effective from the date of review and approval by the Board and expire on 31 December 2017. The Agreement may be renewed for another three years upon mutual agreement.
- Pricing Policies:**
- The Company and its subsidiaries accept the hazardous waste treatment services from Keling Environmental Protection on the basis of Inner Mongolia Development and Reform Commission’s reply on charge standards for the treatment of hazardous waste in central and western Inner Mongolia (IMDRC No. [2016]1005) when determining prices. Specific provisions are as follows:
 - I. Charge standards and charge mode
 1. Medical wastes. In principle, medical wastes are charged monthly according to the amount. For inpatient departments of first level or above medical institutions, those who have fixed sickbeds are charged according to “the actual occupancy of the discharges” for RMB2.5 per day per sickbed, and out-patient departments are free of charge; medical and sanitary institutions such as out-patient departments, clinics and health center of lower than primary medical institutions are charged daily according to the amount and type of medical wastes and the disposal medical wastes are charged monthly according to the charge standards in attached sheet. Notice on the approval of the new (revised) medical service projects price (third batch) in Inner Mongolia Autonomous Region (IMDRC No.[2013]75)

issued by Inner Mongolia Development and Reform Commission and Notice on Printing and Distributing the Price of Medical Service Project (Trial) 2012 in Inner Mongolia Autonomous Region (IMDRC No.[2015]1708) issued by Inner Mongolia Development and Reform Commission, Inner Mongolia Autonomous Region Health and Family Planning Commission and Inner Mongolia Autonomous Region Human Resources and Social Security Office have cleared that adjusted sickbed charge covers daily disinfection, sewage treatment and medical waste disposal, medical institutions shall not charge on medical waste disposal to patients separately.

2. Other hazardous wastes (industrial hazardous wastes and other social hazardous waste). For other hazardous wastes, based on the weight, specific charging projects and standards are as follows:

- (1) Waste acid treatment , RMB200 per ton;
- (2) Physical-chemical treatment, RMB1,840 per ton;
- (3) Incineration disposal, RMB1,700 per ton;
- (4) Landfill after solidification, RMB1,600 per ton; and
- (5) Direct landfill, RMB600 per ton.

II. The operating unit shall strictly implement the charging standard stipulated by the reply and shall not increase the price at will. The charge of the hazardous waste treatment shall be used for the collection, transportation, storage and disposal of hazardous waste and shall not be used for other purposes.

Reasons for and Benefits of the Transaction

Keling Environmental Protection is a subsidiary of Inner Mongolia Yitai Group Co., Ltd. (“**Yitai Group**”), and the Company is also a subsidiary of Yitai Group. Our Company has been cooperated with Yitai Group and its subsidiaries for a long time and we had a good coordination. Meanwhile, Yitai Group masters the key technologies of coal chemical industry and has significant advantages in hazardous wastes treatment technology. Besides, the price charged by the Keling Environmental Protection is consistent with the market price. Thus, it is beneficial for our Company and the Shareholders as a whole that Keling Environmental Protection provide hazardous wastes treatment services.

Basis of Determination for Annual Caps

According to business conditions, our Company in 2017 is expected to: (1) use incineration and landfill technology to deal with 6,000 tons of hazardous wastes. In accordance with the pricing policy mentioned above, the price of using incineration and landfill technology to deal with hazardous wastes is RMB3,300 per ton, and the total price for disposal of 6,000 tons is RMB19.8 million; (2) use crystalline salt landfill technology to deal with 25,000 tons of hazardous wastes, the price of using crystal salt landfill technology to deal with hazardous wastes is RMB600 per ton, and the total price for disposal of 25,000 tons is RMB15 million.

Proposed Annual Caps :

Type of transaction	Proposed annual cap for 2017 <i>Unit</i>
Proposed annual caps for the provision of services related to hazardous waste treatment by Keling Environmental Protection to the Company	3,500

Implication under the Listing Rules

As at the date of this announcement, Yitai Group directly and indirectly holds 58.76% of the existing issued share capital in the Company and is a controlling shareholder of the Company, and thus constitutes a connected person of the Company under the Listing Rules. Yitai Group directly and indirectly holds 52% of the shares of Keling Environmental Protection, Keling Environmental Protection is an associate of Yitai Group, and thus constitutes a connected person of the Company. The provision of services related to hazardous waste treatment by Keling Environmental Protection to the Company and its subsidiaries constitutes continuing connected transaction under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios of the annual caps in respect of the transaction above will exceed 0.1% but less than 5% as defined by the Listing Rules. Therefore, the transaction of providing services related to hazardous waste treatment to the Company and its subsidiaries contemplated under this Agreement, the Company shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from circular (including the opinion of the independent financial advisers) and Shareholders' approval requirements.

Confirmation of Directors

Mr. Zhang Donghai, Mr. Liu Chunlin, Mr. Ge Yaoyong, Mr. Zhang Dongsheng, Mr. Zhang Jingquan, Mr. Lv Guiliang and Mr. Song Zhanyou, the Directors, hold positions or interests in Yitai Group, thus they had abstained from voting at the Board meeting in respect of such transaction. Save as disclosed above, none of the Directors has any material interest in this Agreement or transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the provision of services related to hazardous waste treatment by Keling Environmental Protection to the Company and its subsidiaries and its annual caps have been entered into in the ordinary and usual course of business of the Company and conducted on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE COMPANY ENTERED INTO THE CROSS-GUARANTEE AGREEMENT WITH INNER MONGOLIA YITAI GROUP CO., LTD.

- Parties:**
- the Company
 - Yitai Group
- Date:**
- 23 March 2017
- Nature of the transaction:**
- The Company and Yitai Group and the respective subsidiaries provide guarantee services in respect of their borrowings or funds from financial institutions for each other
- Principal terms:**
- The Company will provide guarantee services in respect of borrowings or funds from financial institutions of Yitai Group and its subsidiaries for each accounting year of 2017, 2018 and 2019.
 - The amount of guarantee in each year does not exceed RMB2 billion.
 - Entities of the guarantee include the Company and its subsidiaries/ Yitai Group and its subsidiaries.
 - The guarantee is a joint liability guarantee.
 - The guarantee agreement shall be valid after being signed and sealed by the legal persons or authorized representative of the Company and Yitai Group and being approved by both parties' authorities.
 - The Cross-guarantee Agreement between Yitai Group and the Company will be effective from the date of approval by the general meeting and expire on 31 December 2019.

- Counter guarantee for the cross guarantee between the Company and Yitai Group: the counter guarantee is provided unilaterally, and the Company and its subsidiaries are not obliged to make any counter guarantee for the guarantee of Yitai Group and its subsidiaries. The Company and its subsidiaries will enter into a corresponding counter-guarantee agreement with Yitai Group and its subsidiaries after providing the actual guarantee.
- The counter guarantee is a joint liability guarantee, with a term ends up with the settlement of bank borrowings within the cross-guaranteed amount in this agreement or the debts settled by the guarantor on his behalf by the warrantee. It includes all obligations of the warrantee, i.e., all the amounts repaid by the guarantor, compensation (the interest of the amounts repaid by the guarantor as of the settlement date calculated at one-year benchmark lending rate of the People's Bank of China), and other expenses incurred for realization of creditor's rights to the guarantor (including but not limited to litigation costs, attorney fees, etc.).
- Therefore, the cross guarantee between the Company and Yitai Group does not violate Notice of Certain Issues in Capital Transactions between Listed Companies and Connected Parties and External Guaranties of Listed Companies (Zheng Jian Fa (2003) No. 56 circular of CSRC) and Notice of the China Securities Regulatory Commission and the China Banking Regulatory Commission concerning the Regulation of External Guarantees to Be Provided by Listed Companies (Zheng Jian Fa (2005) No. 120 circular of CSRC).
- The specific guarantee within the cross-guaranteed amount in this agreement shall be subject to approval at general manager's work meetings in accordance with authorization granted at the general meeting, and the relevant legal documentation will be signed by the chairman of the Company and its authorized representative.

Pricing policies:

- The Company determines the pricing bases based on the practical operation needs and they are reached after arm's length negotiation. When determining the amount of guarantees required by the Company, the following factors were mainly considered:
 - 1) The total quantities of the coals purchased by the Company externally in 2014, 2015 and 2016, is 26.11 million tons, 25.27 million tons and 28.24 million tons respectively, and the unit purchasing cost of coals is RMB200.18 /ton, RMB133.74 /ton and RMB213.29 /ton at the same period. In the background of

the current policies and market environments, it is expected that the quantities of the coals to be purchased by the Company externally in 2017, 2018 and 2019 will range from 25 million to 30 million tons a year. Assuming that the unit purchasing cost of coals is RMB200 /ton, it is estimated that in 2017, 2018 and 2019, RMB5 billion to RMB6 billion will be spent by the Company in purchasing coals externally, out of which 40% will be borrowed from financial institutions in the form of working capital loans in 2017, 2018 and 2019. Therefore, the Company is expected to apply for RMB2 billion to RMB3 billion loans from financial institutions each year. At the same time, in the circumstance that the banks strengthen the examine and approval of the credit applications from coal industry, the guarantees in amount of RMB1.2 billion to RMB1.8 billion will be in demand by the Company based on the assumption that 60% of the aforesaid loans need to be secured;

- 2) The total investment in the project of fine chemicals with production capacity of 1.2 million tons/year constructed by the holding subsidiary of the Company – Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司) reach approximately RMB18.6 billion, out of which RMB12.3 billion was borrowed from the banks. Inner Mongolia Yitai Chemical Co., Ltd. intends to draw down the aforesaid loan amount in full in 2017, 2018 and 2019. According to the loan agreement, the shareholders of Inner Mongolia Yitai Chemical Co., Ltd. shall provide guarantees for it. Given that Yitai Group holds 9.8% equity in Inner Mongolia Yitai Chemical Co., Ltd., Yitai Group will have to provide guarantees to the holding subsidiary of the Company Inner Mongolia Yitai Chemical Co., Ltd. in 2017, 2018 and 2019 in the total amount of RMB1.2 billion, which was calculated on a pro rata basis. The guarantee provided by Yitai Group to the holding subsidiary of the Company constitutes the guarantee provided by Yitai Group to the Company.

Based on the above reasons, it is estimated that the Company will request Yitai Group to provide guaranties to it in the amount of approximately RMB2 billion for each year in 2017, 2018 and 2019.

When determining the amount of guarantees required by Yitai Group, the following factors were mainly considered:

In 2017, Yitai Group plans to engage in food (including crude oil, rapeseed, flax seed, sunflower seeds, wheat, etc.) trade with the quantities of 1 million tons or so, for which about RMB5 billion will be needed. Yitai Group intends to borrow 40% of the amount from financial institutions, therefore, the working capital loans of Yitai Group is estimated to increase by RMB2 billion in 2017. At the same time, Yitai Group intends to maintain the grain trade scale of 1 million tons per year in 2018 and 2019, therefore, Yitai Group will still need working capital loans in the amount of RMB2 billion per year in 2018 and 2019. Yitai Group will be required to provide guarantee for the above-mentioned loans. Consequently, it is expected that Yitai Group will require the Company to provide guarantee to it in the amount of about RMB2 billion per year in 2017, 2018 and 2019.

Please refer to “Internal Control Measures” below in this announcement for the details of the internal control measures.

Reasons for and benefits of the transaction:

- With the gradual increase in capital demand of the Company, it is beneficial to the Company to obtain bank credit to support the long-term and stable development of the Company’s business with the establishment of mutual cooperation relationship in which enterprises provide cross guarantee with enterprises possessing certain strengths. Yitai Group, as a large group company, is in a good credit condition, thus the terms and conditions of cross-guarantee agreement for the provision of cross guarantee services with Yitai Group are consistent with that of the guarantee companies in the market, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the provision of cross guarantee services between the Company and Yitai Group doesn’t incur any guarantee fees from each other.

Proposed Annual Caps :

Type of transaction	Proposed Annual Caps for the year ended 31 December		
	<i>(RMB million)</i>		
	2017	2018	2019
The Company provides guarantee services to Yitai Group and its subsidiaries according to the cross-guarantee agreement between the Company and Yitai Group	2,000	2,000	2,000

Basis for Annual Caps :

When determining the amount of guarantees required by the Company, the following factors were mainly considered:

- 1) The total quantities of the coals purchased by the Company externally in 2014, 2015 and 2016, is 26.11 million tons, 25.27 million tons and 28.24 million tons respectively, and the unit purchasing cost of coals is RMB200.18/ton, RMB133.74/ton and RMB213.29/ton at the same period. In the background of the current policies and market environments, it is expected that the quantities of the coals to be purchased by the Company externally in 2017, 2018 and 2019 will range from 25 million to 30 million tons a year. Assuming that the unit purchasing cost of coals is RMB200/ton, it is estimated that in 2017, 2018 and 2019, RMB5 billion to RMB6 billion will be spent by the Company in purchasing coals externally, out of which 40% will be borrowed from financial institutions in the form of working capital loans in 2017, 2018 and 2019. Therefore, the Company is expected to apply for RMB2 billion to RMB3 billion loans from financial institutions each year. At the same time, in the circumstance that the banks strengthen the examination and approval of the credit applications from coal industry, the guarantees in amount of RMB1.2 billion to RMB1.8 billion will be in demand by the Company based on the assumption that 60% of the aforesaid loans need to be secured;
- 2) The total investment in the project of fine chemicals with production capacity of 1.2 million tons/year constructed by the holding subsidiary of the Company – Inner Mongolia Yitai Chemical Co., Ltd. reach approximately RMB18.6 billion, out of which RMB12.3 billion was borrowed from the banks. Inner Mongolia Yitai Chemical Co., Ltd. intends to draw down the aforesaid loan amount in full in 2017, 2018 and 2019. According to the loan agreement, the shareholders of Inner Mongolia Yitai Chemical Co., Ltd. shall provide guarantees for it. Given that Yitai Group holds 9.8% equity in Inner Mongolia Yitai Chemical Co., Ltd., Yitai Group will have to provide guarantees to Inner Mongolia Yitai Chemical Co., Ltd. in 2017, 2018 and 2019 in the total amount of RMB1.2 billion, which was calculated on a pro rata basis.

Based on the above reasons, it is estimated that the Company will request Yitai Group to provide guaranties to it in the amount of approximately RMB2 billion for each year in 2017, 2018 and 2019.

When determining the amount of guarantees required by Yitai Group, the following factors were mainly considered:

In 2017, Yitai Group plans to engage in food (including crude oil, rapeseed, flax seed, sunflower seeds, wheat, etc.) trade with the quantities of 1 million tons or so, for which about RMB5 billion will be needed. Yitai Group intends to borrow 40% of the amount from financial institutions, therefore, the working capital loans of Yitai Group is estimated to increase by RMB2 billion in 2017. At the same time, Yitai Group intends to maintain the grain trade scale of 1 million tons per year in 2018 and 2019, therefore, Yitai Group will still need working capital loans in the amount of RMB2

billion per year in 2018 and 2019. Consequently, it is expected that Yitai Group will require the Company to provide guarantee to it in the amount of about RMB2 billion per year in 2017, 2018 and 2019.

Guarantee services above-mentioned are not secured by the assets of the Company and its subsidiaries and the relevant terms of the guarantee are on normal commercial terms or favourable. Thus the provision of guarantee services in respect of borrowings or funds from financial institutions by Yitai Group and its subsidiaries to the Company and its subsidiaries is fully exempt pursuant to Rule 14A.90 of the Listing Rules.

Implication under the Listing Rules

As at the date of the announcement, Yitai Group directly and indirectly holds 58.76% of the existing issued share capital of the Company and is a controlling shareholder of the Company, and thus constitutes a connected person of the Company under the Listing Rules. The cross-guarantee agreement between the Company and Yitai Group and the provision of guarantee services in respect of borrowings or funds from financial institutions by the Company and its subsidiaries to Yitai Group and its subsidiaries contemplated thereunder constitute connected transactions under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the annual caps in respect of relevant cross-guarantee agreement will exceed 5% as defined by the Listing Rules, the provision of guarantee services in respect of borrowings or funds from financial institutions by the Company and its subsidiaries to Yitai Group and its subsidiaries contemplated under this agreement and relevant annual caps are subject to the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. The provision of guarantee services in respect of borrowings or funds from financial institutions by the Company and its subsidiaries to Yitai Group and its subsidiaries contemplated under this agreement is fully exempted pursuant to Rule 14A.90 of the Listing Rules.

Our Company has formed an independent board committee comprising of the independent non-executive Directors to provide advice to the independent Shareholders regarding the fairness and reasonableness of the provision of the terms of guarantee services in respect of borrowings or funds from financial institutions by the Company and its subsidiaries to Yitai Group and its subsidiaries. TC Capital International Limited has been appointed as the independent financial advisor of our Company to provide advice on such matters to the independent board committee and the independent Shareholders.

Confirmation of Directors

Mr. Zhang Donghai, Mr. Liu Chunlin, Mr. Ge Yaoyong, Mr. Zhang Dongsheng, Mr. Zhang Jingquan, Mr. Lv Guiliang and Mr. Song Zhanyou, the Directors, hold positions or interests in Yitai Group, thus they had abstained from voting at the Board meeting in respect of such transaction. Save as disclosed above, none of the Directors has any material interest in the cross-guarantee agreement entered into by Yitai Group and the Company.

The Directors (including the independent non-executive Directors) consider that the cross-guarantee agreement entered into to conduct mutual insurance transactions between Yitai Group and the Company and the revised annual caps have been entered into in the ordinary and usual course of business of the Company and conducted on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

Our Company has adopted the following internal control procedures to ensure that connected transactions are fair and reasonable and on normal commercial terms:

- our Company has adopted and implemented a management system on connected transactions. Under this system, our finance management center is responsible for conducting reviews on compliance with relevant laws, regulations, company policies and Listing Rules in respect of connected transactions. In addition, the finance management center, legal affairs department and other relevant departments of our Company are jointly responsible for evaluating the transaction terms under the agreements for connected transactions, in particular, the fairness of the pricing terms under each agreement; and
- our independent non-executive Directors have also reviewed and will continue to review the agreements for connected transactions to ensure such agreements, where available, are entered on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditor of our Company will also conduct an annual review on the pricing and annual caps of such agreements.

Our Company has adopted the following internal control procedures to ensure that the Continuing Connected Transaction (the “CCTs”) are fair and reasonable and on normal commercial terms according to the cross-guarantee agreement between the Company and Yitai Group:

The Company has established and adopted a management system on connected transactions. According to the system, the Investor Relation and Management Department and the Financial Management Center of the Company are responsible for the information gathering on and monitoring of connected transactions, and conducting reviews on compliance with relevant laws, regulations, company policies and Listing Rules in respect of the CCTs;

The Financial Management Center, Legal Affairs Department and other relevant departments of our Company are jointly responsible for evaluating the fairness of the transaction terms under the agreements for CCTs;

The auditor of our Company will also conduct an annual review on annual caps of such CCTs; The independent non-executive Directors of the Company have also reviewed and will continue to review the Connected Transactions to ensure such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements.

In order to minimize the risk exposure of the Company in relation to the Yitai Group guarantee, the audit committee of the Board (all members are independent non-executive Directors) shall, for the mutual guarantee period:

- a) review each guarantee under the cross-guarantee agreement. The audit committee has the right to fully understand the business operations and financial position of the borrower before approving each guarantee under the cross-guarantee agreement. It would not be a breach of the cross-guarantee agreement if after a review of the financial position of the borrower, the audit committee considers it inappropriate to approve such guarantee. To facilitate such review process, Yitai Group and its subsidiaries shall timely provide their financial statements and other relevant information as requested by the audit committee of the Company. The audit committee will take into account the following factors for approving such guarantee:
 - i. No guarantee should be granted to a borrower with negative consolidated equity attributable to owners; and
 - ii. No guarantee should be granted to a borrower where an event occurs that may constitute an event of default under any of its existing loan agreements;
- b) monitor the implementation of each individual guarantee provided by the Company under the cross-guarantee agreement;
- c) consider the suitability of the guaranteed company;
- d) periodically review the management accounts and relevant financial information, and inspect the books and records of Yitai Group; and
- e) periodically review and examine any material adverse changes on the business, property, assets or operations of Yitai Group, or its ability to perform any of its obligations under the mutual guarantee agreement.

The Directors consider that the terms of the cross-guarantee agreement have been entered into after arm's length negotiation between parties and conducted on normal commercial terms or favorable, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In particular, the Company has considered the following factors: (1) Up to now, no single default event occurred with respect to the loans provided to Yitai Group and its affiliated companies; (2) According to the assessment of Yitai Group' credit standing in 2016 made by Dagong Global Credit Rating Co., Ltd, the long-term corporate credit rating of Yitai Group maintained to be AA+, the rating outlook remains stable; (3) Yitai Group and its affiliated companies should provide counter guarantees to the Company as additional security for the guarantees provided by the Company. The default risk under the guarantees provided by the Company is relatively low, based on the advantage of the guarantees of Yitai Group and the additional security provided by Yitai Group and its affiliated companies, the risks associated with the guarantees provided by the Company is reasonable and controllable in the opinion of the Directors.

GENERAL INFORMATION

Information on the Company

The Company is a joint stock liability company incorporated in the PRC on 23 September 1997, which is one of the largest coal enterprises in the PRC. The principal operations of the Company include coal operations, transportation operations, coal-related chemical operations and other operations which mainly include solar power, electrical and mechanical equipment installation, leasing, farm planting and sales of subsidiary food products.

Information on Yitai Group

Yitai Group is a limited liability company incorporated in the PRC in 1999 under the laws of PRC. The operations of Yitai Group include processing, transportation and sales of raw coal, railway construction and railway transportation of passengers and goods; import of equipment, accessories and technology for mines; construction and operation of highways; the coal-related chemical operation and sales of coal-related chemical products; sales of prepackaged food and bulk food, dairy products; retailing of vegetables, fruits and raw meat.

Information on Keling Environmental Protection

Keling Environmental Protection is a joint stock liability company incorporated in the PRC on 24 May 2016. Its main business includes the collection, treatment and safe disposal of general industrial solid wastes and hazardous wastes as well as the investment construction and operation of related engineering facilities.

DESPATCH OF CIRCULAR

A circular containing, inter alia, (i) details on entering into the cross-guarantee agreement with Yitai Group and the transaction that the Company and its subsidiaries provide guarantee services in respect of the borrowings or funds of Yitai Group and its subsidiaries from financial institutions contemplated thereunder; (ii) a letter from the independent financial adviser containing its recommendation to the independent board committee and the independent Shareholders in respect of the transaction; and (iii) a letter from the independent board committee containing its recommendation in respect of the transaction, as well as notice of the general meeting, is expected to be despatched on or before 13 April 2017.

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

Inner Mongolia, the PRC, 23 March 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Donghai, Mr. Liu Chunlin, Mr. Ge Yaoyong, Mr. Zhang Dongsheng, Mr. Zhang Jingquan, Mr. Lv Guiliang and Mr. Song Zhanyou; and the independent non-executive Directors of the Company are Mr. Yu Youguang, Mr. Zhang Zhiming, Mr. Tam Kwok Ming, Banny and Mr. Huang Sujian.

Appendix I Candidates for Directors

Candidates for executive Directors:

Zhang Donghai: Gender: Male. Nationality: Chinese. Ethnicity: Han ethnicity. Mr. Zhang was born in 1970 and joined Chinese Communist Party in June 1993. He possesses a master's degree, a title of senior economist and was awarded as the national model worker and he has not held any right of overseas permanent residence. Mr. Zhang served in Ikochao League Coal Group Company (伊克昭盟煤炭集團公司), from April 1990 to July 1999 as the vice chief and the chief of the Beijing branch office of Ikochao League Coal Group Company and the deputy head of the Operation Department and the deputy manager of the business operating company under the same company. He had been our vice general manager from July 1999 to February 2001 and has been acting as an executive Director of our Company since March 2001 and has been served as the chairman of our Company since April 2003. Mr. Zhang served as the vice general manager of Yitai Group from April 2003 to June 2004, and the general manager of Yitai Group from 2004 to January 2017. He has been acting as a director of Inner Mongolia Yitai Investment Co., Ltd. (內蒙古伊泰投資有限責任公司) since March 2006 and Yitai Group (Hong Kong) Co., Ltd. (伊泰集團(香港)有限公司) since October 2008, respectively. He has been acting as the Chairman of Inner Mongolia Yitai Group Co., Ltd. since August 2016. He also serves as the president of Inner Mongolia Yitai Group Co., Ltd. since January 2017. Mr. Zhang was graduated from Peking University (北京大學) in business administration major in May 2005.

Liu Chunlin: Gender: Male. Ethnicity: Han ethnicity. Mr. Liu was born in 1967 and possesses a master's degree and a title of senior accountant. He worked in Ikochao League Coal Company from June 1989 to February 1993 and was appointed as the vice chief of the Finance Department of Inner Mongolia Yitai Group Co., Ltd. from February 1993 to August 1997 and as the director of the Finance Department of our Company from August 1997 to July 1999. Mr. Liu served as the financial director of our Company from July 1999 to October 2002, the deputy chief accountant of Inner Mongolia Yitai Group Co., Ltd. from October 2002 to May 2004, the vice president of our Company from May 2004 to October 2004 and has been the director and chief account of Inner Mongolia Yitai Group Co., Ltd. since June 2004 and the director of Inner Mongolia Yitai Investment Co., Ltd. since March 2006 and has been the director of Yitai Group (Hong Kong) Co., Ltd. since October 2008 and has been the executive Director of the Company since March 2001. Mr. Liu was graduated from Tsinghua University (清華大學) in July 2010.

Zhang Dongsheng: Gender: Male. Ethnicity: Han ethnicity. Mr. Zhang was born in 1971 and possesses a master's degree and titles of senior economist and business manager. He worked in Ikochao League Coal Company from October 1989 to January 2002, served as the director of the Operation Department of our Company from January 2002 to July 2005. Mr. Zhang was the deputy general manager of Inner Mongolia Yitai Zhundong Railway Co., Ltd. (內蒙古伊泰准東鐵路有限責任公司) from August 2005 to January 2007, and acted as the chairman of Inner Mongolia Yitai Zhundong Railway Co., Ltd. since November 2008 to August 2014, and served as the general manager of Inner Mongolia Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司) from January 2007 to August 2014 and also as the director of Inner Mongolia Yitai Group Co., Ltd. since

November 2008. Mr. Zhang was entitled as the chairman of Inner Mongolia Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司) from July 2009 to August 2014. He acted as the deputy general manager of Inner Mongolia Yitai Group Co., Ltd. from March 2014 to January 2017 and served as vice president of Inner Mongolia Yitai Group Co., Ltd. since January 2017 as well as the executive director of the Company since May 2009. Mr. Zhang was graduated from Beijing Jiaotong University (北京交通大學) in business administration major in June 2008.

Ge Yaoyong: Gender: Male. Ethnicity: Han ethnicity. Mr. Ge was born in 1970 and possesses a master's degree and a title of senior engineer. He served as the deputy manager and the manager of E'qian League Coking Factory (鄂前旗焦化廠) from November 1996 to March 2001, and was promoted as the deputy general manager of the Company from March 2001 to August 2005. Mr. Ge was appointed as the deputy chief engineer of Inner Mongolia Yitai Group Co., Ltd. from August 2005 to November 2008, and from November 2008 to March 2014, as the general manager of the Company. He was appointed and still serves as the director of Inner Mongolia Yitai Group Co. Ltd. since November 2008. From March 2014 to January 2017, he served as the vice general manager of Inner Mongolia Yitai Group Co., Ltd. and then from January 2017 as the vice president of the Company and also acts as the chairman and general manager of Inner Mongolia Yitai Property Co. Ltd. (內蒙古伊泰置業有限責任公司) since July 2014. He also has been the executive Director of the Company since December 2008. Mr. Ge was graduated from Shanxi Mining Institute (山西礦業學院) with a bachelor's degree in mineral exploration major in July 1991 and was graduated from Tsinghua University in January 2010.

Wang Sanmin: Gender: Male. Ethnicity: Mongol ethnicity. Mr. Wang was born in 1974. He is a member of the Communist Party of China and possesses a master's degree. Mr. Wang joined Inner Mongolia Yitai Group Co., Ltd. in 1996 and joined the Company in April 2005. Mr. Wang held different positions in Inner Mongolia Yitai Group Co., Ltd. as the director of the Marketing Department and the Finance Department of Taifeng Simengou Coke Flour Mill, Taifeng Variety Operating Company, Taifeng Coal Mine, Taifeng Hu City Clean Coal Branch, Taifeng General Company from 1996 to 2000. He was the head of Finance Department of Ordus Qian Qi Coking Plant from December 2000 to October 2001. From October 2001 to April 2004, he held various positions in Inner Mongolia Yitai Pharmaceutical Co., Ltd. as the head of the Finance Department of Licorice Base, deputy head of the Finance Department, and head of both the Finance Department and Corporate Management Department of Shenglong Branch. He was the head of the accounting department of Inner Mongolia Yitai Group Co., Ltd. from April 2004 to April 2005. Mr. Wang was the president of the labor union and the deputy general manager of the Shenglong Branch of Inner Mongolia Yitai Pharmaceutical Co., Ltd. from April 2005 to September 2006. He was the Deputy administrative general manager of Yitai (Beijing) Pharmatech Co., Ltd. from October 2006 to March 2007. He was the head of our corporate management department from April 2007 to November 2010. Mr. Wang was the head of the Supplies Purchase and Supply Department of the Company from December 2010 to March 2013. He was the deputy manager of the Company from April 2013 to March 2014. He served as the chairman and general manager of Inner Mongolia Yitai Zhundong Railway Co., Ltd. and Inner Mongolia Yitai Huzhun Railway Co., Ltd. from March 2014 to March 2015 and has been the chairman and general manager of Inner Mongolia Yitai Zhundong Railway Co., Ltd., the chairman and general manager of Inner Mongolia Yitai Huzhun Railway Co., Ltd. and

the chairman of Ordos Dama Railway Co., Ltd. (鄂爾多斯大馬鐵路有限責任公司) from April 2015. He was a Supervisor of the Company from February 2011 to April 2013. Mr. Wang Sanmin graduated from Inner Mongolia Finance & Economics College in July 2005. He was granted the qualification of international accountant in July 2010, operating manager and licensed pharmacist in March 2006, senior IT project manager in November 2008.

Song Zhanyou: Gender: Male. Ethnicity: Han ethnicity. Mr. Song was born in 1965 and has the qualification of senior engineer. Mr. Song was appointed as the technician and deputy director in the mining and stripping division of Houbulian Open Mine (後補連露天礦) owned by Dongsheng Coalfield Development and Operation Company (東勝煤田開發經營公司) from July 1988 to September 1990, from October 1990 to September 1994, the chief of Engineering Division of Zhanpanliang Mine (碾盤梁煤礦) belonging to Ikochao League Coal Company. Mr. Song acted as the chief of the Production Technology Division of Ikochao League Coal Company from October 1994 to February 1999, director of Erdaomao Mine (二道昂煤礦) of Inner Mongolia Yitai Group Co., Ltd. from March 1999 to December 2000, and the deputy manager of the Industry Company of Inner Mongolia Yitai Group Co., Ltd. (內蒙古伊泰集團有限公司產業公司) from January 2001 to March 2001, the head of Safety Supervision Department of Inner Mongolia Yitai Group Co., Ltd. from April 2001 to July 2003; the head of Corporate Management Department of Inner Mongolia Yitai Group Co., Ltd. from August 2003 to April 2007. Served as the director the engineering department of Inner Mongolia Yitai Group Co., Ltd. and deputy general manager of Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (伊泰廣聯煤化有限責任公司) from May 2007 to November 2010. He was also the deputy general manager of Yitai Yili Energy Co., Ltd. from December 2010 to February 2012; the general manager of Yitai Yili Energy Co., Ltd. from March 2012 to December 2012; and the chairman and general manager of Yitai Yili Energy Co., Ltd. from January 2013 to March 2014. Mr. Song was appointed as the deputy manager of the Company in March 2014 and appointed as the executive Director of the Company in May 2014. Mr. Song was graduated from Shanxi Mining Institute with a bachelor's degree in mining engineering major in July 1988.

Lv Guiliang: Gender: Male. Ethnicity: Han ethnicity. Mr. Lv was born in 1966 and possesses a master's degree of Business Administration and a title of semi-senior accountant. He served in Ikochao League Coal Company from August 1994 to August 1997 and joined our Company in August 1997, acting as the vice director of our Finance Department from July 1999 to November 2002, the director of the same department from March 2004 to February 2009. Since April 2008 and February 2011, Mr. Lv has been serving as the chief finance officer and the executive Director of our Company, respectively. Mr. Lv was graduated from Huazhong University of Science and Technology (華中科技大學) in June 2011.

Candidates for independent non-executive Directors:

Yu Youguang: Gender: Male. Ethnicity: Han ethnicity, born in 1955, holds an associate degree and is a certified accountant and senior auditor. Mr. Yu is the deputy president of Inner Mongolia Zhongtian Huazheng Accounting Firm (內蒙古中天華正會計師事務所) and the executive councilor of Certified Public Accountant Association of Inner Mongolia Autonomous Region (內蒙古自治區註冊會計師協會). He has extensive experience in financial and accounting. He taught in Inner Mongolia Light Industry School (內蒙古輕工業學校) from July 1981 to November 1985. He worked in the Audit Bureau of Baotou from November 1985 to September 1999. He has been serving as the deputy president of Inner Mongolia Zhongtian Huazheng Accounting Firm since September 1999. He was appointed as independent Director of the Company since June 2013. Mr. Yu was graduated from Inner Mongolia Light Industry School in July 1981.

Zhang Zhiming: Gender: Male. Ethnicity: Han ethnicity. Mr. Zhang was born in 1962 and possesses a doctoral degree of laws and now serves as the professor and doctoral supervisor of Renmin University of China (中國人民大學). Mr. Zhang finished his undergraduate courses in law from Peking University in 1983 and the graduate courses in law from the same university in 1986. He obtained a doctoral degree of law from Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in 1998 and worked in Social Sciences in China Press of Chinese Academy of Social Sciences as the editor and associate senior editor from 1986 to 1994. From 1994 to 2004, Mr. Zhang was appointed as the associate researcher and researcher in Institute of Law of Chinese Academy of Social Sciences, and the professor and doctoral supervisor in Graduate School of Chinese Academy of Social Sciences from 1998 to 2004. From June 2004 to July 2005, Mr. Zhang served as the vice president, member of the Party Committee and the professor of National Prosecutors College of P.R.C (國家檢察官學院), and now serves as the professor and doctoral supervisor in Institute of Law of Renmin University of China since September 2005, while holding the post of the independent director of Shanxi Top Energy Co., Ltd. (山西通寶能源股份有限公司), Shanxi Taigang Stainless Steel co., Ltd. (山西太鋼不銹鋼股份有限公司), Zhejiang China Commodities City Group Co., Ltd. (浙江中國小商品城集團股份有限公司) and Wolong Real Estate Group Co., Ltd (臥龍地產集團股份有限公司). Mr. Zhang has been serving as the independent Director of our Company since June 2015.

Huang Sujian: Gender: Male. Ethnicity: Han ethnicity. Mr. Huang was born in 1955, and has been working in the Institute of Industrial Economics of Chinese Academy of Social Sciences since 1988 and is a researcher of the Institute of Industrial Economics of Chinese Academy of Social Sciences currently. He achieved a bachelor's degree and a master's degree of economics from Xiamen University in 1982 and 1985, respectively, and a doctor's degree of economics from the Chinese Academy of Social Sciences in 1988. He mainly researches in company merger and acquisition, business organization and enterprise reform. Mr. Huang Sujian has been the independent Director of the Company since November 2016.

Wong Hin Wing: aged 54, holds a master's degree in Executive Business Administration from The Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England & Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Institute of Chartered Secretaries and Administration. He is also a member of the American Institute of Certified Public Accountants and a chartered member of the Chartered Institute for Securities & Investment. He is an independent non-executive director of AEON Credit Service (Asia) Co. Ltd. (AEON信貸財務亞洲有限公司) (a public company listed on the Stock Exchange), Dongjiang Environmental Company Limited (東江環保股份有限公司) (a public company with A shares listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange and H shares listed on the Stock Exchange), CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司) (a public company with H shares listed on the Stock Exchange) and China Agri-Products Exchange Limited (中國農產品交易有限公司) (a public company listed on the Stock Exchange). He is also a Member of Anhui Provincial Committee of the Chinese People's Political Consultative Conference, a Member of the Nursing Council of Hong Kong and a Council member of Hong Kong Institute of Certified Public Accountants. He has been the chief executive officer and responsible officer of China Silk Road International Capital Limited (中國絲路國際資本有限公司) (formerly known as Legend Capital Partners, Inc. (安里俊投資有限公司)), a licensed corporation under the Securities and Futures Ordinance since 1997. Prior to this, he had worked with an international audit firm for four years and then a listed company as chief financial officer for seven years. He has 33 years of experience in accounting, finance, investment management and advisory.

Appendix II Candidates for Supervisors

Candidates for shareholder representative Supervisors:

Yuan Bing: Gender: Male. Ethnicity: Han ethnicity. Mr. Yuan was born in 1968. He is a member of Chinese Communist Party and possesses a bachelor's degree and a title of political engineer. In September 1989, he worked as a teacher in Ikochao League Husiliang School (伊克昭盟呼斯梁學校); in September 1990, he was redesignated to the Administrative department of Labour of Ikochao League Coal Group Company; in January 1991, redesignated to Qinhuangdao office of Ikochao League Coal Group Company; has been worked in the Discipline Inspecting Department of Ikochao League Coal Group Company since February 1995; served as deputy chief of Supervisory Section under Discipline Inspecting Department from March 1996 to March 1998; the chief of Supervisory Section from April 1998 to March 2001; ombudsman (deputy division level) in the Discipline Inspecting Department of Inner Mongolia Yitai Group Co., Ltd. from April 2001 to July 2004 and commissioner (division level) from August 2004 to October 2008; ombudsman (minister level) from November 2008 to February 2011; the deputy secretary of Discipline Inspecting Department in Inner Mongolia Yitai Group Co., Ltd. from March 2011 to September 2015 and the secretary of Discipline Inspecting Department in Inner Mongolia Yitai Group Co., Ltd. since October 2015. He was recognized as an outstanding discipline inspecting cadre by Erdos Discipline Inspection Commission. He is a people supervisor appointed by Erdos People's Procuratorate and the Nei Monggol Autonomous Region People's Procuratorate. He was graduated from department of mathematics of Inner Mongolia Normal University and then obtained a bachelor's degree in September 1992. He is proceeding to the master's Degree in Management (EMBA) of Tsinghua University – Australian National University.

Liu Xianghua: Gender: Male. Ethnicity: Han ethnicity. Mr. Liu was born in 1978. He is a member of the Communist Party of China and possesses a bachelor's degree. Mr. Liu worked for Inner Mongolia Zhundong Railway Co., Ltd from August 2000 to July 2001. He was the deputy director for administrative affairs of Inner Mongolia Zhundong Railway Co., Ltd from July 2001 to October 2002 and was the office director in administrative department of Inner Mongolia Zhundong Railway Co., Ltd from November 2002 to February 2004. Mr. Liu was the head secretary of the general manager office of Inner Mongolia Yitai Group Co., Ltd. from March 2004 to August 2005. He was the deputy director of the general manager office of Inner Mongolia Yitai Group Co., Ltd. from September 2005 to December 2005. He was the deputy director of the general manager office of the Company from January 2006 to November 2010. He was the director of the board office of Inner Mongolia Yitai Group Co., Ltd. from December 2010 to February 2012. He was the secretary of the board of Inner Mongolia Yitai Group Co., Ltd. from March 2012 to December 2012. He was the secretary of the board as well as the the director of the board office of Inner Mongolia Yitai Group Co., Ltd. from January 2013 to March 2015. He was the secretary of the board as well as the the director of the board office of Inner Mongolia Yitai Group Co., Ltd. from April 2015 to October 2016. He has been the secretary of the board as well as the general manager of the Administrative Department of Inner Mongolia Yitai Group Co., Ltd. from November 2016 to now. Mr. Liu was graduated from Inner Mongolia Finance & Economics College with a bachelor's degree (adult higher education) in law major in July 2007.

Candidates for independent Supervisors:

Wang Yongliang: Gender: Male. Ethnicity: Han ethnicity. Mr. Wang was born in 1963. He has been a Supervisor of our Company since February 2011. He is also the director of Inner Mongolia Ikochao League Law Firm since March 2001. Mr. Wang has extensive experience in legal issues. He was the head of Business Department of Ikochao League Law Firm (伊盟律師事務所) from April 1996 to March 2001 and served as the deputy head of the Correctional Division and office of the Judicial Department of Ikochao League from March 1990 to April 1996. He was a teacher in Ikochao League Politics & Law School (伊盟政法幹校) from December 1986 to March 1990 and a member of Ikochao League Correctional Division (伊盟勞改隊) from August 1985 to December 1986. Mr. Wang graduated from China University of Political science and Law with a major in civil and commercial law in May 2003. He has a master's degree and was granted the qualification of Level 2 Lawyer by the Department of Personnel of Inner Mongolia in October 2004.

Wu Qu: Gender: Male. Ethnicity: Han ethnicity. Mr. Wu was born in 1965. He has been a Supervisor of our Company since February 2011. He is also the head of the Auditing Department of Inner Mongolia Dongshen Accounting Firm Co., Ltd (內蒙古東審會計師事務所有限責任公司) since 2001. Mr. Wu is very experienced in auditing and finance. He was the finance manager of Ordos Rongze Food Co., Ltd. (鄂爾多斯市榮澤食品有限公司) from December 1998 to October 2000, the head of Finance Department of Inner Mongolia Shengyi Plastic Products Co., Ltd. (內蒙古勝億塑料製品有限公司) from October 1994 to December 1998. He acted as the head of Finance Department of Ikochao League Dongsheng Food Industry Company (伊克昭盟東勝市食品工業公司) from July 1986 to October 1994. Mr. Wu graduated from Ikochao League Finance & Economics School in July 1986 and from Correspondence Institute of the Party School of the Central Committee of C.P.C (中央黨校函授學院) with a bachelor's degree in economic management in December 1998.

Candidates for staff Supervisors:

Jia Xiaolan: Gender: Female. Ethnicity: Han ethnicity. Ms. Jia was born in November 1973 and possesses a bachelor's degree and was granted with qualifications of engineer and registered cost engineer. She worked in Ikochao League First Construction Engineering Company (伊盟一建) (now renamed Erdos Da Hua Construction Group LLC) (鄂爾多斯大華建築集團有限責任公司) from July 1993 to July 2000, and served in Erdos Defeng Project Management LLC. (鄂爾多斯市得豐工程項目管理有限責任公司) from July 2000 to July 2005 as the deputy director of Installation Budgeting Division. In August 2005, Ms. Jia transferred to Inner Mongolia Yitai Group Co., Ltd. as the installation budgeting engineer in Construction Cost Center of Inner Mongolia Yitai Group Co., Ltd. from August 2005 to October 2006 and served as the deputy chief and chief of the same division from October 2006 to March 2010, and from March 2010 to April 2011, respectively. She was the vice director of Internal Control and Audit Department of Inner Mongolia Yitai Group Co., Ltd. from April 2011 to July 2013 and was promoted as the director of Internal Control and Audit Department of Inner Mongolia Yitai Group Co., Ltd. for a working period from July 2013 to January 2014. Ms. Jia has been acting as the director of Internal Control and Audit Department of the Company from

January 2014, and a supervisor of the Company from June 2015. Ms. Jia was graduated from Changchun University of Science and Technology with a bachelor's degree (adult higher education) in Automatic Control – Electrical Engineering major in July 2009.

Li Cailing: Gender: Female. Ethnicity: Han ethnicity. Ms. Li was born in 1975, she is a member of the Communist Party of China with a postgraduate degree, she is also a senior accountant, a certified tax agent and a certified public accountant. Ms. Li worked in Inner Mongolia Erdos Group Company (內蒙古鄂爾多斯集團公司) from June 1995 to January 1998. She once held the positions of Head of Auditing Department and Deputy Director in Inner Mongolia Zhonglei Accounting Firm (內蒙古中磊會計事務所) from February 1998 to July 2005 and she worked in the Finance Department of the Company from August 2005 to February 2012. She was the director of the Financial Information Section of the Finance Department (財務部財務資訊科) of the Company from March 2012 to July 2013. She was an accountant of deputy director level in the Finance Department of the Company from August 2013 to November 2014. She was the deputy director of the finance department of Inner Mongolia Yitai Group Co., Ltd. from December 2014 to March 2015. She has been the deputy director of the financial management center of the Company from April 2015 to now. Ms. Li was graduated from Inner Mongolia Finance & Economics College with a bachelor's degree (adult higher education) in January 2006 and from Inner Mongolia Autonomous Region Party Committee Party School (中共內蒙古自治區委員會黨校) with a postgraduate degree in January 2014.

He Peixun: Gender: Male. Ethnicity: Han ethnicity. Mr. He was born in 1986. Mr. He obtained the legal professional qualification certificate. He graduated from Inner Mongolia University in July 2009. He worked in the general manager office in the Company from July 2009 to December 2009. He worked in the Securities Department of the Company from January 2010 to May 2012. He was the director for security business in the Securities Department of the Company from June 2012 to July 2013. He was the director for security business in the Securities Department of the Company from August 2013 to April 2015. He was the business manager in the Investor Relations Department of the Company from May 2015 to October 2016. He has been the intermediate business manager in the Investor Relations Department of the Company from November 2016 to now. He was graduated from Inner Mongolia University with a bachelor's degree in law major in July 2009.