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INNER MONGOLIA ENERGY ENGINEERING CO., LTD.

內蒙古能源建設投資股份有限公司

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

(Stock Code: 01649)

QUARTERLY UPDATE ON RECENT DEVELOPMENT ON SUSPENSION OF TRADING

This announcement is made by the board of directors (the “**Board**”) of Inner Mongolia Energy Engineering Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 26 February 2019, 15 March 2019, 19 March 2019, 29 March 2019, 10 May 2019, 13 May 2019 and 31 May 2019.

The Board and the audit committee of the Company have engaged PricewaterhouseCoopers Management Consulting (Shanghai) Limited (“**PricewaterhouseCoopers**”) to conduct independent third-party forensic review on 19 March 2019. Recently, the Company, during its self-inspection, found out that in addition to the first stage review, another subsidiary of the Company might have other external guarantees which have not been approved by the Board. On 31 May 2019, the Board and the audit committee of the Company entered into a forensic review supplemental agreement with PricewaterhouseCoopers to include that subsidiary into the scope of the first stage review and investigate any suspected external guarantees and/or other potential suspected transactions of that subsidiary. The Company has been proactively advancing and completing the forensic review, and based on the current progress, it is expected that PricewaterhouseCoopers will issue a forensic review report by 21 June 2019. As the forensic review is still in progress, the Company has delayed the publication of its audited 2018 annual results.

On 13 May 2019, the Company has published its unaudited management accounts for the year ended 31 December 2018. The completion of the forensic review is a prerequisite of finalizing the 2018 consolidated financial statements and accordingly the issuing of the 2018 auditor’s report of the Company. As the auditing of the annual results by the auditors of the Company is still in progress, the audited 2018 annual results and the 2018 annual report of the Company have not been published as at the date of this announcement.

Considering past practices, the Company shall submit the audited annual financial statements at the annual general meeting for consideration. Given that the forensic review is not yet finished and the auditing of the annual results by the auditors is still in progress, and to avoid imposing time and expense burdens on the shareholders, the Company decides that the annual general meeting will not be convened on or before 30 June 2019. The Company will convene the 2018 annual general meeting for matters to be considered and approved after the publication of the 2018 audited annual results.

BUSINESS OPERATION

The Group's main business operations include:

Construction Contracting:

The Company recorded a year-on-year increase in the value of new contracts during the first quarter of 2019. However, due to the lack of large-scale construction conditions as a result of the cold climate in the northern area, and the arrival of Spring Festival holiday in the first quarter of 2019, the construction contracting has not been fully implemented, therefore a slight year-on-year decrease in the completed business volume was recorded. It is expected that the business volume of the construction contracting will be improved with the basic resumption of construction work in the second quarter of 2019.

Survey, Design and Consultancy Operation:

Subject to the macro policy of the PRC, the survey and design operation market of the Company has continued to dwindle while the peer competition has become more intense. Meanwhile, subject to the seasonal and festival effects in the first quarter of 2019, the scale of survey, design and consultancy operation of the Company has not been expanded. Thus, the overall business volume of the first quarter of 2019 decreased. The Company has further enhanced its effort in market development, to enhance engineering quality and service standard, as well as its market share in the second quarter of 2019.

Power Operation:

In the first quarter of 2019, the new energy power stations of the Company has run normally.

Goods Trading Operation:

With only few development of metal business in the first quarter of 2019, the sales amount decreased. The Company will insist in following the market oriented policy and proactively explore domestic and external markets, to maintain a moderate development of goods trading operation.

FURTHER ANNOUNCEMENT(S) ON MATERIAL INFORMATION AND PROGRESS

The Company has published announcements from time to time in accordance with the Listing Rules and on a voluntary basis to inform its shareholders and the market of the status and latest development of the Group so that the shareholders and the public investors can obtain important information necessary for assessing the status of the Group. The Company will make further announcement(s) on the material development and progress in relation to the fulfillment of the resumption conditions (as defined in the announcement of the Company dated 10 May 2019) in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 18 March 2019 and will remain suspended until further notice, pending the publication of the 2018 audited annual results of the Company subject to the forensic review results and subsequent necessary further actions.

Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Inner Mongolia Energy Engineering Co., Ltd.
Chao Ketu
Executive Director

Inner Mongolia, PRC, 14 June 2019

As at the date of this announcement, the executive directors of the Company are Mr. LU Dangzhu, Mr. CHAO Ketu and Mr. LIU Lisheng; the non-executive director of the Company is Mr. CHEN Ming; and the independent non-executive directors of the Company are Mr. YUE Jianhua, Ms. LAU Miu Man and Mr. DUAN Guiying.