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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 14 June 2019, 18 June 2019, 22 July 2019, 29 July 2019, 23 August 2019 and 9 September 2019.

According to the latest development, as the Company needs more time to collect and collate the supplementary information required by PricewaterhouseCoopers Management Consulting (Shanghai) Limited (“**PricewaterhouseCoopers**”) forensic review, PricewaterhouseCoopers’ investigation has not been completed. Based on the current progress, the Company expects that PricewaterhouseCoopers will issue a forensic review report on or before 31 December 2019. The Company will postpone the publication of the audited annual results for 2018 accordingly.

BUSINESS OPERATION

The Group’s main business operations include:

Construction Contracting:

Under the background of the national policy on continuous energy structure adjustment, the fossil-fuel power, photovoltaic power and wind power construction market shows a continuous downturn, the construction of the main networks of power grid in the western Inner Mongolia slows down gradually, the bidding projects of infrastructural projects of 220kV and above reduces significantly, and the competition in power construction market is still fierce. In the second quarter of 2019, the completed business volume of the Group’s construction contracting business decreased slightly as

compared with the corresponding period of last year. In the second half of the year, the Company will fully consolidate its market presence of power grid in the western Inner Mongolia, focus on developing the power transformation and transmission engineering market in the eastern Inner Mongolia, Tibet and Hainan regions, as well as explore domestic and foreign power construction market through multiple channels.

Survey, Design and Consultancy Operation:

In the second quarter of 2019, the business volume of the survey, design and consultancy operation of the Group decreased as compared to the corresponding period of last year. The Company will further accelerate the development of its core technologies and diversified industries, master the cutting-edge technologies in design of modern power grids and large-scale coal-fired power units, as well as expand to diversified industries such as information consultancy and environmental monitoring.

Power Operation:

In the second quarter of 2019, the new energy power stations of the Group ran normally.

Goods Trading Operation:

In the second quarter of 2019, the trading operation of the Group was going through a period of adjustment and its key economic indicators were worse than anticipated. The Company will continue to insist on following the market-oriented policy, give preference to its trade operation and chains, and maintain appropriate efforts in development of trading operation in due course.

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 announcements of the Company dated 10 May 2019 and 9 September 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 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, 13 September 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.