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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 and 13 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:

In 2019, the construction of the main networks of power grid in the western Inner Mongolia slows down significantly as compared with previous years. In the past years, a majority of the thermal power generation units construction projects used in autonomous region undertaken by the Company had been completed. As the thermal power projects undertaken is limited, the Company shifts its focus from power construction development to the national power grid transmission projects and onshore wind power construction projects. The values of new contracts entered into by the Group increased as compared with the same period of last year. In the third quarter of 2019, the

proportion of revenue and profits generated reduced as most of the newly signed projects have not been carried out in large scale.

Survey, Design and Consultancy Operation:

In the third quarter of 2019, the business volume of the survey, design and consultancy operation increased as compared with the second quarter of 2019. The reason for the increase is that Inner Mongolia Power Survey & Design Institute Co., Ltd. successfully bid for the Engineering Design Contract of the Captive Power Station in Tubaran, Philippines. The project, being the first one obtained by Inner Mongolia Power Survey & Design Institute Co., Ltd. through bidding in Philippines, marked a successful exploration for a new area in the international market and created favorable conditions for the Company to enter into overseas market.

Power Operation:

In the third quarter of 2019, the new energy power stations of the Company ran normally.

Goods Trading Operation:

In 2019, 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. In the third quarter of 2019, the trading operation has not been carried out in large scale.

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 December 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.