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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, 13 September 2019 and 13 December 2019.

According to the latest development, the investigation for PricewaterhouseCoopers Management Consulting (Shanghai) Limited (“**PricewaterhouseCoopers**”) forensic review has been fully completed. PricewaterhouseCoopers issued a forensic review report on 13 March 2020. As the auditor of the Company needs to further prepare the 2018 audit report of the Company based on the results of the forensic review report, 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, under the background of the national policy on continuous energy structure adjustment, the additional installed capacity of fossil-fuel power and photovoltaic power showed a year-on-year decrease, and the investment in power grid focused on demonstrates favor to retrofitting of rural power grid and construction of distribution network. The traditional power construction market continued to decline with fierce competition in market, which resulted in low revenue and profit for the whole year. In the fourth quarter of 2019, as affected by seasonality, the completed business volume of the Group’s construction contracting business declined as compared with the third quarter of 2019. On the next step, 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, Xinjiang and Hainan regions, as well as explore domestic and foreign power construction market through multiple channels.

Survey, Design and Consultancy Operation:

In the fourth quarter of 2019, although the completed business volume of the survey, design and consultancy operation of the Group increased as compared the third quarter of 2019, while representing a decline for the completed business volume for the whole 2019 as compared with previous year. The Company will increase investments in scientific research and intensify efforts for tackling problems in key technologies in the field of planning and design, expand non-electricity businesses such as information engineering, environmental protection, municipal administration, etc., and step up the layout of the international energy market, and increase the influence of design brands.

Power Operation:

In the fourth 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 fourth quarter of 2019, the trading business did not carry out business on a 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 relevant investigation 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.
Niu Jirong
Chairman

Inner Mongolia, PRC, 13 March 2020

As at the date of this announcement, the executive directors of the Company are Mr. NIU Jirong, 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 and Mr. DUAN Guiying.