中国能建
ENERGY CHINA

中國能源建設股份有限公司
CHINA ENERGY ENGINEERING CORPORATION LIMITED*

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

(Stock Code: 3996)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FULL-YEAR FINANCIAL HIGHLIGHTS

For the year ended 31 December 2015:

The revenue of the Company was RMB205,692.9 million, representing an increase of 11.90% as compared with last year.

Net profit attributable to equity holders of the Company was RMB4,235.7 million, representing an increase of 96.75% as compared with last year.

Basic earnings per share was RMB0.19 per share, representing an increase of RMB0.09 per share as compared with last year.

The Board of Directors recommend the payment of a final dividend of RMB0.416 cents per share (tax inclusive) for the year ended 31 December 2015, with a total amount of dividend of approximately RMB124.9 million.

The Board (the "**Board**") of Directors (the "**Directors**") of China Energy Engineering Corporation Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015, together with the comparative figures of last year.

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	3	**205,692,949**	183,823,961
Cost of sales		**(182,634,824)**	(163,607,503)
Gross profit		**23,058,125**	20,216,458
Other income		**881,638**	656,523
Other gains and losses	4	**803,954**	(98,217)
Selling expenses		**(1,637,078)**	(1,571,500)
Administrative expenses		**(9,995,369)**	(9,030,958)
Research and development expenses		**(2,242,205)**	(1,955,429)
Finance income	5	**731,342**	621,533
Finance costs	5	**(3,002,102)**	(2,962,910)
Share of profit of joint ventures		**10,909**	110,704
Share of (loss) profit of associates		**(23,315)**	31,629
Profit before tax		**8,585,899**	6,017,833
Income tax expense	6	**(2,115,536)**	(1,922,257)
Profit for the year		**6,470,363**	4,095,576
Other comprehensive (expense) income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
– Remeasurement of defined benefit obligations		**(591,258)**	(1,210,300)
– Income tax relating to remeasurement of defined benefit obligations		**21,216**	50,740
		(570,042)	(1,159,560)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**60,878**	(107,238)
– Net fair value (loss) gain on available-for-sale financial assets		**(700,231)**	2,217,845
– Reclassification adjustment to profit or loss on disposal of available-for-sale financial assets		**(101,676)**	(32,323)
– Income tax relating to items that may be reclassified subsequently to profit or loss		**209,947**	(485,504)
		(531,082)	1,592,780

	NOTES	**2015**	2014
		RMB'000	*RMB'000*
Other comprehensive (expense) income for the year, net of income tax		**(1,101,124)**	433,220
Total comprehensive income for the year		**5,369,239**	4,528,796
Profit for the year attributable to:			
Owners of the Company		**4,235,671**	2,152,848
Non-controlling interests		**2,234,692**	1,942,728
		6,470,363	4,095,576
Total comprehensive income attributable to:			
Owners of the Company		**3,514,890**	1,975,655
Non-controlling interests		**1,854,349**	2,553,141
		5,369,239	4,528,796
Earnings per share – Basic and diluted *(RMB)*	*7*	**0.19**	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**27,701,938**	26,334,747
Prepaid lease payments		**8,042,079**	7,869,106
Investment properties		**693,514**	627,393
Intangible assets		**16,433,014**	16,140,264
Investments in joint ventures		**2,868,041**	570,872
Investments in associates		**1,656,748**	1,720,121
Goodwill		**779,958**	725,467
Available-for-sale financial assets		**6,536,527**	7,115,583
Deferred tax assets		**1,125,493**	1,140,755
Trade receivables	9	**7,113,935**	4,474,606
Prepayments, deposits and other receivables		**1,469,568**	3,188,933
Other loans		**1,300,000**	817,000
		75,720,815	70,724,847
CURRENT ASSETS			
Inventories		**9,243,066**	9,528,350
Properties under development for sale		**17,503,195**	16,642,929
Completed properties for sale		**2,116,053**	2,085,983
Amounts due from customers for construction contracts		**17,193,862**	16,562,369
Trade and bills receivables	9	**47,374,834**	41,959,821
Prepayments, deposits and other receivables		**36,586,775**	23,329,184
Prepaid lease payments		**192,057**	144,218
Other loans		**3,699,230**	5,291,546
Financial assets at fair value through profit or loss		**66,663**	161,397
Pledged deposits		**2,650,613**	1,803,386
Bank and cash balances		**48,250,759**	30,651,105
		184,877,107	148,160,288
CURRENT LIABILITIES			
Trade and bills payables	10	**62,459,066**	51,535,711
Amounts due to customers for construction contracts		**4,553,593**	5,504,889
Other payables and accruals		**43,464,444**	44,975,521
Income tax payable		**952,058**	793,688
Bank and other borrowings		**35,160,620**	23,261,749
Short-term financing notes		**3,515,981**	3,557,772
Defined benefit obligations		**776,240**	814,558
Corporate bonds		**500,000**	505,981
Finance lease payables		**228,775**	144,445
Provisions		**323,917**	112,969
		151,934,694	131,207,283
NET CURRENT ASSETS		**32,942,413**	16,953,005
TOTAL ASSETS LESS CURRENT LIABILITIES		**108,663,228**	87,677,852

	2015	2014
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other payables and accruals	**359,240**	111,283
Bank and other borrowings	**29,965,531**	25,863,858
Finance lease payables	**279,103**	562,167
Corporate bonds	**5,773,612**	6,109,849
Defined benefit obligations	**10,077,718**	9,614,629
Deferred tax liabilities	**1,041,467**	1,032,059
Deferred revenue	**374,185**	382,488
	47,870,856	43,676,333
NET ASSETS	**60,792,372**	44,001,519
Capital and reserves		
Issued share capital	**29,600,000**	21,600,000
Reserves	**12,375,732**	6,515,913
Equity attributable to owners of the Company	**41,975,732**	28,115,913
Perpetual capital instruments	**1,000,000**	–
Non-controlling interests	**17,816,640**	15,885,606
TOTAL EQUITY	**60,792,372**	44,001,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

The Company was established in the People's Republic of China ("PRC") on 19 December 2014 as a joint stock company with limited liability as part of the reorganisation of China Energy Engineering Group Co., Ltd. ("Energy China Group")in preparation for the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is Building No.106, Lize Zhongyuan, Chaoyang District, Beijing, the PRC. In the opinion of the Directors, Energy China Group is the immediate and ultimate holding company of the Company.

The Company listed on the Main Board of the Stock Exchange on 10 December 2015.

2. SIGNIFICANT JUDGEMENTS IN APPLYING ACCOUNTING POLICY

De facto control over subsidiary

There is a subsidiary of the Company, China Gezhouba Group Stock Company Limited ("CGGC"), in which the Company has less than 50% ownership interest and voting rights. The Group's management exercises its critical judgement when determining whether the Group has de facto control over an entity by evaluating its influence over the entity which includes, but is not limited to:

(i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of other vote holders;

(ii) potential voting rights held by the Group, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SEGMENT INFORMATION

Segment revenue and results

For the Year Ended 31 December 2015

	Survey, design and consulting *RMB'000*	Construction and contracting *RMB'000*	Equipment manufacturing *RMB'000*	Civil explosives and cement production *RMB'000*	Investment and other businesses *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue							
External segment revenue	12,211,748	147,540,475	9,003,470	7,880,310	29,056,946	–	205,692,949
Inter-segment revenue	242,986	5,632,345	694,556	–	17,701	(6,587,588)	–
Segment revenue	12,454,734	153,172,820	9,698,026	7,880,310	29,074,647	(6,587,588)	205,692,949
Segment results	2,807,847	5,996,537	389,139	1,224,470	3,650,232	(243,677)	13,824,548
Unallocated items							
Cost of sales							(937,042)
Other income							881,638
Other gains and losses							167,399
Selling expenses							(125,722)
Administrative expenses							(2,569,333)
Research and development expenses							(372,423)
Finance income							731,342
Finance costs							(3,002,102)
Share of profit of joint ventures							10,909
Share of loss of associates							(23,315)
Profit before tax							8,585,899

For the Year Ended 31 December 2014

	Survey, design and consulting *RMB'000*	Construction and contracting *RMB'000*	Equipment manufacturing *RMB'000*	Civil explosives and cement production *RMB'000*	Investment and other businesses *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue							
External segment revenue	12,245,237	138,497,725	8,565,757	8,117,745	16,397,497	–	183,823,961
Inter-segment revenue	187,010	3,938,894	331,633	–	48,932	(4,506,469)	–
Segment revenue	12,432,247	142,436,619	8,897,390	8,117,745	16,446,429	(4,506,469)	183,823,961
Segment results	3,734,126	6,623,248	(132,823)	1,392,079	3,241,359	(376,312)	14,481,677
Unallocated items							
Cost of sales							(1,426,450)
Other income							656,523
Other gains and losses							(98,217)
Selling expenses							(172,382)
Administrative expenses							(4,468,639)
Research and development expenses							(755,635)
Finance income							621,533
Finance costs							(2,962,910)
Share of profit of joint ventures							110,704
Share of profit of associates							31,629
Profit before tax							6,017,833

Geographical information

The Group's operations and non-current assets are mainly located in Mainland China. The geographical information about its revenue and non-current assets prepared by location of customers is as follows:

	2015	2014
	RMB'000	*RMB'000*
Segment revenue		
Mainland China	**176,270,112**	161,140,781
Overseas:		
Pakistan	**4,134,464**	3,528,935
Iran	**1,078,158**	1,131,335
Ethiopia	**567,918**	827,406
Others	**23,642,297**	17,195,504
Total	**205,692,949**	183,823,961

	2015	2014
	RMB'000	*RMB'000*
Non-current assets		
Mainland China	**58,893,783**	56,000,437
Overseas:		
Ethiopia	**110,011**	359,922
State of Libya	**110,948**	101,424
Republic of Ecuador	**20,484**	70,441
Others	**509,634**	644,679
Total	**59,644,860**	57,176,903

Non-current assets exclude financial instruments and deferred tax assets.

Revenue from major customers

There is no major individual customers contributing over 10% of the total revenue of the Group for the year ended 31 December 2015 (31 December 2014: nil).

Segment assets and liabilities

Information reported to the chief operating decision maker for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

4. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Net foreign exchange gain/(loss)	**7,765**	(47,384)
Gain/(loss) on disposal of:		
– Associates	**27,500**	(294)
– Joint ventures	**–**	112,625
– Financial assets at FVTPL	**193,401**	18,214
– Available-for-sale financial assets	**140,158**	104,003
– Property, plant and equipment	**9,717**	26,493
– Prepaid lease payments	**637,161**	141,047
– Subsidiaries	**545,521**	–
– Investment properties	**(21)**	–
– Intangible assets	**(16,305)**	–
Impairment loss recognised in respect of:		
– Trade receivables	**(440,231)**	(345,298)
– Other receivables	**(124,158)**	(70,479)
– Available-for-sale financial assets	**(43,427)**	(1,388)
– Interests in associates	**(988)**	(7,482)
– Property, plant and equipment	**(45,734)**	(158,001)
– Prepaid lease payments	**(41,279)**	–
– Investment properties	**(13,788)**	–
– Intangible assets	**(1,150)**	–
Fair value changes of financial assets at FVTPL	**(41,224)**	86,556
Others	**11,036**	43,171
Total	**803,954**	(98,217)

5. FINANCE INCOME AND FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest income on:		
Bank and cash balances and pledged deposits	**437,964**	253,663
Other loans	**218,438**	275,073
Defined benefit plan assets	**74,940**	92,797
Total finance income	**731,342**	621,533
Interest expenses on:		
Bank and other borrowings	**2,800,950**	2,934,254
Corporate bonds	**334,617**	181,258
Finance leases	**35,211**	23,661
Discounted bills	**46,311**	27,286
Short-term financing notes	**120,921**	151,791
Defined benefit obligations	**457,363**	597,620
	3,795,373	3,915,870
Less: Interest capitalised in		
– Construction in progress	**59,737**	83,587
– Properties under development for sale	**733,534**	869,373
Total finance costs	**3,002,102**	2,962,910

Borrowing costs were capitalised to the qualifying assets based on the effective interest rates of bank and other borrowings, corporate bonds and short-term financing notes.

6. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current enterprise income tax	**1,761,985**	1,672,194
Deferred tax	**152,779**	13,404
Land appreciation tax ("LAT")	**200,772**	236,659
	2,115,536	1,922,257

The majority of the entities in the Group are located in Mainland China. Under the relevant PRC Corporate Income Tax Law and the respective regulations, except for certain preferential treatments available to the Company's subsidiaries, which were exempted or taxed at a preferential rate of 15% during the reporting period primarily due to their status as entities engaging in technology development or development projects in the western part of Mainland China, the PRC entities within the Group are subject to corporate income tax at a rate of 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**4,235,671**	2,152,848

	2015	2014
	thousand shares	*thousand shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**22,082,192**	21,501,112

The computation of diluted earnings per share for the year ended 31 December 2015 does not assume the exercise of over-allotment option pursuant to the listing of the Company's H shares on the Stock Exchange since its exercise would result in an increase in earnings per share.

8. DIVIDENDS

During the year ended 31 December 2014, cash dividend in the total amount of approximately RMB716,757,000 was declared and paid to Energy China Group by relevant subsidiaries of the Company to their then shareholder, Energy China Group, prior to the establishment of the Company on 19 December 2014.

On 3 August 2015, the Company made a special resolution to make a special distribution to the then shareholders of the Company (the "Special Distribution") in an amount equal to the Group's profit attributable to the equity owners of the Company derived from 1 January 2015 to 31 October 2015. The Special Distribution amounting to RMB2,523.07 million was determined based on the audited consolidated financial statements of the Company prepared in accordance with the relevant accounting policies and financial regulations in the PRC (the "PRC GAAP") for the ten months ended 31 October 2015, after allowance has been made for the allocation to the statutory reserve and after giving effect to relevant necessary adjustments. The Company will make an announcement on the outcome of the special audit and the amount of Special Distribution before actual payment. As advised by the Group's PRC legal advisor, the declaration of the Special Distribution is subject to the Company having sufficient distributable reserves in accordance with PRC law, and as a result, the Company will need to make arrangements for the distribution of dividends from its subsidiaries to the Company prior to declaring and paying the Special Distribution. In the opinion of the Directors, the Special Distribution will be paid during the year ending 31 December 2016.

In addition to the Special Distribution, a final dividend of RMB0.416 cents (tax inclusive) per share in respect of the year ended 31 December 2015, comprising 29,600,000,000 shares existed as at 31 December 2015 together with 420,396,364 new shares issued by the Company on the exercise of the over-allotment option on 8 January 2016, has been proposed by the Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting.

9. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**40,756,525**	36,114,420
Retention money receivables	**6,797,604**	4,955,267
Less: allowance of doubtful debts	**(2,375,139)**	(1,933,170)
	45,178,990	39,136,517
Bills receivable	**3,477,579**	2,823,304
Build-transfer ("BT")/Build-operating-transfer ("BOT") project receivables	**5,832,200**	4,474,606
Total trade and bills receivables	**54,488,769**	46,434,427
Analysed for financial reporting purpose:		
Non-current	**7,113,935**	4,474,606
Current	**47,374,834**	41,959,821
	54,488,769	46,434,427

The following is an analysis of trade and bills receivables including BT and BOT receivables by age, net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
0 to 6 months	**34,137,929**	30,246,833
6 months to 1 year	**6,497,153**	4,644,180
1 year to 2 years	**8,450,143**	6,231,943
2 years to 3 years	**3,178,505**	3,899,638
3 years to 4 years	**1,185,050**	765,099
4 years to 5 years	**476,944**	402,533
Over 5 years	**563,045**	244,201
	54,488,769	46,434,427

An aged analysis of the trade and bills receivables that are past due but neither individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	*RMB'000*
Less than 6 months past due	**604,581**	1,732,520
6 months-1 year past due	**527,430**	776,602
1-2 years past due	**261,825**	1,270,973
2-3 years past due	**3,175**	476,546
3-4 years past due	**26,159**	169,728
4-5 years past due	**41,151**	73,177
Over 5 years past due	**22,701**	219,980
	1,487,022	4,719,526

Movements in the allowance of doubtful debts are set out as follows:

	2015	2014
	RMB'000	*RMB'000*
At the beginning of the year	**1,933,170**	1,588,015
Provided for the year	**440,231**	345,298
Written off	**(2,636)**	(143)
Disposal of subsidiaries	**(24)**	–
Exchange adjustment	**4,398**	–
At the end of the year	**2,375,139**	1,933,170

The amounts due from ultimate holding company, fellow subsidiaries, joint ventures and associates included in the trade and bills receivables are analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Ultimate holding company	**1,324**	–
Fellow subsidiaries	**14,764**	9,300
Joint ventures	**849**	9,271
Associates	**277,254**	146,628
Total	**294,191**	165,199

The above amounts are unsecured and interest-free. The Group has not granted any credit periods to related parties. All balances are past due but not impaired and aged within one year.

As at 31 December 2015, the Group pledged its trade receivables from grid companies amounting to approximately RMB1,368,035,000 (as at 31 December 2014: RMB767,644,000) to secure loan facilities granted to the Group.

Trade receivables denominated in currencies other than the functional currencies of respective entities are set out below:

	2015	2014
	RMB'000	*RMB'000*
United States Dollar ("USD")	**909,889**	650,513
Rupee ("NRs")	**–**	68,973
Others	**40,760**	99,110
	950,649	818,596

Bills receivable issued among subsidiaries of the Group for intra-group transactions were discounted with recourse at 31 December 2015 and 31 December 2014 and these bills receivable have not been recognised in these consolidated financial statements.

10. TRADE AND BILLS PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**56,334,038**	47,097,876
Bills payable	**6,125,028**	4,437,835
	62,459,066	51,535,711

The credit period on purchases of goods or services ranges from 30 days to 180 days.

As at 31 December 2015, retention payables of RMB2,242,086,000 (31 December 2014: RMB2,153,525,000) is included in trade and bills payables. Retention payables are interest-free and payable at the end of the retention periods of the respective construction contracts. The Group's normal operating cycle with respect to the construction contracts is usually more than one year.

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**52,233,016**	42,349,663
1 to 2 years	**5,953,089**	4,944,268
2 to 3 years	**1,873,757**	2,143,412
More than 3 years	**2,399,204**	2,098,368
	62,459,066	51,535,711

The amounts due to fellow subsidiaries and associates included in the trade and bills payables are analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Fellow subsidiaries	**88,862**	219,880
Associates	**1,061**	20,438
	89,923	240,318

The above amounts due to related parties are unsecured, non-interest bearing and repayable on similar credit terms offered by other suppliers of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2015, the total output value of the national construction industry reached RMB18.0757 trillion, representing an increase of 2.3% compared with the previous year ("**year-on-year**"). The investment in the domestic power engineering market maintained a growth. According to the statistics of the National Energy Administration Bureau, the power grid projects of the nationwide major power enterprises completed investment of RMB460.3 billion in 2015, representing a year-on-year growth of 11.7%; the power generation projects completed investment of RMB409.1 billion, increased by 11% over the same period of last year. Among the power generation investment, the fossil-fuel power investment reached RMB139.6 billion, representing a year-on-year growth of 22%; the hydropower investment reached RMB78.2 billion, representing a year-on-year decrease of 17%; the nuclear power investment reached RMB56 billion, representing a year-on-year growth of 5.2%; the wind power investment reached RMB115.9 billion, representing a year-on-year growth of 26.6%. The investment in the domestic non-power engineering market remained stable.

In 2015, the contracting business of the Chinese enterprises in the international construction and contracting market continued to grow. According to the statistics of the Ministry of Commerce and China International Contractors Association, the contract value of China's new overseas contracting projects business amounted to USD210.1 billion in 2015, representing a year-on-year growth of 9.5%. The turnover of overseas contracting projects of China amounted to USD154.1 billion in 2015, representing a year-on-year growth of 8.2%.

BUSINESS REVIEW

In 2015, the Company continuously focused on the production and operation, effectively responded to the complex economic situation, made efforts to develop domestic and international markets, continuously enhanced its operation and management ability, accelerated the transformation and upgrading, and enhanced the performance of the engineering projects, overfulfilled its annual production and operation objectives and achieved better and faster growth in overall.

The following table sets forth the details of the amount of new contracts in 2015:

Categories of the business segments:		For the year ended 31 December 2015 (RMB in 100 million)	2014 (RMB in 100 million)	Percentage of change (%)
Survey, design and consultancy business		**122.96**	132.96	-7.52
Among which:	Fossil-fuel power	**49.27**	48.50	1.59
	Hydropower	**0.27**	1.19	-77.00
	Nuclear power	**4.00**	2.29	75.16
	New energy	**8.17**	10.13	-19.31
	Power transmission and transformation	**52.10**	52.07	0.06
	Non-power and others	**9.14**	18.79	-51.37
Construction and contracting business		**3,224.96**	2,683.45	20.18
Among which:	Fossil-fuel power	**853.05**	856.90	-0.45
	Hydropower	**614.73**	446.46	37.69
	Nuclear power	**58.79**	7.86	648.22
	New energy	**339.01**	273.50	23.95
	Power transmission and transformation	**103.45**	163.39	-36.68
	Non-power and others	**1,255.92**	935.36	34.27
Equipment manufacturing business		**154.73**	117.93	31.21
Total		**3,502.65**	2,934.34	19.37

Note: The percentages contained in above table are subject to rounding differences (if any).

Market development was the top priority for the Company in 2015. While deeply developing the domestic, electricity and general market, the Company strived for the international market and actively expanded the non-power and high-end business, focused on the numbers of the signed contracts, increased the quality of them and worked hard on the execution of the signed contracts. The Company recognized RMB350.265 billion as to the value of new contracts, representing a year-on-year increase of 19.37%. Among which, the value of domestic new contracts amounted to RMB242.751 billion, representing a year-on-year increase of 19.62% and international new contracts amounted to RMB107.514 billion, representing a year-on-year increase of 18.81%. As of 31 December 2015, the outstanding contract value of the Company was RMB734.511 billion, representing a year-on-year increase of 23.10%.

Survey, Design and Consultancy Business

The survey, design and consultancy business of the Company primarily provides survey, design and consultation services for power generation projects and grid projects, as well as the policy consultation for the power industry, evaluation, assessment and supervision for power projects. The Company is in a market leading position in terms of its UHV and large-capacity units businesses, and has executed survey and design contracts for several projects, including the Zhundong – Huadong ±1,100kv UHV DC transmission project (准東－華東±1100千伏特高壓直流輸電工程) with the highest voltage level and the largest transmission scale worldwide, the convertor station and auxiliary works of Brazil ±800kv UHV DC distribution Phase II (巴西美麗山水電±800千伏特高壓直流送出二期項目換流站及配套工程), and the new project of Shenhua Sichuan Jiangyou coal reserves power integration 2×1000MW (神華四川江油煤炭儲備發電一體化2×1000MW新建工程). The Company maintained its advantageous position over survey, design and consultancy. In 2015, the revenue before inter-segment elimination of survey, design and consultancy business was RMB12.455 billion, representing a year-on-year increase of 0.18%. As of 31 December 2015, the value of outstanding contracts of the survey, design and consultancy business was RMB19.221 billion, representing a year-on-year increase of 0.39%. Among this, the value of outstanding contracts of the fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission, non-power and others were RMB7.43 billion, RMB0.574 billion, RMB0.470 billion, RMB2.060 billion, RMB5.170 billion, RMB3.517 billion and representing a year-on-year increase of 7.80%, -12.62%, 73.75%, 10.21%, -1.85% and -16.05% respectively.

Construction and Contracting Business

The construction and contracting business of the Company primarily undertakes large-scale power generation projects and power grid projects in China and overseas, as well as other infrastructure projects. The Company accelerated the transformation upgrading, proactively explored the international market with the number of direct contracts increased greatly, and successfully entered into contracts for a number of major projects such as Caculo Cabaça Hydropower Project in Angola (安哥拉卡古路卡巴薩水電站項目), General Contracting Project of KONYA ILGIN 1×500 MW CFB (circulating fluidized bed) SC Coal-fired Power Plant in Turkey and Solar Power Plants in Coted'Ivoire (土耳其KONYA ILGIN 1X500兆瓦CFB（循環流化床）超臨界燃煤電廠總承包項目); actively undertook the general contracting business and entered into contracts for a number of major projects such as Hydropower Station in Cameroon (喀麥隆姆伊拉莫格水電站), the national rural hygiene project in Egypt (埃及國家鄉村衛生項目) and Phase III of Power Plant in Ezhou, Hubei (湖北鄂州電廠三期); actively explored non-power business and entered into contracts for a number of representative projects such as Phase I Construction of Urban Railway Transportation Line 27 in Wuhan (武漢市軌道交通27號線一期工程), Changzhou Yunhe Road No.198 Project (常州運河路198號項目), Phase I Construction of Coal Terminal, Jinzhou Port (錦州港煤炭碼頭一期工程), Reservoir and Pumping Station Project in Qatar (卡塔爾默加水庫及泵站工程項目) and Cement Plant in Najaf, Iraq (伊拉克納傑夫水泥廠), and expanded the market share; actively developed PPP business (a business model in which public infrastructure projects are financed, built and operated by way of partnership between the public sector and the private sector), and entered into contracts for a number of major projects such as Tangshan Fengnan infrastructure construction, Guiyang Bonded Area and others. In 2015, the revenue before inter-segment elimination of construction and contracting business was RMB153.173 billion, representing a year-on-year growth of 7.54%. As of 31 December 2015, the outstanding contract value of the construction and contracting business was RMB704.00 billion, representing a year-on-year increase of 23.39%. Among this, the value of outstanding contracts of the fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission, non-power and other projects were RMB178.35 billion, RMB187.99 billion, RMB4.76 billion, RMB46.27 billion, RMB18.48 billion, RMB268.15 billion and representing a year-on-year increase of 16.61%, 20.13%, 3.06%, -0.66%, 1.27% and 39.92% respectively.

Equipment Manufacturing Business

The equipment manufacturing business of the Company primarily undertakes the design, manufacturing and sales of auxiliary equipment for power plants and provides complete sets of equipment for large power plants. The main products include auxiliary equipment for power plants, power grid equipment and energy-efficient equipment. The Company made efforts to consolidate the traditional and advantageous market, and gradually transformed from the product manufacturer to the complete services provider, and successfully entered into a procurement contract for Ningxia Yanchi Liujiagou 100 MW wind power equipments (寧夏鹽池劉家溝100兆瓦風電成套設備採購合同). In 2015, the revenue before inter-segment elimination of equipment manufacturing business was RMB9.698 billion, representing a year-on-year increase of 9.00%. As of 31 December 2015, the outstanding contract value of the equipment manufacturing business was RMB11.290 billion, representing a year-on-year increase of 60.75%.

Civil Explosive and Cement Production Business

The Company produces and sells civil explosives products and cement, and also provides integrated explosive service. In 2015, the Company produced and sold explosives of 200,000 tonnes, representing a year-on-year decrease of 4.72%; produced cement of 19.3906 million tonnes, representing a year-on-year growth of 7.45%; sold cement clinker of 21.5162 million tonnes, representing a year-on-year growth of 2.53%. In 2015, the operating revenue of civil explosives and cement production business was RMB7.880 billion, representing a year-on-year decrease of 2.92%. Among which, the revenue before inter-segment elimination of civil explosives business was RMB2.745 billion, representing a year-on-year growth of 0.58%; the revenue before inter-segment elimination of cement production business was RMB5.135 billion, representing a year-on-year decrease of 4.70%.

Investment and Other Businesses

The Company invests in, operates and sells power plants and engages in other infrastructure projects, environmental protection projects, water conservancy projects and real estate development projects. Several projects in which the Company made investments, including Zhejiang Haiyan wind power (浙江海鹽風電), Yunnan Sijiaoshan photovoltaic power generation (雲南四角山光伏發電), achieved the goal of construction and commencement of operation in current year and achieved the expected economic benefit targets. The installed capacity of power generation business reached 907.5 MW; the mileage of highway operation business reached 513.10 km; the new land reserve of real estate development business was 496,500 sq.m, with the area that the Company commenced the construction of 908,000 sq.m and the area that we sold of 338,900 sq.m. In 2015, the revenue before inter-segment elimination of investment and other businesses was RMB29.075 billion, representing a year-on-year growth of 76.78%. Among which, the revenue before inter-segment elimination of real estate business was RMB7.657 billion, representing a year-on-year growth of 21.96%; the revenue before inter-segment elimination of power generation business was RMB1.197 billion, representing a year-on-year increase of 2.70%; the revenue before inter-segment elimination of highway was RMB1.213 billion, representing a year-on-year growth of 19.68%; the revenue before inter-segment elimination of other businesses was RMB19.008 billion, representing a year-on-year growth of 137.90%.

FINANCIAL REVIEW

In 2015, the Company achieved the revenue of RMB205,692.9 million, representing a year-on-year growth of 11.90%; the total profit before tax was RMB8,585.8 million, representing a year-on-year growth of 42.67%; net profit attributable to the owners of the Company was RMB4,235.7 million, representing a year-on-year growth of 96.75%.

Consolidated results of operations

	For the year ended 31 December		
Items	**2015**	2014	Percentage of change
	(RMB in million)	*(RMB in million)*	*(%)*
Revenue	**205,692.9**	183,824.0	11.90
Cost of sales	**(182,634.8)**	(163,607.5)	11.63
Gross profit	**23,058.1**	20,216.5	14.06
Other income	**881.6**	656.5	34.29
Other gains and losses	**804.0**	(98.2)	-918.74
Selling expenses	**(1,637.1)**	(1,571.5)	4.17
Administrative expenses	**(9,995.4)**	(9,031.0)	10.68
Research and development expenses	**(2,242.2)**	(1,955.4)	14.67
Finance income	**731.3**	621.5	17.67
Finance expense	**(3,002.1)**	(2,962.9)	1.32
Share of profit of joint ventures	**10.9**	110.7	-90.15
Share of profit (loss) of associates	**(23.3)**	31.6	-173.73
Profit before tax	**8,585.8**	6,017.8	42.67
Income tax expense	**(2,115.4)**	(1,922.2)	10.05
Profit for the year	**6,470.4**	4,095.6	57.98

In 2015, the actual selling expenses of the Company amounted to RMB1,637.1 million, representing a year-on-year increase of 4.17%, the percentage of selling expenses to the revenue decreased from 0.85% in 2014 to 0.80% in 2015.

In 2015, the actual administrative expense of the Company amounted to RMB9,995.4 million, representing a year-on-year increase of 10.68%, the percentage of administrative expense to the revenue decreased from 4.91% in 2014 to 4.86% in 2015.

In 2015, the actual finance expense of the Company amounted to RMB3,002.1 million, representing an increase of 1.32%, the percentage of finance cost to the revenue decreased from 1.61% in 2014 to 1.46% in 2015.

Segment results of operations

	For the year ended 31 December								
	2015			2014			Change in percentage points *(%)*		
Industry segments	**Revenue**	**Cost of sales**	**Gross profit margin**	Revenue	Cost of sales	Gross profit margin	Revenue	Cost of sales	Gross profit margin
	(RMB in million)		***(%)***	*(RMB in million)*		*(%)*			
Survey, design and consultancy	**12,454.7**	**6,947.4**	**44.22**	12,432.2	7,120.2	42.73	0.18	-2.43	1.49
Construction and contracting	**153,172.8**	**143,098.4**	**6.58**	142,436.6	133,413.2	6.34	7.54	7.26	0.24
Equipment manufacturing	**9,698.0**	**8,287.8**	**14.54**	8,897.4	7,490.7	15.81	9.00	10.64	-1.27
Civil explosives and cement production	**7,880.3**	**5,564.1**	**29.39**	8,117.7	5,663.2	30.24	-2.92	-1.75	-0.85
Investment and other businesses	**29,074.7**	**24,140.0**	**16.97**	16,446.4	12,549.5	23.69	76.78	92.36	-6.72
Inter-segment elimination(1)	**(6,587.6)**	**(6,340.0)**	**–**	(4,506.3)	(4,055.8)	–	–	–	–
Unallocated items(2)	**–**	**937.1**	**–**	–	1,426.5	–	–	–	–
Total	**205,692.9**	**182,634.8**	**11.21**	183,824.0	163,607.5	11.00	11.90	11.63	0.21

Notes:

(1) Inter-segment elimination mainly represents the provision of goods or services between business segments.

(2) Unallocated items mainly represent provisions for impairment of inventories and certain business tax and surcharges, which could not be attributed to any business segment.

The total revenue of the Company increased by 11.90% from RMB183,824.0 million in 2014 to RMB205,692.9 million in 2015.

The cost of sales of the Company increased by 11.63% from RMB163,607.5 million in 2014 to RMB182,634.8 million in 2015, generally in line with the increase in revenue in the same period.

The gross profit of the Company was RMB20,216.5 million and RMB23,058.1 million in 2014 and 2015, respectively, and the gross profit margin remained stable at 11.00% and 11.21%, respectively, in the same period.

Survey, Design and Consultancy Business

This business generates revenue primarily from providing survey and design services for fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission and other non-power projects in China and overseas. The Company also generates revenue from providing a wide range of consultancy services in respect of power industry policies, as well as power project testing, assessment and supervision services.

Segment revenue before inter-segment elimination of survey, design and consultancy business remained relatively stable at RMB12,432.2 million and RMB12,454.7 million in 2014 and 2015, respectively.

Cost of sales before inter-segment elimination for survey, design and consultancy business remained relatively stable at RMB7,120.2 million and RMB6,947.4 million in 2014 and 2015, respectively.

Segment gross profit before inter-segment elimination of survey, design and consultancy business was RMB5,312.0 million and RMB5,507.3 million in 2014 and 2015, respectively, and segment gross profit margin was 42.73% and 44.22%, respectively, in the same period, which was mainly due to the high pressure projects with high gross profit margin during the year.

Construction and Contracting Business

This business generates revenue primarily from providing construction services for fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission and other non-power projects in China.

Segment revenue before inter-segment elimination of construction and contracting business increased by 7.54% from RMB142,436.6 million in 2014 to RMB153,172.8 million in 2015. This increase was mainly attributable to (i) an increase of business volume in China and overseas; and (ii) an increase of EPC business (a form of contracting management for design, procurement and construction business) driven by synergies with survey, design and consultancy business.

Cost of sales before inter-segment elimination for construction and contracting business increased by 7.26% from RMB133,413.2 million in 2014 to RMB143,098.4 million in 2015, slightly lower than the growth rate of the segment revenue.

Segment gross profit before inter-segment elimination of construction and contracting business was RMB9,023.4 million and RMB10,074.4 million in 2014 and 2015, respectively, and segment gross margin was 6.34% and 6.58%, respectively, in the same period. The increase in gross margin was mainly because of the overseas projects, which generally have higher profit margins, accounted for a greater proportion of revenue during this period.

Equipment Manufacturing Business

This business generates revenue primarily from the design, manufacture and sale of equipment for use in the power industry, including ancillary equipment for power plants, power grid equipment, steel structure and energy conservation and environmental protection equipment.

Segment revenue before inter-segment elimination of equipment manufacturing business increased by 9.00% from RMB8,897.4 million in 2014 to RMB9,698.0 million in 2015. This increase was mainly because a new manufacturing and sales business for power-generating equipment was set up in the subsidiary China Gezhouba Group Company Limited.

Cost of sales before inter-segment elimination for equipment manufacturing business increased by 10.64% from RMB7,490.7 million in 2014 to RMB8,287.8 million in 2015, slightly higher than the growth rate of segment revenue.

Segment gross profit before inter-segment elimination of equipment manufacturing business was RMB1,406.7 million and RMB1,410.2 million in 2014 and 2015, respectively, and segment gross profit margin was 15.81% and 14.54%, respectively. The decrease in gross profit margin was mainly because of the transformation and upgrading of subsidiary in equipment manufacturing, affected by the macro economy. In order to control the lagged production capability and reduce the overstocked products, prices for corresponding products will be set relatively low, therefore the gross profit margin of mechanical products decreased.

Civil Explosives and Cement Production Business

This business generates revenue primarily from the manufacture and sale of civil explosives and cement products and the provision of blasting services.

Segment revenue before inter-segment elimination of civil explosives and cement production business decreased by 2.92% from RMB8,117.7 million in 2014 to RMB7,880.3 million in 2015. This decrease was mainly attributable to a decrease in the average selling price of cement products during the reporting period.

Cost of sales before inter-segment elimination for civil explosives and cement production business decreased by 1.75% from RMB5,663.2 million in 2014 to RMB5,564.1 million in 2015, generally in line with the segment revenue.

Segment gross profit before inter-segment elimination of civil explosives and cement production business was RMB2,454.5 million and RMB2,316.2 million in 2014 and 2015, respectively, and segment gross profit margin remained relatively stable at 30.24% and 29.39%, respectively, in the same period.

Investment and Other Businesses

This business generates revenue primarily from investment in, operation or sale of power projects, real estate development and other equity investments.

Segment revenue before inter-segment elimination of investment and other businesses increased by 76.78% from RMB16,446.4 million in 2014 to RMB29,074.7 million in 2015. The increase was primarily attributable to the significant increase of real estate development and the newly opened renewable resources business.

Cost of sales before inter-segment elimination for investment and other businesses increased by 92.36% from RMB12,549.5 million in 2014 to RMB24,140.0 million in 2015, slightly higher than the growth rate of the segment revenue.

Segment gross profit before inter-segment elimination of investment and other businesses was RMB3,896.9 million and RMB4,934.7 million in 2014 and 2015, respectively. Segment gross margin decreased from 23.69% in 2014 to 16.97% in 2015, mainly because the gross profit margin of the newly opened water resources and hydropower investment and environmental business was relatively low, which lowered the overall gross profit margin.

Cash Flows

	For the year ended 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
Net cash (used in)/generated from operating activities	**(3,834.2)**	5,231.7
Net cash used in investing activities	**(3,342.0)**	(5,044.8)
Net cash generated from financing activities	**25,395.0**	5,060.1
Net increase in cash and cash equivalents	**18,218.8**	5,247.0
Cash and cash equivalents at the beginning of year	**28,756.6**	23,505.4
Exchange losses of cash and cash equivalents	**261.6**	4.2
Cash and cash equivalents at the end of year	**47,237.0**	28,756.6

Cash Flow Generated from Operating Activities

In 2015, the net cash used in operating activities of the Company amounted to RMB3,834.2 million, which was primary due to the following reasons: (i) an increase of RMB13,179.9 million arising from prepayment, deposit and other receivables as the Company pre-paid large sums of cash for land purchase for the real estate development; (ii) an increase of RMB8,454.3 million arising from trade receivables and bills receivables. The cash outflow was partially offset by increase in trade and bills payables.

Cash Flow Generated from Investing Activities

In 2015, net cash used in investing activities decreased from RMB5,044.8 million in 2014 to RMB3,342.0 million in 2015, representing a decrease of RMB1,702.8 million or 33.75%, mainly including the increase of other loans receivable of RMB17,587.2 million as a result of providing loans to associates, payment in cash of RMB5,013.3 million for the purchase of property, plants and equipment, partially offset by other loans receivables of RMB18,696.6 million received from repayment of loans to associates.

Cash Flow Generated from Financing Activities

In 2015, net cash generated from financing activities was RMB25,395.0 million, representing an increase of RMB20,334.9 million or 401.87% from RMB5,060.1 million in 2014, mainly due to an increase of RMB10,542.3 million in newly issued shares this year and an increase of RMB46,711.8 million in borrowings.

In 2015, net cash generated from borrowing activities was RMB16,809.7 million, primarily consisting of new bank and other borrowings of RMB46,711.8 million, which was partially offset by repayment of bank and other borrowings of RMB29,902.1 million.

Capital Expenditures

In the past, we incurred capital expenditures primarily for expenditures on property, plant and equipment, as well as intangible assets (such as concession rights of toll roads). The following table sets forth the components of capital expenditures for the periods indicated:

	Year ended 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
Property, plant and equipment	**4,616.2**	2,917.4
Prepaid land lease payment	**495.3**	636.6
Intangible assets	**745.2**	484.6
Investment properties	**13.8**	7.6
Total	**5,870.5**	4,046.2

Indebtedness

	As at 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
Long-term		
Bank borrowings		
Unsecured	**19,394.5**	14,297.3
Secured	**9,045.2**	11,566.6
Other borrowings		
Secured	**1,525.8**	–
Corporate bonds(1)	**5,773.6**	6,109.8
Finance lease payables(2)	**279.1**	562.2
Sub-total	**36,018.2**	32,535.9

	As at 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
Short-term		
Bank borrowings		
Unsecured	**28,969.7**	18,249.5
Secured	**4,180.7**	2,015.7
Other borrowings		
Unsecured	**1,784.1**	2,996.5
Secured	**226.1**	–
Corporate bonds	**500.0**	506.0
Finance lease payables[(2)]	**228.8**	144.4
Short-term financing notes[(3)]	**3,516.0**	3,557.8
Sub-total	**39,405.4**	27,469.9
Total	**75,423.6**	60,005.8

Notes:

(1) The corporate bonds are unsecured medium-term notes.

(2) The Company lease certain buildings and machinery for construction operations.

(3) The short-term financing notes are unsecured with fixed interest rate.

As of 31 December 2015, bank and other borrowings denominated in currencies other than the functional currencies of respective entities are set out as below:

	As at 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
USD	**1,110.8**	890.3
Japanese Yen	**120.3**	119.2
EURO	**3.8**	–
Total	**1,234.9**	1,009.5

The following table sets forth the guaranteed portion of bank borrowings and other borrowings:

	As at 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
Guaranteed by:		
Ultimate holding company	**185.0**	3,560.5
Third parties	**436.3**	2,319.2
Total	**621.3**	5,879.7

The following table sets forth the maturity profile of indebtedness as of the dates indicated:

	As at 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
Repayable on demand or within one year	**39,405.4**	27,469.9
Repayable after 1 year but within 2 years	**7,232.9**	7,588.8
Repayable after 2 years but within 3 years	**9,366.6**	6,277.6
Repayable after 3 years but within 4 years	**3,596.2**	2,634.9
Repayable after 4 years but within 5 years	**1,811.0**	2,630.1
Repayable after 5 years	**14,011.5**	13,404.5
Total	**75,423.6**	60,005.8

The following table sets forth the effective interest rate ranges of bank borrowings, other borrowings, corporate bonds, finance lease payables and short-term financing notes as of the dates indicated:

	As at 31 December	
	2015	2014
	(%)	*(%)*
Bank borrowings	**1.05-9.60**	1.1-10.0
Other borrowings	**4.655-6.48**	6.0-10.0
Corporate bonds	**4.75-5.85**	4.3-5.9
Short-term financing notes	**3.08-3.38**	4.1-4.7
Finance lease payables	**5.15-8.00**	5.2-8.0

The following table sets forth the fixed and floating rate of bank and other borrowings as of the dates indicated:

	As at 31 December			
	2015		2014	
	(RMB in million)	**%**	*(RMB in million)*	%
Fixed rate bank and other borrowings	**34,723.9**	**1.05-9.60**	17,460.6	1.05-10.00
Floating rate bank and other borrowings	**30,402.3**	**2.75-8.70**	31,665.0	2.36-8.64
Total	**65,126.2**		49,125.6	

Bank borrowings of the Company were incurred primarily for the purposes of working capital and investment in fixed assets. Other borrowings mainly represented deposits with China Energy Engineering Group Gezhouba Finance Co., Ltd. from the China Energy Engineering Group Co. Ltd.

Indebtedness of the Company increased by RMB15,417.8 million from 31 December 2014 to 31 December 2015, mainly due to the working capital requirements and acquisition and construction of long-term assets.

The Company did not have any material defaults in payment of bank borrowings or breaches of other debt financing obligations or breaches of any restrictive terms. In addition, as of 31 December 2015, the Company had RMB16.0 billion of authorized but unissued debt securities,. As of 31 December 2015, the Company had RMB357.0 billion of unutilized and unrestricted bank facilities. As of 31 December 2015, the Company was not subject to any material restrictive terms in the borrowings.

PLEDGE OF ASSETS

As of 31 December 2015, the Company's assets with the following carrying amounts have been pledged to secure general banking facilities (including bank borrowings, bills payable and letter of credit):

	As of 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
Property, plant and equipment	**881.3**	1,106.1
Prepaid lease payments	**90.8**	101.9
Intangible assets	**10,008.1**	10,230.3
Trade receivables	**1,368.0**	767.6
Properties under development for sale	**10,348.9**	5,544.2
Completed properties for sale	**99.9**	903.0
Bank deposits	**2,650.6**	1,803.4
Investment property	**69.3**	–
Total	**25,516.9**	20,456.5

CONTINGENT LIABILITIES

The Company was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Company on those legal proceedings and claims when the management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice.

The following contingent liabilities arise from guarantees given to banks and non-financial institutions in respect of certain banking facilities, as well as mortgage loan guarantees provided to banks in favor of the customers of the Company.

	As of 31 December	
	2015	2014
	(RMB in million)	*(RMB in million)*
Guarantees given to banks and non-financial institutions in respect of banking facilities granted to:		
Fellow subsidiaries	**–**	928.0
Associates	**3,565.6**	536.9
Investee recognized as available-for-sale financial asset	**79.5**	123.0
	3,645.1	1,587.9
Mortgage loan guarantees provided by the Company to banks in favor of its customers	**778.8**	1,638.2
Total	**4,423.9**	3,226.1

The Company had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Company's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Company is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Company is then entitled to take over the legal title of the related properties. The guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the buyer obtained the individual property ownership certificate. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Company are insignificant at initial recognition, and the Directors consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realizable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in the financial information for these guarantees.

There has been no material change in contingent liabilities of the Company since 31 December 2015 to the date of this announcement.

SUBSEQUENT EVENTS

(a) On 8 January 2016, the Company issued an additional 420,396,364 H shares of RMB1.00 by partially exercising the over-allotment option set out in the prospectus of the Company issued on 27 November 2015 at the price of HK$1.59 per share.

(b) On 23 February 2016, CGGC issued corporation bonds at principal amount of RMB3,000,000,000 with a term of five years. Such corporate bonds are interest-bearing at the rate of 3.14% per annum.

(c) In March 2016, as approved by the State Council of the PRC, starting from 1 May 2016, the replacement of business tax with value added tax (the "**VAT Pilot Program**") will be implemented nationwide to cover various industries including construction, real estate, financial service and lifestyle services.

On 23 March 2016, the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC jointly issued Cai Shui [2016] No. 36 "Notice on Tax Policy Concerning Nationwide Implementation of VAT Pilot Program" (the "**No. 36 Notice**") setting out regulations on the implementation and other relevant matters.

The VAT Pilot Program may have certain impact on the financial performance and financial position of the Group. As at the date of this announcement, detailed review of the effect of the VAT Pilot Program according to the requirements of the No.36 Notice is being undertaken by the Group.

EMPLOYEES, REMUNERATION, SHARE OPTION SCHEME AND TRAINING PROGRAM

As of 31 December 2015, the Company has 133,907 employees totally, including 32,136 managers, 41,470 professional technicians, and 40,831 operating personnel. The total remuneration of the Company's employees was RMB22,421.2 million in total for 2015.

The Company has 10,311 talents with various national registered qualifications. Also, the Company has a batch of top talents of China, including 25 scholars who enjoy the governmental special subsidy, 5 national exploration and design masters, 1 national nuclear industry engineering exploration and design master, 4 experts of new century talents project, 3 national young and middle-aged experts with outstanding contribution, and 23 national technical experts.

In 2015, the Company did not implement any stock option scheme. The Company attaches high importance to the education and training of the employees. The Company increased the input of the education and training expenditure and enhanced the employee's quality and professional skills continuously. The Company planned to train 516,200 employees in 2015 and actually trainned 561,100 employees, including on-the-job training for 396,100 employees, continuing education training for 49,800 employees, and other training for 115,200 employees.

PLAN FOR THE SIGNIFICANT INVESTMENT OR PURCHASE OF CAPITAL ASSET IN FUTURE

In 2016, the Company will follow the trend of the industrial development and the strategic orientation of China, implement the orientation requirement for proceeds from the listing of the Company, and further optimize the investment orientation. Meanwhile, the Company will favor significant fields of the strategic and functional investment merger and acquisition, investment in emerging industry, and investment in the electric energy and infrastructure of countries targeted by "One Belt One Road" initiative, speed up the industrial investment, and give consideration to both the benefits of the investment project and synergy of the investment pulling the business to expand investment returns.

SCIENCE AND TECHNOLOGY INNOVATION

The Company devotes itself to being a cutting-edge company with constantly improving the core competitiveness of the enterprise to occupy the market with technological superiority. The Company actively promoted the enterprises to carry out collaborative innovation and research in ultralow emissions of coal-fired power plant, smart grid, intelligent substation, electric charging of electric vehicles, new energy and other areas. The Company completed the research of the National Science-technology Support Plan Projects research on 1200 MW level USC power generation technology over 600°C (超600°C的1200兆瓦等級超臨界發電技術研究) and optimization and integration of secondary reheat unit thermal system (二次再熱機組熱力系統優化與集成), AP series of three generations of nuclear grade electric device used in nuclear power plants (AP系列三代核電站用核級電動裝置), nuclear power CAP1400 forced air cooling isolated-phase bus (核電CAP1400強迫風冷離相封閉母線) and a number of research projects achieved breakthrough. And part of the results has been applied in engineering practice, which has promoted the transformation and upgrading of the enterprise.

In 2015, the total expenses on research and development of the Company was about RMB2.242 billion, representing a year-on year increase of 14.67%, 1 national enterprise technology center, 1 academician and expert workstation and 5 provincial and municipal technology innovation platforms were newly built. The technology research and development system was formed with the academician and expert workstation, 5 postdoctoral research and development workstations, 2 national research institutions and 37 provincial research institutions as the main body, and the number of high-tech enterprises has reached 50. Throughout the year, it has won two national science and technology awards, 18 science and technology awards in provincial and ministerial level and 138 science and technology awards in the industry level; prepared 72 national and industry technology standards; obtained 93 software copyrights; obtained 1,349 patent licenses, including 252 invention patents, representing an increase of 6.6% on a year-on-year basis and cumulatively owned 5,310 effective patents, including 616 invention patents.

RISK

Exchange Rate Fluctuation Risk

Most businesses of the Company are operated in China, thus the functional currency applied in the financial statements of the Company is RMB. The Company plans to expand the overseas business, and it is expected that the income and expense dominated in foreign currency will be increased significantly. The exchange rate fluctuation may have influence on the service pricing and the cost of procurement of materials and equipment of the Company by foreign exchange and therefore influence the financial position and operating performance.

Business Risks

Macroeconomic Risks

The domestic and international economic downward pressure increases and the domestic structure of the power source and the acceleration of the distribution adjustment have some influence on the operation of the Company. The Company will pay close attention to the macroeconomic development trend, and will further adjust the industrial structure, enhance the risk prevention and control capacity through reform, innovation, transformation, and upgrading.

Industrial prospect risk

The growth of the domestic demand tends to be slow overall, the pressure on the ecological environment increases, the development of the thermal power and hydropower is limited to a certain extent, and the influence of the structural reform for the supplier on the construction industry remains to be investigated. The Company will continue to strengthen the traditional market, develop the high-end market and the incremental market, enhance the diversified operation, achieving the goal of the corporation's steady development.

International operation risk

The international operation confronts the legal risk, political risk, non-traditional public threat, exchange rate risk and other traditional risks. As an experienced international engineering contractor, the Company will grasp various opportunities brought by China's strategic deployment of "One Belt and One Road", and complete the goals of international operation through strengthening the market operation, business management, and project performance.

Competition risk

The phenomena of the excess capacity and the disparity of demand and supply of market in construction industry still exist. The market competition is still fierce and complex under the impact of the industrial prospect and macro-economy. The Company will further develop the coordination potential of the industry chain, strengthen the control and management of the headquarters, the high-end management, and enhance the core competitiveness.

Investment risk

The domestic demand recovers slowly, the growth speed of the investment slows down, and the overseas investment confronts the political and economic risks. The Company will follow closely the trend of the industrial development, optimize the investment orientation, select the investment project, and strengthen the project management, endeavoring to achieve the investment goals.

OUTLOOK

In 2016, domestic electric power construction market will still maintain the growth trend. It is estimated that, during the period of "13th Five Year Plan", the Chinese power may record an average increase of approximately 4.8%. Meanwhile, the upgrade and transform efforts in the domestic power market will be strengthened. Driven by the fact that the nation requires to fully implement the ultra low emission of coal-fired power plants and energy saving transformation and to complete the transformation of 580 million kilowatts by 2020, the upgrade and transform market of fossil-fuel power units will further increase. The domestic non-power projects market is expected to maintain fast growth. It is expected that the fixed asset investment will maintain its high growth from 2014 to 2015, hydraulic engineering, railway engineering, city subway rail, urban comprehensive pipe gallery, environmental protection facilities, sponge city construction will become key investment fields.

For the international market, although the global infrastructure construction market is still in recovery, with the establishment of new pattern of China's all-round opening-up and the successive implementation of cooperation mechanisms such as the strategy of "One Belt and One Road" and 461 China-Africa Cooperation Framework, and the successive operation of financial supports such as Asian Infrastructure Investment Bank and Silk Road Fund Co., Ltd., the regional economic integration and the development of contracting overseas projects will be further promoted, among which the demand of power construction will continue to grow. The electricity consumption per capita in India, Pakistan, Bangladesh, Indonesia, and most of African areas is still far below the world's average level, which are the important markets of new power installed.

The above international and domestic market situation shows that the investment in power and other fixed assets will keep in steady increase in 2016, which will provide a good opportunity for the development of the Company.

USE OF NET PROCEEDS FROM THE LISTING

As at 10 December 2015, the Company issued 8,000,000,000 H shares under the initial public offering. Selling shareholders disposed 800,000,000 H shares under the global offering with the offer price of HK$1.59 per share. The total proceeds raised from the initial public offering was HK$13.99 billion, approximately RMB11.72 billion. As of 31 December 2015, after deducting (i) the net sales proceeds from the sale of shares by the selling shareholders in the global offering; and (ii) the underwriting commissions and other estimated expenses related to the global offering, the Company received net proceeds of HK$12.39 billion, approximately RMB10.27 billion from issuing new shares under the Global Offering. The Company intends to apply such net proceeds according to the allocations set out in the relevant sections in the prospectus issued on 27 November 2015.

As of 31 December 2015, the Company has not yet utilized the above proceeds.

DIVIDEND

The Board recommended the payment of a final dividend of RMB0.416 cents per share (tax inclusive) for the year ended 31 December 2015, with a total amount of approximately RMB124.9 million, subject to the approval of shareholders at the annual general meeting (the "**AGM**") held on 8 June 2016. If approved, the dividend is expected to be paid on 29 July 2016 to shareholders whose names appear on the register of members of the Company on 20 June 2016.

FINAL DIVIDEND INCOME TAX WITHHOLDING

Enterprise income tax withholding of non-resident enterprise shareholders

Enterprise income tax withholding of non-resident enterprise shareholders in accordance with "the Enterprise Income Tax Law of the People's Republic of China" (the "**Enterprise Income Tax Law**") and its implementation regulations and "**The Notice on the Issues Concerning Enterprise Income Tax Withholding of Dividends Paid to Overseas Nonresident Enterprise Shareholders of H shares by Resident Enterprise in the PRC**" (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國税函[2008]897號)) issued by the State Administration of Taxation of the PRC, the Company shall be obligated to withhold 10% enterprise income tax before it distributes the final dividends to non-resident enterprise shareholders as listed on the Company's register of members of H shares (the "**Register of Members of H shares**") on Monday, 20 June 2016 (the "**Record Date**"). Any H shares registered in the name of non-individual shareholders is deemed as held by the non-resident enterprise shareholders. As such, the enterprise income tax shall be deducted from the dividend thereof. The non-resident enterprise shareholders shall apply to relevant tax authorities for refund according to applicable tax arrangements (if any).

After the legal opinion is provided by the resident enterprise shareholders within the stipulated time frame and upon the Company's confirmation of such opinion, the Company will not withhold any enterprise income tax when it distributes the final dividends to resident enterprise shareholders of H shares as listed on the Register of Members of H shares on the Record Date. If any resident enterprise (the same meanings as defined in the Enterprise Income Tax Law) listed on the register of members of H shares which is duly incorporated in the PRC or under the laws of a foreign country (region) but with a PRC-based de facto management body, does not desire the Company to withhold the aforesaid 10% enterprise income tax, a legal opinion, issued by a qualified lawyer in mainland China (inscribed with the seal of the applicable law firm), that verifies its resident enterprise status shall be lodged at the Company's H Share Registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 14 June 2016.

Individual income tax withholding of overseas resident individual shareholders

"The Notice on the Issues Concerning Tax on the Earnings from Transfer of Stocks (Stock Rights) and on the Income Tax from Dividends Received by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners" (Guo Shui Fa [1993] No. 045) (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得税收問題的通知》(國税發[1993]045號)) (the "**93 Notice**") issued by the State Administration of Taxation of the PRC, where individual foreigners holding H shares are exempted from paying individual income tax for dividends (bonuses) obtained from companies incorporated in the PRC that issue H shares, was repealed under "The Announcement on the List of Fully and Partially Invalidated and Repealed Tax Regulatory Documents" (《關於公佈全文失效廢止、部分條款失效廢止的税收規範性文件目錄的公告》) issued by the State Administration of Taxation of the PRC on 4 January 2011. On 28 June 2011, the State Administration of Taxation issued "The Notice on the Issues Concerning the Collection and Administration of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045" (Guo Shui Han [2011] No. 348) (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011]348號)) (the "**2011 Notice**"). The 2011 Notice has clarified the issues concerning the collection of individual income tax arising from H share dividends received by individual foreigners following the repeal of the 93 Notice.

Due to the change in the tax regulations of the PRC as mentioned above, a company, as the withholding agents, should withhold the individual income tax for the overseas resident individual shareholders on the dividends income (bonus) of the shares issued in Hong Kong by domestic non-foreign-invested enterprises under the item of "interests, dividend and bonus income" in accordance with the laws. After the Company's repeated consultation with competent tax authorities, they confirmed that the Company should withhold the individual income tax for the dividends or bonus income received by the overseas resident individual shareholders of the Company. However, the overseas resident individual shareholders holding the shares of the Company may be entitled to the relevant favourable tax treatments pursuant to the provisions in the tax treaties between the country(ies) in which they are domiciled and the PRC, and the tax arrangements between the mainland China and Hong Kong (Macau). As such, the Company will withhold individual income tax for H share individual shareholders in accordance with the following rules:

- for the H share individual shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such shareholders in the distribution of final dividend;

- for the H share individual shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of such shareholders in the distribution of final dividend, while such shareholders may apply to competent tax authority for refund in accordance with the actual tax rate under such tax treaties;

- for the H share individual shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty in the distribution of final dividend;

- for the H share individual shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such shareholders in the distribution of final dividend.

If a H share individual shareholder considers that his/her individual income tax withheld by the Company does not comply with the tax rate stipulated by the tax treaties between country(ies) or region(s) in which he/she is domiciled and the PRC, he/she should file a timely authorisation letter together with the reporting materials relating to him/her being a resident of the related country or region, to the Company's H Share Registrars, Computershare Hong Kong Investor Services Limited by no later than 4:30 p.m. on Tuesday, 14 June 2016. The materials will be submitted to the competent tax authority by the Company, for subsequent taxation handling.

Non-resident enterprise shareholders or overseas resident individual shareholders of the Company may seek advice from their tax advisor in relation to the tax impact of the mainland China, Hong Kong and other countries (regions) involved in owning and disposing of H shares of the Company if they have any question on the above arrangements.

CLOSURE OF REGISTER OF MEMBERS

The holders of H shares and domestic shares whose names appear on the register of members of the Company on Wednesday, 8 June 2016 are qualified to attend and vote at the forthcoming annual general meeting of the Company. The register of members of the Company will be closed from Monday, 9 May 2016 to Wednesday, 8 June 2016 (both days inclusive), during which no transfer of shares can be registered. All transfer documents together with the relevant share certificates and transfer forms must be lodged with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the registered office of the Company at Building 106, Lize Zhongyuan, Chaoyang District, Beijing, the PRC (for holders of domestic shares) no later than 4:30 p.m. on Friday, 6 May 2016.

The holders of H shares and domestic shares whose names appear on the register of members of the Company on Monday, 20 June 2016 are qualified to receive the final dividend to be approved by the shareholders of the Company. The register of members of the Company will also be closed from Wednesday, 15 June 2016 to Monday, 20 June 2016 (both days inclusive), during which no transfer of shares can be registered. All transfer documents together with the relevant share certificates and transfer forms must be lodged with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the registered office of the Company at Building 106, Lize Zhongyuan, Chaoyang District, Beijing, the PRC (for holders of domestic shares) no later than 4:30 p.m. on Tuesday, 14 June 2016.

THE CORPORATE GOVERNANCE CODE

The Company is committed to maintain a high standard of corporate governance, so as to safeguard the rights and interests of shareholders and improve enterprise value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the corporate governance code of the Company. During the period from 10 December 2015 (the "**Listing Date**") to 31 December 2015, the Company has always complied with all code provisions contained in the CG Code. The Company will continue to review and improve its corporate governance practices, so as to ensure the compliance with the corporate governance codes.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by relevant directors of the Company. According to the specific enquiries made to all directors and supervisors, all directors, supervisors and senior management have confirmed that they have always complied with the standards set out in the Model Code during the period from Listing Date to 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**"). Its primary duties include, among other things, the review and supervision of the Company's financial reporting process and internal control system. The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Ding Yuanchen, Mr. Ma Chuanjing and Mr. Cheung Yuk Ming. Mr. Ding Yuanchen is the chairman of the Audit Committee. Mr. Cheung Yuk Ming has professional qualifications and experience in accounting and financial matters.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results of the Group for the year ended 31 December 2015. The Audit Committee considered that the consolidated results of the Group for the year ended 31 December 2015 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been duly made in this announcement in accordance with Appendix 16 of the Listing Rules.

PUBLICATION OF AUDITED CONSOLIDATED ANNUAL RESULTS AND THE 2015 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.ceec.net.cn) respectively.

The Company will dispatch all the information required by the Listing Rules together with the 2015 annual report of the Company to the shareholders in due course, which will also be published on the websites of the Company and the Stock Exchange.

By Order of the Board
CHINA ENERGY ENGINEERING CORPORATION LIMITED
Wang Jianping
Chairman

Beijing, the PRC
29 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Wang Jianping, Mr. Ding Yanzhang and Mr. Zhang Xianchong; the non-executive director is Mr. Ma Chuanjing; and the independent non-executive directors are Mr. Ding Yuanchen, Mr. Wang Bin, Mr. Zheng Qiyu and Mr. Cheung Yuk Ming.