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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

HALF-YEAR FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2016:

The revenue of the Company was RMB92,115.2 million, representing an increase of 6.10% as compared with the corresponding period last year.

Net profit attributable to equity holders of the Company was RMB2,210.1 million, representing an increase of 36.21% as compared with the corresponding period last year.

Basic earnings per share was RMB7.37 cents per share, representing a decrease of RMB0.14 cents per share as compared with the corresponding period last year.

The Board of Directors does not recommend the payment of any interim dividends for the six months ended 30 June 2016.

The Board of Directors (the "**Board**") of China Energy Engineering Corporation Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016 (the "**2016 Interim Results**"), together with the comparative figures of the corresponding period in 2015.

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*2*	**92,115,217**	86,819,757
Cost of sales		**(81,838,267)**	(76,853,615)
Gross profit		**10,276,950**	9,966,142
Other income		**374,370**	369,398
Other gains and losses	*3*	**243,602**	79,512
Selling expenses		**(784,764)**	(689,089)
Administrative expenses		**(4,599,461)**	(4,336,102)
Research and development expenses		**(759,824)**	(501,663)
Finance income	*4*	**313,230**	327,935
Finance costs	*4*	**(1,363,795)**	(1,584,745)
Share of profit of joint ventures		**8,508**	33,569
Share of loss of associates		**(7,306)**	(2,150)
Profit before tax		**3,701,510**	3,662,807
Income tax expense	*5*	**(857,011)**	(901,376)
Profit for the period		**2,844,499**	2,761,431
Other comprehensive (expense) income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
– Remeasurement of defined benefit obligations		**(2,210)**	(1,430)
– Income tax relating to remeasurement of defined benefit obligations		**121**	66
		(2,089)	(1,364)

	Notes	Six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**(32,244)**	(12,663)
– Net fair value loss on available-for-sale financial assets		**(380,113)**	(172,418)
– Reclassification adjustment to profit or loss on disposal of available-for-sale financial assets		**(659)**	(17,200)
– Income tax relating to items that may be reclassified subsequently to profit or loss		**81,044**	49,148
		(331,972)	(153,133)
Other comprehensive expense for the period, net of income tax		**(334,061)**	(154,497)
Total comprehensive income for the period		**2,510,438**	2,606,934
Profit for the period attributable to:			
Owners of the Company		**2,210,115**	1,622,624
Holders of perpetual capital instruments		**38,726**	–
Non-controlling interests		**595,658**	1,138,807
		2,844,499	2,761,431
Total comprehensive income attributable to:			
Owners of the Company		**1,945,954**	1,561,199
Holders of perpetual capital instruments		**38,726**	–
Non-controlling interests		**525,758**	1,045,735
		2,510,438	2,606,934
Earnings per share			
– Basic and diluted (RMB cents)	*6*	**7.37**	7.51

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**28,392,600**	27,701,938
Prepaid lease payments		**8,003,611**	8,042,079
Investment properties		**677,221**	693,514
Intangible assets		**14,041,173**	16,433,014
Investments in joint ventures		**3,160,773**	2,868,041
Investments in associates		**1,788,163**	1,656,748
Goodwill		**779,958**	779,958
Available-for-sale financial assets		**6,780,173**	6,536,527
Deferred tax assets		**1,292,910**	1,125,493
Trade receivables	*8*	**7,562,719**	7,113,935
Prepayments, deposits and other receivables		**1,904,043**	1,469,568
Other loans		**400,000**	1,300,000
		74,783,344	75,720,815
CURRENT ASSETS			
Inventories		**10,758,452**	9,243,066
Properties under development for sale		**25,196,490**	17,503,195
Completed properties for sale		**2,384,956**	2,116,053
Amounts due from customers for construction contracts		**25,073,958**	17,193,862
Trade and bills receivables	*8*	**52,117,337**	47,374,834
Prepayments, deposits and other receivables		**39,226,655**	36,586,775
Prepaid lease payments		**178,561**	192,057
Other loans		**1,764,043**	3,699,230
Financial assets at fair value through profit or loss		**90,058**	66,663
Pledged deposits		**2,333,428**	2,650,613
Bank and cash balances		**37,989,160**	48,250,759
		197,113,098	184,877,107

	Notes	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*9*	**64,834,940**	62,459,066
Amounts due to customers for construction contracts		**5,504,120**	4,553,593
Other payables and accruals		**46,466,863**	43,464,444
Income tax payable		**567,222**	952,058
Bank and other borrowings		**27,206,822**	35,160,620
Short-term financing notes		**3,573,067**	3,515,981
Defined benefit obligations		**722,563**	776,240
Corporate bonds		**–**	500,000
Finance lease payables		**30,736**	228,775
Provisions		**260,746**	323,917
		149,167,079	151,934,694
NET CURRENT ASSETS		**47,946,019**	32,942,413
TOTAL ASSETS LESS CURRENT LIABILITIES		**122,729,363**	108,663,228
NON-CURRENT LIABILITIES			
Other payables and accruals		**76,257**	359,240
Bank and other borrowings		**30,282,205**	29,965,531
Finance lease payables		**282,259**	279,103
Corporate bonds		**15,744,671**	5,773,612
Defined benefit obligations		**9,902,597**	10,077,718
Deferred tax liabilities		**1,115,876**	1,041,467
Deferred revenue		**736,958**	374,185
		58,140,823	47,870,856
NET ASSETS		**64,588,540**	60,792,372
Capital and reserves			
Issued share capital		**30,020,396**	29,600,000
Reserves		**14,315,279**	12,375,732
Equity attributable to owners of the Company		**44,335,675**	41,975,732
Perpetual capital instruments		**4,000,000**	1,000,000
Non-controlling interests		**16,252,865**	17,816,640
TOTAL EQUITY		**64,588,540**	60,792,372

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. GENERAL INFORMATION

The Company was established in the People's Republic of China (the "**PRC**") on 19 December 2014 as a joint stock company with limited liability and its H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect form 10 December 2015. The address of the Company's registered office is Building 106, Lize Zhongyuan, Chaoyang District, Beijing, the PRC. In the opinion of the directors of the Company (the "**Directors**"), China Energy Engineering Group Co., Ltd. is the immediate and ultimate holding company of the Company.

2. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from:		
Construction contracts	**70,933,693**	70,277,562
Rendering of other services	**10,549,124**	6,037,043
Sale of properties	**2,474,065**	2,907,659
Sale of goods	**8,158,335**	7,597,493
Total	**92,115,217**	86,819,757

The executive directors of the Company are identified as the chief operating decision maker (the "**CODM**") of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

- Provision of survey and design services for large scale power generation, transformation and transmission projects of fossil-fuel power, hydropower, nuclear power, wind farms and solar power in China and overseas, and the provision of a broad range of consulting services, such as the policy and planning of power industry as well as testing, evaluation and supervision of power projects ("**Survey, design and consulting**");

- Provision of construction and contracting services for large scale power generation, transformation and transmission projects of fossil-fuel power, hydropower, nuclear power, wind farm and solar power in China and overseas, as well as undertaking other types of construction projects, such as water conservancy facilities, transportation, municipal engineering, industrial and civil construction projects ("**Construction and contracting**");

- Design, manufacturing and sales of various types of equipment for various sectors of the power industry, including mainly auxiliary machinery equipment for power plants, power grid equipment, steel structure, energy-saving and environmental-friendly equipment and complete sets of equipment ("**Equipment manufacturing**");

- Manufacturing and sales of civil explosives and cement, and the provision of blasting services for construction projects ("**Civil explosives and cement production**");

- Investing in and operating power plants, infrastructure projects (such as railways and roads) and environmental water project operation, as well as engaging in the real estate developing business ("**Investment and other businesses**").

Segment revenue and results

For the six months ended 30 June 2016 (Unaudited)

	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	5,696,369	65,237,324	4,121,622	4,036,713	13,023,189	–	92,115,217
Inter-segment revenue	204,690	2,954,584	85,165	–	5,825	(3,250,264)	–
Segment revenue	5,901,059	68,191,908	4,206,787	4,036,713	13,029,014	(3,250,264)	92,115,217
Segment results	1,790,303	3,261,310	(86,024)	446,816	1,377,001	(107,130)	6,682,276
Unallocated items							
Cost of sales							(350,367)
Other income							374,370
Other gains and losses							243,602
Selling expenses							(73,612)
Administrative expenses							(1,822,547)
Research and development expenses							(302,849)
Finance income							313,230
Finance costs							(1,363,795)
Share of profit of joint ventures							8,508
Share of loss of associates							(7,306)
Profit before tax							3,701,510

For the six months ended 30 June 2015 (Unaudited)

	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	5,185,193	65,092,369	3,748,737	3,848,756	8,944,702	–	86,819,757
Inter-segment revenue	26,539	1,872,828	545,588	–	15,192	(2,460,147)	–
Segment revenue	5,211,732	66,965,197	4,294,325	3,848,756	8,959,894	(2,460,147)	86,819,757
Segment results	1,522,283	3,480,382	(75,912)	580,764	1,660,671	(124,154)	7,044,034
Unallocated items							
Cost of sales							(582,353)
Other income							369,398
Other gains and losses							79,512
Selling expenses							(67,462)
Administrative expenses							(1,759,433)
Research and development expenses							(195,498)
Finance income							327,935
Finance costs							(1,584,745)
Share of profit of joint ventures							33,569
Share of loss of associates							(2,150)
Profit before tax							3,662,807

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:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Segment revenue		
Mainland China	**79,032,071**	74,389,313
Overseas:		
Pakistan	**2,762,282**	1,738,841
Vietnam	**1,063,340**	181,701
Philippines	**915,287**	295,142
Others	**8,342,237**	10,214,760
Total	**92,115,217**	86,819,757

	At 30 June	At 31 December
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets		
Mainland China	**57,454,577**	58,893,783
Overseas:		
Vietnam	**464,930**	217,249
Liberia	**155,033**	143,843
State of Libya	**93,299**	110,948
Ethiopia	**65,532**	110,011
Others	**463,211**	169,026
Total	**58,696,582**	59,644,860

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

Revenue from major customers

There is no major individual customer contributing over 10% of the total revenue of the Group for the six months ended 30 June 2016 (30 June 2015: nil).

Segment assets and liabilities

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

3. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain	**117,967**	8,005
Gain/(loss) on disposal of:		
– Associates	**41,030**	–
– Financial assets at fair value through profit or loss ("FVTPL")	**8,192**	196,747
– Available-for-sale financial assets measured at cost	**(368)**	112,468
– Property, plant and equipment	**16**	44,810
– Prepaid lease payments	**80,517**	–
– Subsidiaries	**230,045**	15,726
Impairment loss recognised in respect of:		
– Trade receivables	**(227,445)**	(214,041)
– Other receivables	**(20,405)**	(60,312)
– Available-for-sale financial assets	**–**	(28,719)
– Interests in associates	**–**	(988)
– Property, plant and equipment	**–**	(585)
Fair value changes of financial assets at FVTPL	**4,386**	(35,902)
Cumulative gain on disposal of available-for-sale financial assets	**659**	17,200
Others	**9,008**	25,103
Total	**243,602**	79,512

4. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on:		
Bank and cash balances and pledged deposits	**221,318**	101,481
Other loans	**54,113**	182,235
Defined benefit plan assets	**37,799**	44,219
Total finance income	**313,230**	327,935
Interest expenses on:		
Bank and other borrowings	**1,549,218**	1,414,675
Corporate bonds	**216,419**	168,208
Finance leases	**19,003**	26,964
Discounted bills	**14,656**	23,765
Short-term financing notes	**57,086**	75,105
Defined benefit obligations	**195,795**	247,345
	2,052,177	1,956,062
Less: Interest capitalised in		
– Construction in progress	**46,203**	9,848
– Properties under development	**642,179**	361,469
Total finance costs	**1,363,795**	1,584,745

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.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current enterprise income tax	**820,059**	573,040
Deferred tax	**(11,844)**	227,748
Land appreciation tax ("**LAT**")	**48,796**	100,588
	857,011	901,376

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.

6. 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:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**2,210,115**	1,622,624

	Six months ended 30 June	
	2016	2015
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**30,004,227**	21,600,000

The computation of diluted earnings per share for the six-month ended 30 June 2016 does not assume the exercise of over-allotment option pursuant to the listing of the Company's H shares on the Stock Exchange since the exercise price is higher than the average market price.

No diluted earnings per share are presented as there are no potential ordinary shares outstanding during the six months ended 30 June 2015.

7. DIVIDENDS

During the current interim period, a final dividend of RMB0.00416 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, was approved at the annual general meeting of the Company held on 8 June 2016. The aggregate amount of the final dividends approved in the current interim period amounted to RMB124,884,849 (2014 final dividends approved during the six months ended 30 June 2015: nil).

The Directors do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2015: nil).

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 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. 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 the PRC law, and as such, 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. The Company will make an announcement on the outcome of the special audit and the amount of Special Distribution declared before actual payment. In the opinion of the Directors, the Special Distribution will be paid during the year ending 31 December 2016.

8. TRADE AND BILLS RECEIVABLES

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**45,368,837**	40,756,525
Retention money receivables	**7,695,014**	6,797,604
Less: allowance of doubtful debts	**(2,600,397)**	(2,375,139)
	50,463,454	45,178,990
Bills receivable	**2,831,555**	3,477,579
Build-Transfer ("**BT**")/Build-Operate-Transfer ("**BOT**") project receivables	**6,385,047**	5,832,200
Total trade and bills receivables	**59,680,056**	54,488,769
Analysed for financial reporting purpose:		
Non-current	**7,562,719**	7,113,935
Current	**52,117,337**	47,374,834
	59,680,056	54,488,769

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:

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 6 months	**37,335,545**	34,137,929
6 months to 1 year	**8,079,648**	6,497,153
1 year to 2 years	**8,217,965**	8,450,143
2 years to 3 years	**3,761,157**	3,178,505
3 years to 4 years	**1,571,698**	1,185,050
4 years to 5 years	**535,841**	476,944
Over 5 years	**178,202**	563,045
	59,680,056	54,488,769

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

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Ultimate holding company	**1,695**	1,324
Fellow subsidiaries	**8,890**	14,764
Joint ventures	**4,177**	849
Associates	**283,886**	277,254
Total	**298,648**	294,191

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 30 June 2016, the Group pledged its trade receivables from grid companies amounting to approximately RMB949,426,000 (31 December 2015: RMB1,368,035,000) to secure loan facilities granted to the Group.

9. TRADE AND BILLS PAYABLES

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**59,189,983**	56,334,038
Bills payable	**5,644,957**	6,125,028
	64,834,940	62,459,066

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

As at 30 June 2016, retention payables of RMB1,980,678,000 (31 December 2015: RMB2,242,086,000) were 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:

	At 30 June 2016 *RMB'000* **(Unaudited)**	At 31 December 2015 *RMB'000* (Audited)
Within 1 year	**53,709,073**	52,233,016
1 to 2 years	**5,675,387**	5,953,089
2 to 3 years	**2,887,747**	1,873,757
More than 3 years	**2,562,733**	2,399,204
	64,834,940	62,459,066

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

	At 30 June 2016 *RMB'000* **(Unaudited)**	At 31 December 2015 *RMB'000* (Audited)
Fellow subsidiaries	**93,289**	88,862
Joint ventures	**41**	–
Associates	**3,626**	1,061
	96,956	89,923

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.

10. EVENTS AFTER THE REPORTING PERIOD

(i) On 22 July 2016 and 5 August 2016, China Gezhouba Group Stock Company Limited issued the first tranche and the second tranche of long-term renewable corporate bonds with a total principal amount of RMB10 billion with interest rate ranging from 3.15% to 3.48% per annum.

(ii) According to the announcement made by the Company on 27 July 2016, the Group proposes to adopt the restricted share incentive scheme (the "**Scheme**"). Details of the Scheme are set out in that announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

1 OVERVIEW OF INDUSTRY DEVELOPMENT

(1) Domestic electric power construction market. According to the statistics of the National Energy Administration of the PRC, the power generation projects and power grid projects of the nationwide major power enterprises completed investment of RMB339.04 billion from January to June 2016, representing a year-on-year growth of 15%. Among which, the power generation projects of the nationwide major power enterprises completed investment of RMB121 billion, representing a year-on-year decrease of 8.37%; the power grid projects completed investment of RMB218.04 billion, representing a year-on-year growth of 33.25%. Among the power generation investment, the fossil-fuel power investment reached RMB37.87 billion, representing a year-on-year decrease of 6.41%; the hydropower investment reached RMB22.67 billion, representing a year-on-year decrease of 17.94%; the nuclear power investment reached RMB21.79 billion, representing a year-on-year growth of 7.32%; the wind power investment reached RMB24.43 billion, representing a year-on-year decrease of 38.43%.

(2) Domestic non-power engineering market. According to the statistics of the National Bureau of Statistics, the investment scale of nationwide major hydraulic engineering projects under construction remained above RMB800 billion in 2016. In the first half of the year, the hydraulic engineering investment amounted to RMB378.41 billion, representing a year-on-year growth of 27.1%. The planned investment for nationwide railway fixed assets amounted to approximately RMB800 billion, of which investment of RMB304 billion was completed in the first half of the year, representing a year-on-year growth of 9%. The planned investment in nationwide roads amounted to approximately RMB1,650 billion, of which investment of RMB646.9 billion was completed in the first half of the year, representing a year-on-year growth of 10.2%. The planned investment in nationwide port and shipping projects amounted to approximately RMB200 billion, of which investment of RMB85.1 billion was completed in the first half of the year, representing a year-on-year increase of 18.5%. The investment scale of nationwide airport projects amounted to approximately RMB200 billion, of which investment of RMB95.55 billion was completed in the first half of the year, representing a year-on-year growth of 30.1%. As for the real estate, investment of RMB6,150 billion was completed in the first half of the year, representing a year-on-year growth of 7.2%.

(3) International market. According to the latest statistics from the Ministry of Commerce of the PRC, the Chinese non-financial outbound direct investment reached USD88.86 billion in the first half of 2016, representing a year-on-year growth of 58.7%. The turnover of outbound contracting projects amounted to USD66.05 billion, representing a year-on-year decrease of 2.2% and a continuous decline in terms of the decreasing ratio. The contract amount for outbound contracting projects amounted to USD99.69 billion, representing a year-on-year growth of 15%. Among which, the contract amount for newly signed outbound contracting projects in 61 countries covered by "One Belt and One Road" amounted to USD51.45 billion, representing a year-on-year growth of 37% and accounting for 51.6% of the contract amount for newly signed outbound contracting projects during the corresponding period.

(4) Fixed asset investment. According to the National Bureau of Statistics of the PRC, the investment in fixed assets in China (excluding rural households) amounted to RMB25,840 billion from January to June 2016, representing a year-on-year growth of 9% and an actual growth of 11% after excluding the price factors. Among which, infrastructure investment (excluding power and other items) reached RMB4,910 billion, representing a year-on-year growth of 20.9%.

2 BUSINESS REVIEW

The Company is one of the largest comprehensive solutions providers for the power industry in China and in the globe, mainly engaged in survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, investment and other businesses. In the first half of 2016, although the China economy maintained stable operation in general, it still faced relatively huge downward pressure. Focusing on enhancing quality and effectiveness, the Company proactively adapted to the new normal, made great progress in promoting internal reform and decided to establish companies in technological development, finance lease and e-commerce. After completion of the conversion of the investment from branches into subsidiaries and the equity adjustment in finance companies, the Company has further refined its development function, laying a solid foundation for developing new growth points.

Seizing the opportunities arising from the expanded investment by the government in certain key sectors and regions of the country, the Company has consolidated its advantages in power business and expanded into various non-electricity businesses. Guided by China's "13th Five-Year Plan", the Company made early plans for market development, with an aim to grasp the incremental opportunities arising from the ultra low emissions of coal-fired power plants and energy saving transformation, new energy and other infrastructure construction markets. By closely following the direction of "One Belt and One Road" and Chinese government's material diplomatic strategies, the Company implemented various measures to cope with the priorities of international businesses and closely monitor the key international markets, so as to improve its internationalized operating capability. Under the continued downward pressure on domestic economy, volatile international condition, lower-than-expected momentum of economic recovery as well as the increasingly intense market competitions, the Company was still able to achieve a new contract amount of RMB234.042 billion in the first half of the year. Although the contract amount represents a year-on-year decrease of 7.80%, it exceeds the expected half year target for contract sign-ups. The quality of contracted projects has steadily improved with a more diversified structure. Among which, the value of domestic new contracts amounted to RMB163.926 billion, representing a year-on-year decrease of 3.11% and international new contract value amounted to RMB70.116 billion, representing a year-on-year decrease of 17.19%. However, the proportion of direct contracts and the value of new direct contracts to that of China's new overseas contracting projects sustained growth. As of 30 June 2016, the outstanding contract value was RMB876.522 billion in aggregate, representing an increase of 19.33% as compared to that of the end of 2015.

2.1 Survey, Design and Consultancy Business

Guided by the planning and underpinned by technical support, the Company put greater effort into the preliminary market development and took the lead to capture the market initiative while speeding up the major international collaborations at country level on power planning. Accordingly, the survey, design and consultancy business suggested a steady growth momentum. Capitalising on the active promotion of the significance of the "venturing out" policy on power planning, the Company undertook various research works of overseas power and grid planning in Ethiopia, Senegal and Mongolia. The Company also proactively explored international markets and entered into survey and design contracts for several projects, including Jayaswal Phase I 2x660 MW Coal-fired Power Plant in India (印度嘉斯邁一期2×660兆瓦燃煤電站), Balloki 1,223 MW Combined Cycle Power Plant in Pakistan (巴基斯坦百路凱1,223 兆瓦聯合循環電站) and PLTU Jawa Energy Cilacap Phase I (2x1,000 MW) Coal-fired Power Plant in Indonesia (印尼PLTU Jawa Energy Cilacap Phase I (2×1,000兆瓦)燃煤電站). Moreover, the Company expanded its shares of the domestic market with utmost effort. It executed survey and design contracts, including the national model engineering project, Zhongxing Penglai 2x1,000 MW Efficient and Ultra-clean Coal-fired Power Plant (中興蓬萊2×1,000兆瓦高效超淨燃煤電廠) and China's first Grade H Huadian Junliangcheng 9H Class Gas Turbine Project (H級華電軍糧城9H級燃機項目), as well as several representative projects including the Zhundong – Wannan ±1,100 KV ultra high-voltage direct current transmission project (准東-皖南±1,100千伏特高壓直流輸電工程) and Yuheng – Weifang 1,000 KV ultrahigh voltage alternating current transformation and transmission project (榆橫-濰坊1,000千伏特高壓交流輸變電工程), which further elevated the strength in survey and design of large-capacity ultra supercritical sets and ultrahigh (extrahigh) voltage alternating and direct current transmission, and maintained the leading position in the field of ultrahigh voltage direct current design. With respect to nuclear power design, the Company entered into the design service contract in relation to conventional islands for units 1-4 of Zhangzhou Nuclear Power Plant, which is another design project executed by the Company in relation to conventional islands for HPR 1000 (華龍一號), being the third generation nuclear power technology in China.

During the first half of 2016, the operating revenue before inter-segment elimination of the survey, design and consultancy business was RMB5.9 billion, representing a year-on-year increase of 13.23%. The value of new contracts was RMB7.115 billion, representing a year-on-year increase of 18.95%. Among this, the value of new contracts of the fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission, non-electricity and other projects were RMB1.930 billion, RMB0.088 billion, RMB0.233 billion, RMB0.367 billion, RMB3.110 billion and RMB1.387 billion, and representing a year-on-year increase of 29.10%, 229.10%, 770.71%, -14.21%, 3.97% and 36.73%, respectively. As of 30 June 2016, the outstanding contract value of the survey, design and consultancy business was RMB21.101 billion, representing an increase of 9.78% as compared to that of the end of 2015.

2.2 Construction and Contracting Business

The Company thoroughly developed traditional markets while proactively exploring emerging markets, which facilitated the transformation and upgrade of business structure. During the first half of the year, in response to the nation's key foreign strategies including the "One Belt and One Road", the Company prioritized and vigorously promoted the development of international business, and placed great effort in exploring international markets, by which the Company achieved value of international new contracts of RMB68.827 billion with the proportion of direct contracts to total contracts increased constantly. The Company successfully entered into contracts for a number of major international projects, such as Highlands Water Project in Central Iran (伊朗中部高原輸水項目), CPHGC 2x660 MW Coal-fired Power Plant in Pakistan (巴基斯坦胡布2×660兆瓦燃煤電站) and Malabo Water Supply and Pipeline Project in Equatorial Guinea (赤道幾內亞馬拉博供水及管網項目). The Company actively undertook the general contracting business and achieved new contract amount of RMB149.349 billion, and entered into several general contracting projects including 3x660 MW Fossil-fuel Power Unit of QingHai Qiaotou Aluminium Power Corporation (青海橋頭鋁電公司3×660兆瓦火電機組), Hai Duong 2x600 MW Coal-fired Power Plant in Vietnam (越南海陽2×660兆瓦燃煤電站) and Patuakhali 2x660 MW Coal-fired Power Plant in Bangladesh (孟加拉國博杜阿卡利2×660兆瓦燃煤電站). Further, the Company endeavored to expand non-electricity business, and entered into a number of major non-electricity projects, mainly including independent reform project for shanty town of Chengdu 7436 Factory Area (成都七四三六廠片區棚戶區自主改造項目), general contracting project of mine construction of Xinjiang Shengxiong Energy Co., Ltd. (新疆聖雄能源股份有限公司礦山施工總承包工程), construction engineering for multimodal transport centre (Zone C) of Xiangzhong International Logistics Park in Loudi (婁底湘中國際物流園多式聯運中心（C區）建設工程) and Malabo Water Supply and Pipeline Project in Equatorial Guinea (赤道幾內亞馬拉博供水及管網項目), achieving new contract amount of RMB70.602 billion. The Company also showed initiative in the research and development of new business model, such as 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), which further defined the objectives, focuses and measures for the development of new business model. Leveraging on the profession and strengths in investment and financing, the Company enhanced the capacity in resource integration and risk control. The Company selected high-quality projects, and entered into a number of PPP projects, including engineering projects for Qinhan Avenue Lintong Section (East Section), Liwei Road and peripheral facilities in Lintong District of Xi'an, together with the investment and construction for demolition and resettlement and primary land development project within the controlled area (西安市臨潼區秦漢大道臨潼段（東段）、驪渭路及周邊配套工程及控制區內的拆遷安置及土地一級開發項目投資建設), integrated development and construction project for Chongqing Nanchuan Industrial Park (重慶市南川區工業園區整體開發建設項目), Luzhou No.6 Yangtze River Bridge and Connection Line Project (瀘州長江六橋及連接線工程) and Xiaoguanmen – Baimuxi project of Changjiang Binjiang Road (長江濱江路小關門至柏木溪項目), achieving new contract amount of RMB36.800 billion.

During the first half of 2016, the operating revenue before inter-segment elimination of construction and contracting business was RMB68.19 billion, representing a year-on-year growth of 1.83%. The new contract amount was RMB220.814 billion, representing a year-on-year decrease of 8.66%. Among this, the new contract amount of the fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission, non-electricity and other projects were RMB74.357 billion, RMB31.703 billion, RMB0.891 billion, RMB34.114 billion, RMB9.147 billion and RMB70.602 billion, representing a year-on-year increase of 27.89%, -32.53%, -51.30%, 23.52%, 18.04% and -28.99%, respectively. As of 30 June 2016, the outstanding contract value of the construction and contracting business was RMB843.839 billion, representing a year-on-year growth of 19.86% as compared to that of the end of 2015.

2.3 Equipment Manufacturing Business

The Company strengthened the expansion of domestic and foreign markets for the traditional equipment business and actively pushed forward the innovation of sales model whilst exploring the business of complete equipment supply and EPC general contracting (a form of contracting management for design, procurement and construction business), which further expanded the market share. During the first half of the year, the Company entered into the complete equipment supply contracts for various construction projects, including the expansion of Ningxia ZYZY Yanchi Liujiagou 150 MW wind power equipments (寧夏中贏正源鹽池劉家溝150兆瓦風電擴建), Laos Banha power transformation and transmission (老撾班哈輸變電) and seawater ancillary facilities for Jizan Gas Turbine Combined Cycle Power Plant in Saudi Arabia (沙特阿拉伯吉贊燃氣聯合循環電站海水配套). The Company undertook the EPC general contracting project of Shenmu Hongjing's coal dust production line with coal slime cleaning (神木縣宏景煤泥淨化工程煤粉生產線). The Company have also successfully won the tenders of a number of nuclear power products, including closed busbars and mufflers. In addition, the Company collaborated with the world's leading gas-fired unit manufacturers to actively promote the research and development and application of conversion technology of stored energy.

During the first half of 2016, the revenue before inter-segment elimination of equipment manufacturing business was RMB4.21 billion, representing a year-on-year decrease of 2.04%. The new contract amount was RMB6.113 billion, representing a year-on-year decrease of 0.15%. As of 30 June 2016, the outstanding contract value of the equipment manufacturing business was RMB11.582 billion, representing an increase of 2.59% as compared to that of the end of 2015.

2.4 Civil Explosive and Cement Production Business

During the first half of 2016, the Company made timely adjustment to the development strategy on the civil explosive market based on the market condition. Under the approach of expanding inventory market and achieving development increment, the Company continued to enlarge the business scale of general contracting for mine construction and consolidate the integrated core civil explosive business. Taking advantage of the market layout and technological edge, the Company optimized the business structure and made effort to develop the markets in, amongst others, hydropower, non-ferrous metal, infrastructure and aggregates. The Company also pushed forward the expansion of international business markets and achieved new breakthroughs in developing key country markets, such as Pakistan and Turkey. Further, the Company enhanced the technological research and development capacity and successfully registered the post-doctoral workstation.

Benefited from the accelerated structural adjustment, transformation and upgrade of cement production business, the strength of our principal operations was further enhanced, and the sales volume in civil market improved steadily. With the further extended industry chain, the total concrete production is likely to exceed 5 million tonnes during the year. The Company's new aggregate production project progressed smoothly, and it is expected that the production capacity will reach 7.7 million tonnes after coming on-stream during the year. Overseas cement investment projects were on track as planned.

During the first half of 2016, the operating revenue of civil explosive and cement production business was RMB4.04 billion, representing a year-on-year increase of 4.88%. Among which, the operating revenue before inter-segment elimination of civil explosives business was RMB1.29 billion, representing a year-on-year increase of 12.33% whereas that of cement production business was RMB2.75 billion, representing a year-on-year increase of 1.71%.

2.5 Investment and Other Businesses

During the first half of 2016, the Company's investment and other businesses grew steadily with the investment landscape further improved. It completed investment of RMB15.009 billion in total, representing a year-on-year growth of 5.68%. Apart from the active and prudent investment, merger and acquisition and restructuring of various areas in renewable clean energy, electricity, environmental protection and water supply, the Company increased the investment in premium overseas projects and obtained initial result from the synergic development of the industry driven by the investment platform. With respect to renewable clean energy, a number of projects including Guangdong Nanxiong Liniu Plateau wind power (廣東南雄犁牛坪風電) and Anhui Taihe photovoltaic power generation (安徽太和光伏發電) are about to be grid-connected for power connection. On the other hand, various projects including Guangdong Nanxiong Industrial Park photovoltaic power generation (廣東南雄工業園光伏發電), Zhejiang Qingyuan Baihuayan wind power (浙江慶元百花岩風電), Huanglong Phase II Jinjiashan wind power (黃龍二期金家山風電) and Yunnan Yulong photovoltaic power generation (雲南玉龍光伏發電) progressed smoothly, which initially shaped the landscape of progressive development and scale development. With regard to foreign power investment, the Company have successfully pushed forward the Vietnam Hai Duong Coal-Fired Power Plant project (越南海陽燃煤電站項目), which is the project of PRC enterprises with the largest single investment in Vietnam and is one of the largest fossil-fuel projects invested overseas by PRC enterprises. Several overseas hydropower investment projects progressed in an orderly manner, including Pakistan SK and Azad Pattan. With respect to environmental protection and waterworks, the regional presence of renewable resources was gradually going into the whole country. The Company further enhanced the research efforts in new technologies, such as steel slag utilization, and new eco-friendly materials. The model line at Laohekou of collaborative treatment of urban solid waste by cement kilns achieved good operating results. The Company also successfully acquired Kardan Water Company (凱丹水務公司) and Hunan Haichuanda Water Company (湖南海川達水務公司). The Company has further optimized the strategic planning for the development of the real estate business, and acquired land parcels of quality in Chengdu, Nanjing and other cities, which expanded its business coverage into most of the core first-tier and second-tier cities. On-sale projects in Sanya, Hefei, Wuhan and others achieved good sales performance.

During the first half of 2016, China Energy Engineering Group Guangdong Thermal Power Engineering Co., Ltd. and China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd., each being a wholly-owned subsidiary of the Company, successfully obtained the qualification for sales of electricity and were included in the list of companies for sales of electricity in Guangdong province, which further broadened the business scope of the Company.

During the first half of 2016, the operating revenue before inter-segment elimination of investment and other businesses was RMB13.03 billion, representing a year-on-year growth of 45.41%. Among which, the operating revenue before inter-segment elimination of real estate business was RMB2.47 billion, representing a year-on-year decrease of 15.12%; that of power generation business was RMB0.52 billion, representing a year-on-year increase of 20.93%; that of highway was RMB0.64 billion, representing a year-on-year growth of 12.28% and that of other businesses was RMB9.4 billion, representing a year-on-year growth of 85.77%.

3 CONSOLIDATED OPERATING RESULTS

3.1 Revenue

For the six months ended 30 June 2016, the revenue of the Company amounted to RMB92,115.2 million, representing an increase of 6.10% as compared to RMB86,819.8 million for the corresponding period of 2015. The increase in revenue was mainly due to the significant growth of 45.41% of the investment and other businesses, of which the environmental protection and water utility business of the China Gezhouba Group Company Limited increased significantly to RMB5,000.9 million from RMB33.2 million for the corresponding period of 2015.

3.2 Cost of Sales and Gross Profit

For the six months ended 30 June 2016, the cost of sales of the Company amounted to RMB81,838.3 million, representing an increase of 6.49% as compared to RMB76,853.6 million for the corresponding period of 2015. The increase in cost of sales was in line with the growth of revenue.

For the six months ended 30 June 2016, the gross profit of the Company amounted to RMB10,277.0 million, representing an increase of 3.12% as compared to RMB9,966.1 million for the corresponding period of 2015. The increase in gross profit was mainly due to the growth of revenue.

3.3 Selling Expenses

For the six months ended 30 June 2016, the selling expenses of the Company amounted to RMB784.8 million, representing a year-on-year growth of 13.89%. The proportion of selling expenses to revenue increased from 0.79% for the corresponding period of 2015 to 0.85% for the period.

3.4 Administrative Expenses

For the six months ended 30 June 2016, the administrative expenses of the Company amounted to RMB4,599.5 million, representing a year-on-year growth of 6.07%. The proportion of administrative expenses to revenue was the same level as compared to 4.99% for the corresponding period of 2015.

3.5 Finance Expense

For the six months ended 30 June 2016, the finance expense of the Company amounted to RMB1,363.8 million, representing a year-on-year decrease of 13.94%. The proportion of finance expenses to revenue decreased from 1.83% for the corresponding period of 2015 to 1.48% for the period.

4 OPERATING RESULTS BY SEGMENTS

Conditions of industry segments of principal business (For the six months ended 30 June)

Industry segments	**2016**			2015			**Increase or decrease in percentage (%)/percentage points as compared with last year**		
	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	**5,901.1**	**3,454.1**	**41.47**	5,211.7	3,040.1	41.67	13.23	13.62	-0.20
Construction and contracting	**68,191.9**	**63,572.6**	**6.77**	66,965.2	62,263.9	7.02	1.83	2.10	-0.25
Equipment manufacturing	**4,206.8**	**3,553.1**	**15.54**	4,294.3	3,619.7	15.71	-2.04	-1.84	-0.17
Civil explosives and cement production	**4,036.7**	**3,097.1**	**23.28**	3,848.8	2,793.4	27.42	4.88	10.87	-4.14
Investment and other businesses	**13,029.0**	**10,952.9**	**15.93**	8,959.9	6,940.7	22.54	45.41	57.81	-6.61
Inter-segment elimination[(1)]	**(3,250.3)**	**(3,141.9)**	**–**	(2,460.1)	(2,386.5)	**–**	**–**	**–**	**–**
Unallocated items[(2)]	**–**	**350.4**	**–**	**–**	582.3	**–**	**–**	**–**	**–**
Total	**92,115.2**	**81,838.3**	**11.16**	86,819.8	76,853.6	**11.48**	**6.10**	**6.49**	**-0.32**

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.

4.1 Survey, Design and Consultancy Business

For the six months ended 30 June 2016, revenue before inter-segment elimination of survey, design and consultancy business amounted to RMB5,901.1 million, representing an increase of 13.23% as compared to RMB5,211.7 million for the corresponding period of 2015, mainly due to the larger amount from the new power transformation and transmission project of China Power Engineering Consulting Group Co., Ltd. and the greater progress of previous incomplete project during the period.

For the six months ended 30 June 2016, cost of sales before inter-segment elimination of survey, design and consultancy business amounted to RMB3,454.1 million, representing an increase of 13.62% as compared to RMB3,040.1 million for the corresponding period of 2015. The increase in cost of sales was in line with the growth of revenue.

For the six months ended 30 June 2016, gross profit before inter-segment elimination of survey, design and consultancy business amounted to RMB2,447.0 million, representing an increase of 12.68% as compared to RMB2,171.6 million for the corresponding period of 2015. The gross profit margin was 41.47%, which remained stable year-on-year.

4.2 Construction and Contracting Business

For the six months ended 30 June 2016, revenue before inter-segment elimination of construction and contracting business amounted to RMB68,191.9 million, representing an increase of 1.83% as compared to RMB66,965.2 million for the corresponding period of 2015.

For the six months ended 30 June 2016, cost of sales before inter-segment elimination of construction and contracting business amounted RMB63,572.6 million, representing an increase of 2.10% as compared to RMB62,263.9 million for the corresponding period of 2015.

For the six months ended 30 June 2016, gross profit before inter-segment elimination of construction and contracting business amounted to RMB4,619.3 million, representing an decrease of 1.74% as compared to RMB4,701.3 million for the corresponding period of 2015. The gross profit margin was 6.77%, which remained stable year-on-year.

4.3 Equipment Manufacturing Business

For the six months ended 30 June 2016, revenue before inter-segment elimination of equipment manufacturing business amounted to RMB4,206.8 million, representing a decrease of 2.04% as compared to RMB4,294.3 million for the corresponding period of 2015.

For the six months ended 30 June 2016, cost of sales before inter-segment elimination of equipment manufacturing business amounted to RMB3,553.1 million, representing a decrease of 1.84% as compared to RMB3,619.7 million for the corresponding period of 2015.

For the six months ended 30 June 2016, gross profit before inter-segment elimination of equipment manufacturing business amounted to RMB653.7 million, representing a decrease of 3.10% as compared to RMB674.6 million for the corresponding period of 2015. The gross profit margin was 15.54%, which remained stable year-on-year.

4.4 Civil Explosive and Cement Production Business

For the six months ended 30 June 2016, revenue before inter-segment elimination of civil explosive and cement production business amounted to RMB4,036.7 million, representing an increase of 4.88% as compared to RMB3,848.8 million for the corresponding period of 2015, mainly due to the growth in business volume of civil explosive business.

For the six months ended 30 June 2016, cost of sales before inter-segment elimination of civil explosive and cement production business amounted to RMB3,097.1 million, representing an increase of 10.87% as compared to RMB2,793.4 million for the corresponding period of 2015, mainly due to the growth in business volume.

For the six months ended 30 June 2016, gross profit before inter-segment elimination of civil explosive and cement production business amounted to RMB939.6 million, representing a decrease of 10.97% as compared to RMB1,055.4 million for the corresponding period of 2015. The gross profit margin recorded a year-on-year decrease of 4.14 percentage points, mainly due to the year-on-year decrease in selling price of cement products.

4.5 Investment and Other Businesses

For the six months ended 30 June 2016, revenue before inter-segment elimination of investment and other businesses amounted to RMB13,029.0 million, representing an increase of 45.41% as compared to RMB8,959.9 million for the corresponding period of 2015, mainly due to the significant growth of the environmental protection business of China Gezhouba Group Company Limited.

For the six months ended 30 June 2016, cost of sales before inter-segment elimination of investment and other businesses amounted to RMB10,952.9 million, representing an increase of 57.81% as compared to RMB6,940.7 million for the corresponding period of 2015, mainly due to the significant year-on-year growth of the environmental protection business of China Gezhouba Group Company Limited.

For the six months ended 30 June 2016, gross profit before inter-segment elimination of investment and other businesses amounted to RMB2,076.1 million, representing an increase of 2.82% as compared to RMB2,019.2 million for the corresponding period of 2015. The gross profit margin recorded a year-on-year decrease of 6.61 percentage points, mainly due to the new environmental protection business of China Gezhouba Group Company Limited accounting for a larger portion with relatively low gross profit margin.

5 CASH FLOW

	For the six months ended 30 June	
	2016	2015
	(RMB in million)	*(RMB in million)*
Net cash used in operating activities	**(11,034.0)**	(10,885.5)
Net cash used in investing activities	**(5,228.5)**	(348.9)
Net cash generated from financing activities	**900.1**	8,277.6
Net decrease in cash and cash equivalents	**(15,362.4)**	(2,956.8)
Cash and cash equivalents at the beginning of the period	**47,237.0**	28,756.6
Exchange gains of cash and cash equivalents	**71.8**	12.8
Cash and cash equivalents at the end of the period	**31,946.4**	25,812.6

5.1 Cash Flow Used in Operating Activities

For the six months ended 30 June 2016, the net cash used in operating activities of the Company amounted to RMB11,034.0 million, which was primarily due to the following reasons: (i) an increase of RMB7,761.9 million in prepayment, trade receivables and bills receivables, which was mainly attributable to the fact that centralized fund settlement for large-scale engineering projects usually takes place at the end of the year; (ii) an increase of RMB7,880.1 million in amounts due from customers for construction contracts, which was mainly attributable to more newly commenced projects during the period. The cash outflow was partially offset by increase in trade and bills payables.

5.2 Cash Flow Used in Investing Activities

For the six months ended 30 June 2016, the net cash used in investing activities of the Company amounted to RMB5,228.5 million, representing a decrease of RMB4,879.6 million or 1398.57% as compared to the corresponding period of 2015 which was primarily due to the following reasons: (i) placement of deposits with original maturity of over three months of RMB5,029.0 million; (ii) payment in cash of RMB2,227.2 million for the purchase of property, plants and equipment. The cash outflow was partially offset by the collection of other loan receivables of RMB3,071.7 million.

5.3 Cash Flow Generated from Financing Activities

For the six months ended 30 June 2016, the net cash generated from financing activities of the Company amounted to RMB900.1 million, representing a decrease of RMB7,377.5 million or 89.13% as compared to the corresponding period of 2015. During the period, financing activities mainly included: (i) the issuance of bonds to raise funds of RMB10,000.0 million; (ii) the addition of bank borrowings of RMB17,728.9 million. The cash inflow was partially offset by the repayment of bank borrowings of RMB25,524.4 million.

5.4 Capital Expenditures

In the first half of 2016, the Company incurred capital expenditures primarily for expenditures on property, plant and equipment, as well as intangible assets. The following table sets forth the components of capital expenditures of the Company for the periods indicated:

	For the six months ended 30 June	
	2016	2015
	(RMB in million)	*(RMB in million)*
Property, plant and equipment	**2,078.3**	2,430.2
Prepaid land lease payment	**77.9**	268.4
Intangible assets	**56.6**	344.6
Investment properties	**–**	6.5
Total	**2,212.8**	3,049.7

6 INDEBTEDNESS

As at 30 June 2016, the total indebtedness of the Company amounted to RMB77,119.8 million. The following table sets forth the details of bank borrowings, other borrowings, corporate bonds, finance lease payables and short-term financing notes as of the dates indicated:

	As at 30 June 2016 *(RMB in million)*	As at 31 December 2015 *(RMB in million)*
Long-term		
Bank borrowings		
Unsecured	**20,569.9**	19,394.5
Secured	**8,332.8**	9,045.2
Other borrowings		
Secured	**1,379.5**	1,525.8
Corporate bonds(1)	**15,744.7**	5,773.6
Finance lease payables(2)	**282.3**	279.1
Sub-total	**46,309.2**	36,018.2
Short-term		
Bank borrowings		
Unsecured	**20,835.6**	28,969.7
Secured	**2,707.9**	4,180.7
Other borrowings		
Unsecured	**2,867.0**	1,784.1
Secured	**796.3**	226.1
Corporate bonds(1)	**–**	500.0
Finance lease payables(2)	**30.7**	228.8
Short-term financing notes(3)	**3,573.1**	3,516.0
Sub-total	**30,810.6**	39,405.4
Total	**77,119.8**	75,423.6

Notes:

(1) The corporate bonds of the Company are unsecured medium-term notes and corporate bonds.

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

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

As at 30 June 2016 and 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 30 June 2016 ***(RMB in million)***	As at 31 December 2015 *(RMB in million)*
USD	**1,079.4**	1,110.8
Japanese Yen	**141.1**	120.3
Euro	**–**	3.8
Total	**1,220.5**	1,234.9

The following table sets forth the guaranteed portion of bank borrowings and other borrowings of the Company as of the dates indicated:

	As at 30 June 2016 ***(RMB in million)***	As at 31 December 2015 *(RMB in million)*
Guaranteed by:		
Ultimate holding company	**–**	185.0
Third parties	**–**	436.3
Total	**–**	621.3

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

	As at 30 June 2016 *(RMB in million)*	As at 31 December 2015 *(RMB in million)*
Repayable within 1 year	**30,810.6**	39,405.4
Repayable after 1 year but within 2 years	**11,762.6**	7,232.9
Repayable after 2 years but within 3 years	**6,489.4**	9,366.6
Repayable after 3 years but within 4 years	**2,805.6**	3,596.2
Repayable after 4 years but within 5 years	**13,204.0**	1,811.0
Repayable after 5 years	**12,047.6**	14,011.5
Total	**77,119.8**	75,423.6

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 of the Company as of the dates indicated:

	As at 30 June 2016 *(%)*	As at 31 December 2015 *(%)*
Bank borrowings	**1.20-9.60**	1.05-9.60
Other borrowings	**4.60-7.50**	4.655-6.48
Corporate bonds	**3.14-5.85**	4.75-5.85
Short-term financing notes	**3.08-3.38**	3.08-3.38
Finance lease payables	**5.15-8.00**	5.15-8.00

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

	As at 30 June 2016		As at 31 December 2015	
	(RMB in million)	***(%)***	*(RMB in million)*	*(%)*
Fixed rate bank and other borrowings	**27,079.5**	**1.20-9.60**	34,723.9	1.05-9.60
Floating rate bank and other borrowings	**30,409.5**	**2.35-8.84**	30,402.3	2.75-8.70
Total	**57,489.0**		65,126.2	

Indebtedness of the Company increased by RMB1,696.2 million from 31 December 2015 to 30 June 2016, mainly due to satisfying 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, nor was the Company subject to any material restrictive terms in respect of borrowings. In addition, as at 30 June 2016, the Company had RMB30,000.0 million of authorized but unutilized debt securities and RMB363,600.0 million of unutilized and unrestricted bank credit facilities.

7 PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

7.1 Pledge of Assets

As at 30 June 2016, the Company's assets with the following carrying amounts have been pledged to secure for general banking facilities (including bank borrowings, bills payable and letter of credit) granted:

	As at 30 June 2016 ***(RMB in million)***	As at 31 December 2015 *(RMB in million)*
Property, plant and equipment	**704.2**	881.3
Prepaid lease payments	**115.4**	90.8
Intangible assets	**7,823.1**	10,008.1
Trade receivables	**949.4**	1,368.0
Properties under development	**9,008.4**	10,348.9
Completed properties for sale	**21.4**	99.9
Bank deposits	**2,333.4**	2,650.6
Investment properties	**68.0**	69.3
Total	**21,023.3**	25,516.9

7.2 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 suffered by the Company from those legal proceedings and claims when the management can reasonably estimate the outcome of the legal proceedings and claims after taking into account the legal advice.

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

	As at 30 June 2016 *(RMB in million)*	As at 31 December 2015 *(RMB in million)*
Guarantees given to banks and non-financial institutions in respect of loan facilities granted to:		
Associates	**4,177.9**	3,565.6
Investee recognized as available-for-sale financial asset	**79.5**	79.5
	4,257.4	3,645.1
Mortgage loan guarantees provided by the Company to banks in favor of its customers	**348.9**	778.8
Total	**4,606.3**	4,423.9

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. The fair values of these financial guarantee contracts of the Company are insignificant at initial recognition, and 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 loan principals together with the accrued interests thereon and penalty. Accordingly, no provision has been made in the financial information for these guarantees.

8 GEARING RATIO

As at 30 June 2016, the gearing ratio of the Company is 119.4%, representing a decline of 4.7 percentage points as compared to 124.1% recorded as at 31 December 2015. Gearing ratio represents interest-bearing debts divided by total equity at the end of the period.

9 RISK

9.1 Business Risk

Macroeconomic Risks

The global economy remained in a period of intensive adjustment, sluggish recovery and slow growth. China was under the combined influence of the three periods, namely the shifting period for growth rate, the period of structural adjustment and the assimilation period of previous policies. At this stage, the economic downturn pressure still existed. The domestic structure of the power source and the acceleration of the distribution adjustment have some influence on the operation of the Company. Besides, the corporate operation was also involved with certain risks, whereas some of the risks would be increased because of accumulation. The Company will pay close attention to the macroeconomic development, 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 adjustment of power structure entered its crucial period, and investment in traditional fossil-fuel power is limited to some extent. On the basis of consolidating the traditional market, the Company will actively explore new energy, clean energy and non-electricity markets. Further, it will focus on developing the high-end market and the incremental market, enhance the diversified operation, achieving the goal of the corporation's steady development.

International Operation Risk

International operation faced risks such as project-specific business risks and risks involved with various national laws, political and non-traditional public threats. As an experienced international engineering contractor, the Company has established its sophisticated management system and comprehensive internal control system. By supervision and guidance over various aspects of projects such as tracking, proposal, tendering, negotiating, decision making, contracting and implementing throughout the project life cycle, the probability of occurrence of project-specific business risks and their respective impact was reduced to the minimum. The Company will grasp various opportunities brought by China's strategic deployment of "One Belt and One Road", ensure the healthy development of its international businesses and accomplish the goals of international operation with its effort in aversion of international operation risks through management of target markets, strategic insurance and business insurance, crisis and remedy management.

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 strengthen the control and management of the headquarters and the high-end operation by leveraging the Group's brand advantages and enhancing coordination of the industry chain so as to 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, strengthen the project management and perform project inspection and follow-up assessment, endeavoring to achieve the investment goals.

9.2 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 continues to expand the overseas business, and it is expected that the income and expense denominated in foreign currency will increase. The exchange rate fluctuation may have impact on the service pricing and the cost of procurement of materials and equipment of the Company with foreign exchange and therefore may affect the financial position and operating performance. The Company will carry out risk controls by means of contracts and financial instruments, make reasonable business arrangements and select suitable foreign currency and exchange rate for settlement and payment so as to prevent exchange rate fluctuation risk.

10 NUMBER OF EMPLOYEES, SHARE OPTION SCHEME AND TRAINING PROGRAM

As of 30 June 2016, the Company has 131,968 employees in total, including 32,371 management personnel, 39,672 professional technicians, and 39,803 operating personnel.

The Company has 10,380 talents with various national registered certified qualifications. Also, the Company has a number of top notch talents of China, including 24 experts who enjoy the special government subsidy, 5 national exploration and design masters, 1 national nuclear industry engineering exploration and design master, 4 experts of new century talent project, 3 national young and middle-aged experts with outstanding contribution, and 23 national technical experts.

On 27 July 2016, the Board approved the proposed adoption of the restricted share incentive scheme to closely align the interests and benefits of and risks sharing among the shareholders, the Company and the employees in order to maximize the proactiveness of the senior management and key employees. Shareholders' approval will be sought at the extraordinary general meeting of the Company to approve the restricted shares and the scheme. The restricted share incentive scheme does not constitute a share option scheme pursuant to Chapter 17 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and is a discretionary scheme of the Company. For details, please refer to the announcement of the Company dated 27 July 2016.

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 255,900 employees in the first half of 2016 and actually trained 265,800 employees, including on-the-job training for 160,300 employees, continuing education training for 20,100 employees, and other training for 85,400 employees.

11 PLANS FOR SIGNIFICANT INVESTMENT OR PURCHASE OF CAPITAL ASSET IN FUTURE

The Company will continue to adhere to the guidelines of the mid- to long-term development strategies, implement the guidance opinions on investment and business revitalization as well as investment business planning. Pursuing the investment principle of "focus on highlights, take cost-effectiveness as priority, interests in both domestic and overseas markets, integration and collaboration of industries and prudence",the Company will seize quality investment opportunities in strategic cooperation areas such as renewable clean energy, environmental protection industry, emerging industry, modern infrastructure network, new-type urbanization, "One Belt and One Road" initiative and international capacity cooperation. The Company will innovate its investment and development model, steadily and continuously advance the investment business and strive to enhance overall profitability through development of businesses such as construction and contracting, civil explosives and cement and equipment manufacturing, so as to foster the growth with synergy between investment business and project business as well as between capital and production management.

12 OUTLOOK

In the first half of 2016, China vigorously promoted the structural reform and proactively guided the new normal economic development. Macro economy continued to maintain the development momentum of "general stability, steady and positive growth". In the first half of the year, the economic growth was 6.7% and it is expected that the annual growth will vary in the range between 6.6% and 6.8%.

(1) Domestic power market. During the "13th Five-Year Plan" Period, as the development of power industry accommodates with the new normal economic development in China, the power demand will feature a brand-new low to moderate growth momentum. Meanwhile, with relatively sufficient power supply, it is expected that power supply and demand will be abundant in general with oversupply in certain regions. In addition, during the "13th Five-Year Plan" Period, the power industry of China will enter a new stage in its development featuring innovation-driven improvement of quality and efficiency and green development as the main features. There is pressure of significant adjustment on power consumption and supply and new changes in the structure of power supply and demand will take place. In terms of the power generation, as projected by China Electricity Council (中國電力企業聯合會), in 2016 China will newly add an installed capacity of approximately 120 million kilowatts and the installed capacity in China will reach 1.64 billion kilowatts by the end of the year, representing a year-on year increase of approximately 8.6%, while the structure of the power source will be further adjusted. As China has cancelled and delayed the approval and construction of a bunch of coal-power projects this year, impact was made on the fossil-fuel power market to a certain extent. By the power system reform and stringent environmental protection policies, emerging power business market evolves with remarkable scale. Clean energy (such as hydropower, nuclear power, air power, wind power, photovoltaic and solar thermal power) and ultra-low emission of coal-fired power plant and energy saving transformation (which is committed to achieve the target of 580 million kilowatts by 2020) see new opportunities: Clean energy construction, the upgrade and transformation of fossil-fuel power units and the operation, maintenance and overhaul market will further increase. In terms of power grid, it is expected that during the "13th Five-Year Plan" Period an average annual investment of RMB550 billion will be introduced in power grid construction. With the continuous progress on the transformation and upgrade of ultrahigh voltage main transmission grid, smart grid, power distribution and rural power grid, the power grid market will grow steadily. Following the successive implementation of the relevant policies, the restructuring of the power market will accelerate.

(2) Domestic non-power engineering market. It is expected that in the second half of 2016, China's growth of fixed asset investment will remain the current downward trend but the annual rate of growth will still remain at about 10%. In the second half of the year, China's infrastructure investment will still record a year-on-year increase of over 20% and the annual growth rate is expected to be approximately 21%. Hydraulic engineering, railway engineering, city subway rail, urban comprehensive pipe gallery, environmental protection facilities, sponge city construction will become key investment fields and the relevant construction businesses will grow accordingly. In particular, as flood control is challenging and urban water logging was frequent this year, hydraulic engineering, urban comprehensive pipe gallery and sponge city construction are expected to become new market highlights with accelerating growth.

(3) International market. Although the global infrastructure construction market is still under 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", international capacity cooperation and China-Africa Industrial Cooperation Partnership Plan, and the successive operation of financial supports, such as AIIB and Silk Road Fund, the regional economic integration and the development of contracting overseas projects will be further promoted. The global demand of power construction will continue to grow. The electricity consumption per capita in South Asia, Southeast Asia and most of African regions is still far below the world's average level; and therefore, they are the important markets of new power installed.

In 2016, the Company will focus on the strategic objective of developing an engineering company with technology and management oriented, internationalization, diversity and international competitiveness, precisely capture market opportunities to consolidate the traditional and advantageous power areas, deepen internal reform, improve the incentive and restriction mechanisms to stimulate the development vitality, innovate development model to further strengthen the operating synergy, with the development of international, high-end business and industrial investment as the priority and non-power project business development as the focus so as to improve the development of new business platforms, explore new growth drivers, accelerate the promotion of business transformation and upgrading, further improve legal corporate governance compliance to vigorously improve the efficiency of the Company's operations.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2016.

THE CORPORATE GOVERNANCE CODE

The Company is committed to good corporate governance. The Directors earnestly perform their duties by attending meetings of the Board and all of its special committees to express opinions or suggestions and pass resolutions by way of votes. They also attend the annual general meetings and annual work conferences of the Company to actively conduct research works and keep abreast of the corporate development.

The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules. During the six months ended 30 June 2016, the Company has complied with all code provisions contained in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted internal rules no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code for Securities Transactions**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors and supervisors of the Company. Having made enquiries to all directors and supervisors of the Company, the Company has confirmed that each of the directors and supervisors had complied with all code provisions set out in the Model Code for Securities Transactions during the six months ended 30 June 2016.

PURCHASE, REDEMPTION OR SALE 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 six months ended 30 June 2016.

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 two independent non-executive Directors and one non-executive Director, namely Mr. Ding Yuanchen, Mr. Cheung Yuk Ming and Mr. Ma Chuanjing. Mr. Ding Yuanchen is the chairman of the Audit Committee. Mr. Cheung Yuk Ming has professional qualifications and experience in accounting and financial matters.

On 30 August 2016, the Audit Committee has reviewed the interim results announcement of the Company for the six months ended 30 June 2016, the 2016 interim report and the unaudited interim financial statements for the period ended 30 June 2016 prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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 2016 interim report of the Company, which contained all the information required by the Listing Rules, will be despatched to the shareholders of the Company in due course, and will also be published on the respective websites of the Stock Exchange and the Company.

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

Beijing, the PRC
30 August 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.

* *For identification purpose only*