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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2019:

The revenue of the Company was RMB110,044.7 million, representing an increase of 8.40% as compared with the corresponding period of last year.

Net profit attributable to equity shareholders of the Company was RMB2,157.6 million, representing a decrease of 5.90% as compared with the corresponding period of last year.

Basic earnings per Share was RMB7.22 cents per Share, representing a decrease of RMB0.48 cent per Share as compared with the corresponding period of last year.

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2019.

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 2019 (the "**Reporting Period**"), together with the comparative figures of the corresponding period in 2018.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30 June 2019

(Expressed in Renminbi)

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**110,044,653**	101,520,114
Cost of sales		**(96,337,231)**	(88,965,695)
Gross profit		**13,707,422**	12,554,419
Other income		**1,050,392**	1,020,605
Net impairment losses on financial assets and contract assets	*4(a)*	**(127,829)**	(92,740)
Other net gains and losses	*4(b)*	**29,152**	441,808
Selling expenses		**(1,236,521)**	(1,029,741)
Administrative expenses		**(5,233,830)**	(5,045,522)
Research and development expenses		**(1,267,386)**	(1,070,155)
Finance income	*5*	**384,279**	344,042
Finance costs	*5*	**(1,889,101)**	(1,713,218)
Share of profits of joint ventures		**102,426**	171,288
Share of profits of associates		**392,171**	59,291
Profit before taxation		**5,911,175**	5,640,077
Income tax	*6*	**(1,583,604)**	(1,460,460)
Profit for the period		**4,327,571**	4,179,617
Other comprehensive income for the period:			
Items that will not be reclassified to profit or loss:			
– Remeasurement of defined benefit obligations		**10,990**	(481,861)
– Income tax relating to remeasurement of defined benefit obligations		**10**	15,706
– Equity investments at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)		**399,718**	(354,462)
– Income tax relating to equity investments at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)		**(45,724)**	52,753
		364,994	(767,864)

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**(202,091)**	(192,248)
		(202,091)	(192,248)
Other comprehensive income for the period		**162,903**	(960,112)
Total comprehensive income for the period		**4,490,474**	3,219,505
Profit for the period attributable to:			
Equity shareholders of the Company		**2,157,587**	2,292,853
Holders of perpetual capital instruments		**413,001**	384,816
Non-controlling interests		**1,756,983**	1,501,948
		4,327,571	4,179,617
Total comprehensive income attributable to:			
Equity shareholders of the Company		**2,141,577**	1,558,044
Holders of perpetual capital instruments		**413,001**	384,816
Non-controlling interests		**1,935,896**	1,276,645
		4,490,474	3,219,505
Earnings per share			
Basic and diluted (RMB cents)	*7*	**7.22**	7.70

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

At 30 June 2019

(Expressed in Renminbi)

	Note	**At 30 June 2019** *RMB'000*	At 31 December 2018 *(Note)* *RMB'000*
Non-current assets			
Property, plant and equipment		**45,006,023**	34,819,904
Prepaid lease payments		**–**	9,048,720
Investment properties		**579,764**	579,341
Intangible assets		**40,457,087**	35,105,733
Investments in joint ventures		**4,785,069**	4,200,462
Investments in associates		**11,544,690**	10,703,688
Goodwill		**1,576,496**	1,576,496
Deferred tax assets		**2,005,528**	1,961,576
Trade receivables	*9*	**25,034,842**	23,869,816
Prepayments, deposits and other receivables		**1,897,669**	1,915,998
Finance lease receivables		**1,145,715**	706,584
Financial assets at fair value through other comprehensive income		**2,269,723**	2,051,154
Financial assets at fair value through profit or loss		**5,478,776**	5,253,100
		141,781,382	131,792,572
Current assets			
Inventories		**13,445,030**	12,456,931
Properties under development for sale		**45,424,775**	45,858,785
Completed properties for sale		**2,174,204**	2,239,218
Contract assets		**45,427,115**	36,071,661
Trade and bills receivables	*9*	**58,445,644**	56,075,508
Prepayments, deposits and other receivables		**44,347,686**	43,297,055
Prepaid lease payments		**–**	261,128
Other loans		**5,030,566**	4,999,011
Financial assets at fair value through profit or loss		**1,176,147**	1,150,618
Finance lease receivables		**175,489**	387,245
Pledged deposits		**4,495,386**	5,749,150
Bank and cash balances		**40,302,829**	49,046,642
		260,444,871	257,592,952

	Note	At 30 June 2019 RMB'000	At 31 December 2018 (Note) RMB'000
Current liabilities			
Trade and bills payables	*10*	**98,466,957**	94,294,218
Contract liabilities		**42,881,699**	42,845,942
Other payables and accruals		**28,055,984**	30,310,576
Income tax payable		**1,132,122**	1,505,720
Bank and other borrowings		**43,509,112**	51,226,123
Defined benefit obligations		**960,307**	1,048,956
Corporate bonds		**2,124,205**	4,730,776
Lease liabilities		**458,575**	–
Provisions		**416,113**	350,512
		218,005,074	226,312,823
Net current assets		**42,439,797**	31,280,129
Total assets less current liabilities		**184,221,179**	163,072,701
Non-current liabilities			
Other payables and accruals		**393,490**	328,625
Bank and other borrowings		**49,320,205**	40,889,908
Corporate bonds		**18,542,668**	15,141,776
Lease liabilities		**607,113**	–
Defined benefit obligations		**9,462,254**	9,580,792
Deferred tax liabilities		**1,250,596**	1,142,352
Deferred revenue		**875,972**	825,392
		80,452,298	67,908,845
NET ASSETS		**103,768,881**	95,163,856
CAPITAL AND RESERVES			
Issued share capital		**30,020,396**	30,020,396
Reserves		**21,919,571**	20,612,288
Equity attributable to equity shareholders of the Company		**51,939,967**	50,632,684
Perpetual capital instruments		**24,400,000**	19,400,000
Non-controlling interests		**27,428,914**	25,131,172
TOTAL EQUITY		**103,768,881**	95,163,856

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), including compliance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 30 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new International Financial Reporting Standard ("**IFRS**"), IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are mainly primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically electronic equipment or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Lessor accounting

The Group leases out a number of items of buildings, plant, and machinery as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.61%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	RMB'000
Operating lease commitments at 31 December 2018	802,520
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(18,124)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	614,433
	1,398,829
Less: total future interest expenses	(163,630)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	1,235,199

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018. There is no impact on the opening balance of equity.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and presents lease liabilities separately in the statement of financial position.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *RMB'000*	**Capitalisation of operating lease contracts** *RMB'000*	**Carrying amount at 1 January 2019** *RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Prepaid lease payments	9,048,720	(9,048,720)	–
Property, plant and equipment	34,819,904	10,558,593	45,378,497
Prepayments, deposits and other receivables	1,915,998	(82,890)	1,833,108
Total non-current assets	**131,792,572**	**1,426,983**	**133,219,555**
Prepaid lease payments	261,128	(261,128)	–
Prepayments, deposits and other receivables	43,297,055	(12,751)	43,284,304
Total current assets	**257,592,952**	**(273,879)**	**257,319,073**
Other payables and accruals	30,310,576	(82,095)	30,228,481
Lease liabilities	–	421,618	421,618
Current liabilities	**226,312,823**	**339,523**	**226,652,346**
Net current assets	**31,280,129**	**(613,402)**	**30,666,727**
Total assets less current liabilities	**163,072,701**	**813,581**	**163,886,282**
Lease liabilities	–	813,581	813,581
Total non-current liabilities	**67,908,845**	**813,581**	**68,722,426**
Net assets	**95,163,856**	**–**	**95,163,856**

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	At 30 June 2019 ***RMB'000***	At 1 January 2019 *RMB'000*
Included in "Property, plant and equipment":		
Ownership interests in leasehold land held for own use, carried at depreciated cost	**9,218,580**	9,309,848
Buildings leased for own used, carried at depreciated cost	**1,123,015**	1,197,913
Plant, machinery and equipment, carried at depreciated cost	**59,499**	50,832
	10,401,094	10,558,593

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease payments** *RMB'000*	Present value of the minimum lease payments *RMB'000*	Total minimum lease payments *RMB'000*
Within 1 year	**458,575**	**479,170**	575,694	623,189
After 1 year but within 2 years	**268,861**	**299,287**	299,112	334,723
After 2 years but within 5 years	**315,280**	**367,676**	335,445	400,793
After 5 years	**22,972**	**38,690**	24,948	40,124
	607,113	**705,653**	659,505	775,640
	1,065,688	**1,184,823**	1,235,199	1,398,829
Less: total future interest expenses		**(119,135)**		(163,630)
Present value of lease liabilities		**1,065,688**		1,235,199

(e) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result, segment results and cash flows for the six months ended 30 June 2019, by adjusting the amounts reported under IFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019				**2018**
	Amounts reported under IFRS 16 (A)	**Add back: IFRS 16 depreciation and interest expense (B)**	**Deduct: Estimated amounts related to operating leases as if under IAS 17 (note (i)) (C)**	**Hypothetical amounts for 2019 as if under IAS 17 (D=A+B-C)**	**Compared to amounts reported for 2018 under IAS 17**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial result for the six months ended 30 June 2019 impacted by the adoption of IFRS 16:					
Gross profit	**13,707,422**	**59,675**	**(60,570)**	**13,706,527**	**12,554,419**
Selling expenses	(1,236,521)	2,302	(1,979)	(1,236,198)	(1,029,741)
Administrative expenses	(5,233,830)	166,953	(149,204)	(5,216,081)	(5,045,522)
Finance costs	(1,889,101)	31,574	–	(1,857,527)	(1,713,218)
Profit before taxation	**5,911,175**	**260,504**	**(211,753)**	**5,959,926**	**5,640,077**
Profit for the period	**4,327,571**	**206,330**	**(166,479)**	**4,367,422**	**4,179,617**
Reportable segment result for the six months ended 30 June 2019 (note 3) impacted by the adoption of IFRS 16:					
– Survey, design and consulting services	**480,170**	**33,090**	**(27,778)**	**485,482**	**695,606**
– Construction and contracting	**3,205,167**	**135,037**	**(109,437)**	**3,230,767**	**2,820,464**
– Industrial manufacturing	**1,554,841**	**18,937**	**(18,311)**	**1,555,467**	**870,046**
– Clean energy, environmental protection and water utilities	**513,803**	**11,907**	**(7,478)**	**518,232**	**632,423**
– Investment and other businesses	**1,307,222**	**61,533**	**(48,749)**	**1,320,006**	**1,129,211**
– Total	**6,968,072**	**260,504**	**(211,753)**	**7,016,823**	**6,237,372**

	2019			2018
	Amounts reported under IFRS 16 (A) *RMB'000*	Estimated amounts related to operating leases as if under IAS 17 *(note (i)&(ii))* (B) *RMB'000*	Hypothetical amounts for 2019 as if under IAS 17 (C=A+B) *RMB'000*	Compared to amounts reported for 2018 under IAS 17 *RMB'000*
Line items in the condensed consolidated statement of cash flows for the six months ended 30 June 2019 impacted by the adoption of IFRS 16:				
Net cash used in operating activities	**(7,459,589)**	**(213,159)**	**(7,672,748)**	**(16,737,159)**
Payments for addition to prepaid lease payments	–	(61,167)	(61,167)	(116,408)
Payments for addition to property, plant and equipment	(1,033,152)	61,167	(971,985)	(2,038,002)
Net cash used in investing activities	**(5,599,262)**	**–**	**(5,599,262)**	**(7,728,848)**
Capital element of lease rentals paid	(181,585)	181,585	–	–
Interest element of lease rentals paid	(31,574)	31,574	–	–
Net cash generated from financing activities	**3,868,109**	**213,159**	**4,081,268**	**20,227,934**

Notes:

(i) The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

(ii) In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash used in operating activities and net cash generated from financing activities as if IAS 17 still applied.

3 SEGMENT INFORMATION

Segment reporting

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.

As at 31 December 2018, the Group has reorganised the reportable segments to the CODM, by integrating equipment manufacturing, civil explosives and cement production into one segment: industrial manufacturing, and splitting clean energy, environmental protection and water utilities from investment and other business as a separate reportable segment.

As at 30 June 2019, the Group reorganised the reportable segment to the CODM by splitting power engineering debugging and project operation and maintenance businesses from investment and other business as a part of construction and contracting segment.

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 services**");

- Provision of infrastructure construction contracts and power engineering debugging and project operation and maintenance 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, as well as undertaking other types of construction projects, such as water conservancy facilities, transportation, municipal engineering, industrial, civil construction projects and provision of power engineering debugging and project operation and maintenance services ("**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, manufacturing and sales of civil explosives and cement, and the provision of blasting services for construction projects ("**Industrial manufacturing**");

- Investing in and operating power plants, water plant construction and operation, and environmental water project operation, as well as participating in renewable resource business ("**Clean energy, environmental protection and water utilities**"); and

- Investing in and operating infrastructure projects (such as expressways) and providing financial service, 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 2019 (Unaudited)

	Survey, design and consulting services *RMB'000*	Construction and contracting *RMB'000*	Industrial manufacturing *RMB'000*	Clean energy, environmental protection and water utilities *RMB'000*	Investment and other businesses *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition							
Point in time	–	–	10,501,377	8,332,130	7,434,281	–	26,267,788
Over time	4,989,560	78,787,305	–	–	–	–	83,776,865
External segment revenue	4,989,560	78,787,305	10,501,377	8,332,130	7,434,281	–	110,044,653
Inter-segment revenue	257,263	2,739,641	294,260	447	817,293	(4,108,904)	–
Segment revenue	5,246,823	81,526,946	10,795,637	8,332,577	8,251,574	(4,108,904)	110,044,653
Segment results	480,170	3,205,167	1,554,841	513,803	1,307,222	(93,131)	6,968,072
Unallocated items							
Other income							255,450
Net impairment losses on financial assets and contract assets							(127,829)
Other net gains and losses							29,152
Administrative expenses							(203,445)
Finance income							384,279
Finance costs							(1,889,101)
Share of profits of joint ventures							102,426
Share of profits of associates							392,171
Profit before taxation							5,911,175

For the six months ended 30 June 2018 (Unaudited)

	Survey, design and consulting services *RMB'000*	Construction and contracting *RMB'000*	Industrial manufacturing *RMB'000*	Clean energy, environmental protection and water utilities *RMB'000*	Investment and other businesses *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition							
Point in time	–	–	8,900,467	9,163,702	6,537,284	–	24,601,453
Over time	4,840,774	72,077,887	–	–	–	–	76,918,661
External segment revenue	4,840,774	72,077,887	8,900,467	9,163,702	6,537,284	–	101,520,114
Inter-segment revenue	12,706	4,217,081	249,001	–	749,302	(5,228,090)	–
Segment revenue	4,853,480	76,294,968	9,149,468	9,163,702	7,286,586	(5,228,090)	101,520,114
Segment results	695,606	2,820,464	870,046	632,423	1,129,211	89,622	6,237,372
Unallocated items							
Cost of sales							(490)
Other income							398,894
Net impairment losses on financial assets and contract assets							(92,740)
Other net gains and losses							441,808
Selling expenses							(3,774)
Administrative expenses							(197,830)
Research and development expenses							(4,566)
Finance income							344,042
Finance costs							(1,713,218)
Share of profits of joint ventures							171,288
Share of profits of associates							59,291
Profit before taxation							5,640,077

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

Segment profit represents the profit earned by each segment without allocation of certain cost of sales, other income, net impairment losses on financial assets and contract assets, other net gains and losses, selling expenses, administrative expenses, research and development expenses, finance income, finance costs, share of profits of joint ventures and associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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.

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	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Segment revenue		
Mainland China	**92,614,503**	83,756,666
Overseas:		
Vietnam	**2,800,482**	1,387,664
Pakistan	**2,223,966**	5,715,391
Jordan	**2,210,796**	480,127
Bangladesh	**1,609,756**	1,042,948
Indonesia	**1,358,135**	1,743,471
Angola	**1,125,796**	1,563,252
Others	**6,101,219**	5,830,595
Total	**110,044,653**	101,520,114

	At 30 June	At 31 December
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets		
Mainland China	**93,266,350**	87,966,184
Overseas:		
Vietnam	**6,107,252**	4,086,860
Pakistan	**4,088,852**	3,755,302
Kazakhstan	**756,868**	680,821
Kuwait	**207,919**	226,503
Angola	**157,250**	56,705
Argentina	**156,266**	169,152
Russia	**127,944**	92,122
Others	**978,097**	916,691
Total	**105,846,798**	97,950,340

Note: 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 2019 (six months ended 30 June 2018: nil).

4 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS AND OTHER NET GAINS AND LOSSES

(a) Net impairment losses on financial assets and contract assets

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Trade receivables	**109,195**	130,964
Contract assets	**19,888**	(54,693)
Other receivables	**(1,254)**	16,469
Total	**127,829**	92,740

(b) Other net gains and losses

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain	**35,447**	201,181
(Loss)/gain on disposal of:		
– Financial assets at fair value through profit or loss ("**FVPL**")	**(39)**	60,740
– Property, plant and equipment	**(5,350)**	187,112
– Intangible assets	**1,045**	–
– Prepaid lease payments	**–**	3,132
– Subsidiaries	**(203)**	5,135
Impairment loss recognised in respect of:		
– Property, plant and equipment	**–**	(3,534)
Fair value changes of financial assets at FVPL	**25,529**	(9,817)
Loss on compensation, penalties and fines	**(26,284)**	(11,016)
Others	**(993)**	8,875
Total	**29,152**	441,808

5 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2019	2018
		(Note (i))
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on:		
Bank and cash balances and pledged deposits	**331,943**	314,323
Other loans	**40,538**	14,523
Defined benefit plan assets	**11,798**	15,196
Total finance income	**384,279**	344,042
Interest expenses on:		
Bank and other borrowings	**2,181,750**	2,016,412
Corporate bonds	**435,433**	262,670
Asset based securities	**55,746**	13,945
Finance leases	**–**	6,457
Lease liabilities	**31,574**	–
Discounted bills	**25,706**	82,166
Defined benefit obligations	**176,481**	208,838
	2,906,690	2,590,488
Less: Interest capitalised into		
– Construction in progress	**(285,891)**	(157,981)
– Properties under development for sale	**(509,182)**	(607,868)
– Intangible assets	**(222,516)**	(111,421)
Total finance costs	**1,889,101**	1,713,218

Notes:

(i) The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

(ii) Borrowing costs were capitalised to the qualifying assets based on the effective interest rates of bank and other borrowings and corporate bonds.

(iii) The borrowing costs have been capitalised at rates of 2.92% to 9.00% for the six months ended 30 June 2019 (six months ended 30 June 2018: 4.14% to 7.50%).

6 INCOME TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current enterprise income tax	**1,296,075**	1,252,932
Deferred tax	**18,577**	(29,752)
Land appreciation tax ("**LAT**")	**268,952**	237,280
	1,583,604	1,460,460

Most of subsidiaries of the Company are located in Mainland China. The provision for income tax is calculated based on a statutory rate of 25% under the relevant Corporate Income Tax Law of the People's Republic of China ("**PRC**") 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 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 basic earnings per share is based on the profit attributable to the equity shareholders of the Company excluding cash dividend attributable to the shares under restricted share incentive scheme expected to be vested in the future of RMB2,154 million (six months ended 30 June 2018: RMB2,284 million) and the weighted average of 29,855,864,000 ordinary shares in issue during the six months ended 30 June 2019 (six months ended 30 June 2018: 29,774,348,000 shares).

The weighted average number of ordinary shares is calculated as follows:

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 January	**29,855,864**	29,790,770
Effect of shares under restricted share incentive scheme purchase	**–**	(16,422)
Weighted average number of ordinary shares at 30 June	**29,855,864**	29,774,348

Given vesting condition of restricted shares are subject to achievement of financial performance of the Company and individual performance assessment of participants over the unlocking period, which is subject to relevant decision making procedures, there was no dilutive effect arising from restricted share incentive scheme for the six months ended 30 June 2019.

8. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the six months ended 30 June 2019

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, approved during the six months ended 30 June 2019, of RMB0.0306 per share (2018: RMB0.0306 per share)	**918,624**	918,624

9 TRADE AND BILLS RECEIVABLES

	At 30 June	At 31 December
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**54,907,154**	51,785,125
Retention receivables	**13,490,056**	13,273,089
Less: loss allowance	**(3,746,526)**	(3,635,803)
	64,650,684	61,422,411
Bills receivable	**4,925,930**	5,707,995
Build-Transfer ("**BT**")/Build-Operate-Transfer ("**BOT**") project receivables	**13,903,872**	12,814,918
Total trade and bills receivables	**83,480,486**	79,945,324
Analysed for financial reporting purpose:		
Non-current	**25,034,842**	23,869,816
Current	**58,445,644**	56,075,508
	83,480,486	79,945,324

Trade and bills receivables of the Group primarily represent receivables from power grid and power generation companies. The credit terms granted to its trade customers mainly ranged from 30 days to 180 days, except for the retention receivables and certain receivables from BT and BOT projects.

Retention receivables are withheld by customers up to a maximum amount calculated based on a prescribed percentage of the construction contract amount. Retention terms of 12 to 24 months after the completion of construction contracts may be granted to customers and debtors for retention receivables, depending on the market practice of construction industries in countries where construction contracts are carried out and credit assessment carried out by management on an individual customer or debtor basis. The trade receivables arising from BT and BOT projects are unsecured and are repayable by instalments over a 4 to 30 years period during or after the completion of the construction of the underlying projects.

As at 30 June 2019, the Group pledged its trade receivables amounting to approximately RMB2,602 million (31 December 2018: RMB2,023 million) to secure loan facilities granted to the Group.

(a) Ageing analysis

The following is ageing analysis of trade and bills receivables, net of loss allowance and based on the invoice date at the end of the reporting period:

	At 30 June 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
0 to 6 months	**56,822,489**	56,620,651
6 months to 1 year	**10,763,667**	8,384,627
1 year to 2 years	**7,208,971**	6,458,729
2 years to 3 years	**4,730,911**	4,744,210
3 years to 4 years	**1,933,224**	1,793,825
4 years to 5 years	**1,264,437**	1,115,599
Over 5 years	**756,787**	827,683
	83,480,486	79,945,324

(b) Related parties of trade and bills receivables

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 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
Ultimate holding company	**103**	103
Fellow subsidiaries	**24,571**	23,185
Joint ventures	**1,711,433**	801,721
Associates	**2,949,901**	3,728,313
Total	**4,686,008**	4,553,322

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.

10 TRADE AND BILLS PAYABLES

	At 30 June 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
Trade payables	**88,443,962**	85,637,507
Bills payable	**10,022,995**	8,656,711
	98,466,957	94,294,218

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

As at 30 June 2019, retention payables of RMB5,807 million (31 December 2018: RMB5,252 million) 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 ageing analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	At 30 June 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
Within 1 year	**84,460,620**	80,322,846
1 to 2 years	**6,412,723**	6,216,968
2 to 3 years	**2,491,253**	2,857,369
More than 3 years	**5,102,361**	4,897,035
	98,466,957	94,294,218

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

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fellow subsidiaries	**81,793**	99,913
Joint ventures	**10,541**	1,058
Associates	**207,031**	6,331
	299,365	107,302

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview of Industry Development

Fixed asset investment. In the first half of 2019, fixed asset investment grew steadily, the growth of private investment stabilized and rebounded, investment in weak areas such as infrastructure and people's livelihood grew steadily, manufacturing industry transformed and upgraded investment and investment in new kinetic energy including high technology continued to grow. Fixed asset investment (excluding rural households) amounted to RMB29.91 trillion, up by 5.8% year-on-year. The infrastructure investment grew by 4.1% year-on-year, 0.3 percentage point faster than the full year of 2018. Among the infrastructure investment, investment in ecological protection and environmental governance increased by 48%, railway transport investment increased by 14.1%, information transmission investment increased by 9.6% and road transport investment increased by 8.1%.

Construction industry. In the first half of 2019, China's construction industry realized a total value of output of RMB10.16 trillion, rising by 7.20% year-on-year, 3.18 percentage points lower than the same period of the previous year. As of the end of June 2019, the enterprises' contract value on hands reached RMB36.40 trillion, representing a year-on-year increase of 8.53%, among which, the value of newly signed contracts for the year was RMB12.03 trillion, representing a year-on-year increase of 2.47%.

Power industry. In the first half of 2019, the national power consumption in China was 3,398 billion KWh, representing a year-on-year increase of 5.0% and the growth rate was 4.4 percentage points lower than the same period of last year. The national power consumption maintained growth momentum. Completed investment in power generation projects has slightly increased while completed investment in power grid projects has declined. The power generation projects of major power enterprises in China completed an investment of RMB100.20 billion, representing a year-on-year increase of 3.3%, among which, the hydropower investment reached RMB30.40 billion, representing a year-on-year increase of 36.4%; the fossil-fuel investment reached RMB21.90 billion, representing a year-on-year decrease of 26.0%; the nuclear power investment reached RMB14.30 billion, representing a year-on-year decrease of 30.2%; the wind power investment reached RMB29.40 billion, representing a year-on-year increase of 54.8%. Power grid projects in China completed an investment of RMB164.40 billion, representing a year-on-year decrease of 19.3%.

Overseas contracting. According to statistics from the Ministry of Commerce of the People's Republic of China, in the first half of 2019, China's overseas contracting business completed a turnover of RMB476.49 billion, up by 2.8% year-on-year. The value of newly signed contracts totaled RMB718.22 billion, up by 5.6% year-on-year. China's enterprises signed 3,302 new contracts of overseas contracted engineering projects in countries along the "One Belt and One Road", with a value of 63.64 billion US dollars, accounting for 60.1% of all the newly signed contracts of overseas contracted engineering projects of China in the same period, representing a year-on-year increase of 33.2%. A turnover of 38.59 billion US dollars was completed, accounting for 54.9% of the total amount of the same period, down by 0.9% year-on-year.

Cement industry. In the first half of 2019, the accumulative cement production in the country showed a good growth momentum. China's accumulative cement output was 1.045 billion tons, up by 6.8% year-on-year. The growth rate was 7.4 percentage points higher than the same period of last year, hitting the largest increase since 2014.

Real estate industry. In the first half of 2019, China's real estate development investment was RMB6.16 trillion, representing a year-on-year increase of 10.9%, and the growth rate was 1.2 percentage points higher than the same period of last year. The area of building construction of real estate development enterprises increased by 8.8% year-on-year, new area of building construction increased by 10.1% year-on-year, land purchase area of real estate development enterprises decreased by 27.5% year-on-year, and the sales gross floor area of commodity properties decreased by 1.8% year-on-year.

Note: Data that does not indicate the source is based on the latest statistics of the National Bureau of Statistics.

2. Business Review

The Company is a large comprehensive group company that provides overall solutions and full industry chain services to industries such as energy and power, infrastructure and real estate in China as well as over the world.

In the first half of 2019, the Company effectively responded to the complex and volatile situation and market environment by implementing the spirit of the Company's 2019 work meeting and the deployments of series of key work, adhering to striving for progress in stability, persisting on promoting high-quality development, focusing on accelerating transformation, integrating development momentum, and generating operation stability for smooth development.

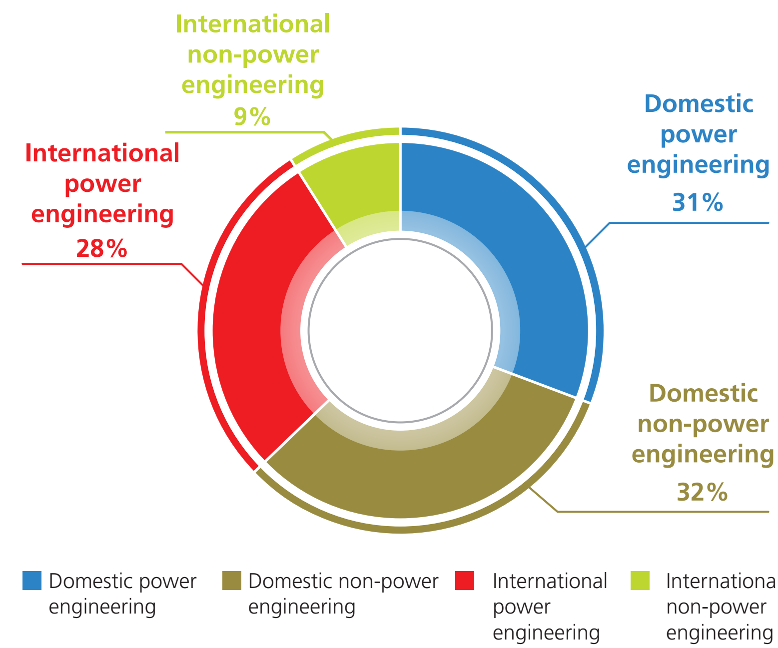
In the first half of 2019, the Company's value of newly signed contracts amounted to RMB276.189 billion, up by 7.12% year-on-year. Among which, the value of domestic newly signed contracts amounted to RMB171.342 billion, representing a year-on-year increase of 2.11%, which accounted for 62.04% of the value of newly signed contracts; the value of international newly signed contracts amounted to RMB104.847 billion, representing a year-on-year increase of 16.45%, which accounted for 37.96% of the value of newly signed contracts.

Domestic market. The Company seized the market opportunities such as the development of energy and power transformation, making up short slabs in infrastructure, and major national strategies implementations. As for the active responses to the challenges such as the slowdown of the growth of partial traditional power businesses and the uplift of standardized operation requirements to PPP projects, the Company, on the one hand, enhanced the market control and coordination of the Company's headquarters, and on the other hand promoted the independent development capability in the enterprise market it belongs to, and the value of domestic newly-signed contracts increased slightly. The Company took the lead of development of domestic energy and power construction and strengthened its leading position in the domestic power construction market. In the first half of 2019, newly signed contracts for domestic power engineering business valued RMB84.260 billion, up by 14.56% year-on-year, among which, the value of newly signed contracts of hydropower, power transmission and transformation, fossil-fuel power and nuclear power grew by 970.86%, 39.71%, 5.33% and 3.60%, respectively; subject to various factors such as adjustment to the PV policy, the value of newly signed contract for new energy decreased by 32.04% year-on-year. The Company has signed a number of representative power project contracts including Shaanxi Fanhai Hongdunjie integrated coal-fired power plant project (陝西泛海紅墩界煤電一體化電廠項目), Anhui Hefei Longquan Mountain incineration of municipal solid wastes power generation project (安徽合肥市龍泉山生活垃圾焚燒發電項目), Xinjiang Kumul tower 50MW solar thermal power generation project (新疆哈密塔式50兆瓦光熱發電項目), and Jiangsu Lianyungang Xuwei New Area 220 kV Kongqiao power transmission and transformation project (江蘇連雲港徐圩新區220千伏孔橋輸變電項目). The Company further promoted the development of domestic business transformation, comprehensively integrated into the progress of national major strategy implementation, vigorously developed national transportation, municipal administration, eco-environment protection, mining, park development, urban complex building, housing construction and other infrastructure construction markets, to carefully operate and to proactively cultivate projects with high content of gold. In the first half of 2019, the value of newly-signed contracts for domestic non-power engineering business amounted to RMB87.082 billion, representing a year-on-year decrease of 7.60%, which accounted for 50.82% of the total value of domestic newly signed contracts of the Company, among which, the Company continued to use new business models such as PPP to expand the domestic non-power engineering market, focused on enhancing the management and control of the sourced of PPP projects, elevated the quality of PPP project contracts, and the value of newly-signed contracts for the business of new business models amounted to RMB32.684 billion, which accounted for 37.53% of total value of domestic newly signed contracts of the Company. Businesses of new business models in four new construction investment companies rapidly grew, representing a year-on-year increase of 47.06% in the amount of newly signed contracts. The Company signed a number of major non-power projects including Zhejiang Ningbo Fenghua transportation infrastructure construction and ecological culture city development cooperation project (浙江寧波奉化區交通基礎設施建設暨生態文化城開發合作項目), Shaanxi Shangluo Xintai Company gravel aggregate project (陝西省商洛市鑫泰公司砂石骨料項目), Hebei's Third Garden Expo Park PPP project (河北省第三屆(邢台)園林博覽會園博園PPP項目), and Henan Lingbao urban road network construction PPP project (河南省靈寶市城市道路路網建設PPP項目).

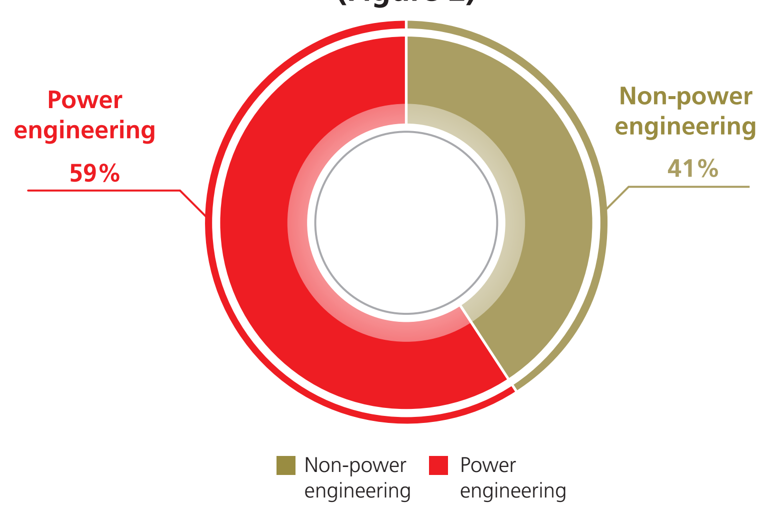
International Market. The Company continued to promote the implementation of the strategy of developing international business as a priority. By virtue of its advantages of the whole industry chain and full-life-cycle service capability, the Company developed the international market, optimized the international market layout, strengthened the valid coverage of the global market, and enhanced operational risks prevention and control and external emergency management of international business. In the first half of 2019, the value of international newly signed contracts amounted to RMB104.847 billion, which set a new record in the history, representing a year-on-year increase of 16.45%, which accounted for 37.96% of the newly signed contracts of the Company. The growth of China's foreign contracting construction enterprises topped the list. The Company continued to explore the markets along the "One Belt and One Road". The value of newly signed contracts with the countries along the "One Belt and One Road" amounted to RMB85.351 billion, representing a year-on-year increase of 39.73%, which accounted for 81.41% of the total value of international newly signed contracts of the Company. The value of newly signed contracts for international power engineering and international non-power engineering were RMB78.696 billion and RMB26.151 billion, respectively, both showing a lift, representing year-on-year increases of 4.22% and 80.08%, respectively, and achieved vital breakthroughs in non-power engineering markets in many countries; the value of newly signed contracts for international engineering procurement construction business increased by 5.81% year-on-year. The Group has successfully signed a number of representative international contracts, including the Petrolex Combined Cycle Gas Turbine in Nigeria (尼日利亞Petrolex聯合循環燃氣電站項目), the Ban Taen Coal-fired Power Station in South Sulawesi, Indonesia (印度尼西亞南蘇拉威西省班塔恩燃煤電站), the Kayang A Hydropower Project in Indonesia (印度尼西亞卡揚A水電站項目), the Mohmand Dam Project in Pakistan (巴基斯坦莫赫曼德大壩項目), the Biomass Power Station Group Project with a Total Capacity of 200 MW in Ukraine (烏克蘭總容量200兆瓦生物質電站群項目), Dongyu-Payaji 500 kV Transmission and Transformation Project in Myanmar, (緬甸東吁-帕亞基500千伏輸變電項目), Civil explosives Project in Saudi Arabia (沙特民用爆破項目), and the Mongolian Erdenet to the Baobate Railway Project (蒙古額爾登特至敖包特鐵路項目).

As of 30 June 2019, the outstanding contract value of the Company was RMB1,218.205 billion, representing an increase of 13.59% as compared to that of the end of the previous year.

Newly-signed Contract Composition in the First Half of 2019 (Figure 1)



Newly-signed Contract Composition in the First Half of 2019 (Figure 2)



2.1 Survey, Design and Consulting Services Business

The survey, design and consulting services business of the Company primarily provides survey, design and consulting services for power generation projects, power grid projects and non-power projects; plan and the policy consultation for the power industry; and evaluation, assessment and supervision for power projects. In the first half of 2019, the revenue before inter-segment elimination of survey, design and consulting services business of the Company was RMB5.247 billion, representing a year-on-year increase of 8.10%; however, affected by the adjustments on the domestic policies on coal-fired power and PV, the value of newly-signed contracts of survey, design and consulting services business shows staged fluctuations. The value of newly signed contracts amounted to RMB6.008 billion, representing a year-on-year decrease of 3.68%, which accounted for 2.18% of the newly signed contracts of the Company. Among which, the value of newly signed contracts for hydropower, non-power and power transmission and transformation were RMB0.228 billion, RMB0.618 billion and RMB2.978 billion, respectively, representing year-on-year increase of 217.22%, 19.28% and 8.93%, respectively; the value of newly signed contracts for nuclear power, new energy and thermal power were RMB0.097 billion, RMB0.637 billion and RMB1.449 billion, respectively, representing year-on-year decrease of 71.74%, 19.93% and 18.29%, respectively.

The Company gave full play to the advantages of planning, pre-investment demonstration and comprehensive energy utilization and increased its contributions and efforts in scientific and technological innovation, vigorously consolidated traditional power survey and design market in thermal power, hydropower, and power transmission and transformation, developed innovative new energy and energy new business and design business, proactively expanded non-power engineering survey and design market area, consolidated its leading position in the domestic and international markets for its high-end business of survey and design.

As of 30 June 2019, the outstanding contract value of survey, design and consulting services business was RMB32.153 billion, representing an increase of 3.18% as compared to that of the end of 2018.

2.2 *Construction and Contracting Business*

The Company primarily undertakes large-scale power generation projects, power transmission and transformation projects and various infrastructure construction projects both domestically and internationally in its construction and contracting business. In the first half of 2019, the revenue before inter-segment elimination of construction and contracting business of the Company was RMB81.527 billion, representing a year-on-year growth of 6.86%; the value of newly signed contracts amounted to RMB263.597 billion, representing a year-on-year increase of 7.11%, which accounted for 95.44% of the newly signed contracts of the Company. Among which, the value of newly signed contracts for businesses such as waterworks and hydropower, nuclear power, power transmission and transformation and non-power were RMB51.345 billion, RMB0.619 billion, RMB12.002 billion and RMB112.615 billion, respectively, representing year-on-year increase of 154.01%, 79.84%, 74.78% and 4.05%, respectively; the value of newly signed contracts for businesses such as thermal power and new energy were RMB53.161 billion and RMB33.856 billion, respectively, representing year-on-year decrease of 24.63% and 15.19%, respectively.

The Company strengthens its comprehensive measures of "maintaining power businesses and developing non-power ones, maintaining domestic market and developing international one, and maintaining regular businesses and developing high-end ones" to comprehensively expand the grand construction landscape. In the first half of 2019, the Company effectively coped with the new domestic context of power and energy transformation development and standardized development of the PPP business and seized new opportunities of power engineering upgrading and transformation as well as non-power engineering market, with its newly signed contracts for domestic construction and contracting business amounting to RMB159.925 billion, up by 1.70% year-on-year. The Company stayed highly consistent with opportunities such as the "One Belt and One Road" construction, the international capacity cooperation, the interconnection of neighboring infrastructure, and the Sino-African cooperation to build new momenta for sustained growth of international businesses. As a result, the Company's international construction and contracting business continued to grow rapidly, with the newly signed contracts amounted to RMB103.672 billion, up by 16.67% year-on-year. Leveraging its core technologies in river diversion and interception, dam construction, underground engineering, large-scale metal structure manufacturing and installation, large-scale unit installation and other sectors as well as its brand advantages for hydropower construction, the Company undertakes a constant stream of domestic and overseas world-class waterworks and hydropower projects, the value of newly signed contracts for waterworks and hydropower engineering construction business was up by 154.01% year-on-year, among which, the value of newly signed contracts for domestic and international waterworks and hydropower engineering were up by 1,004.15% and 84.19%, respectively. The Company continuously enhanced the nuclear power engineering construction and comprehensive service capacity, the value of newly signed contracts for nuclear engineering construction business was up by 79.84% year-on-year. The Company seized opportunities in domestic ultra-high voltage construction market and stepped up mid and low-voltage distribution grid and micro-grid project development, the value of newly signed contracts for power transmission and transformation engineering construction business was up by 74.78% year-on-year. The Company further highlights the development of a grand construction market landscape and stays close to the requirements for developing non-power engineering businesses to optimize and adjust organizational structures, and bring the synergy of the China Gezhouba Group Company Limited, China Energy Engineering Group Planning and Engineering Co., Ltd., the construction investment companies and the platform company into play. The Company keeps augmenting resource input in non-power engineering businesses and extensively entered the non-power engineering market domestically and internationally, further expanded the room for development for the Company's non-power engineering construction business, the value of newly signed contracts for non-power engineering construction business was up by 4.05% year-on-year. The Company developed power engineering debugging and project operation and maintenance businesses, extending the full-life-cycle services of power engineering projects, the value of newly signed contracts, amounted RMB7.744 billion, up by 3.58% year-on-year.

As of 30 June 2019, the outstanding contract value of construction and contracting business of the Company was RMB1,171.689 billion, representing an increase of 14.07% as compared to that of the end of 2018.

2.3 Industrial Manufacturing Business

The industrial manufacturing business of the Company primarily includes cement production, civil explosives and equipment manufacturing businesses. In the first half of 2019, the revenue before inter-segment elimination of industrial manufacturing business of the Company was RMB10.796 billion, representing a year-on-year increase of 17.99%. Among which, the revenue before inter-segment elimination of cement production business reached RMB4.939 billion, representing a year-on-year increase of 44.69%; the revenue before elimination of civil explosives business segment reached RMB1.772 billion, representing a year-on-year increase of 23.23%; the revenue before inter-segment elimination of equipment manufacturing business reached RMB4.085 billion, representing a year-on-year decrease of 4.96%. The Company sticks to transformation and upgrading as well as enhancement and improvement for its industrial manufacturing business, and focuses on the businesses related to the Company's construction and the needs of new markets to further elevate its competitive advantages in the target areas and segments.

In the first half of 2019, the Company consolidated its advantages for the core regional market of its cement production business. It won in succession the bids of various key projects; it strengthened intelligent cement production and refined management. Economic efficiency grew rapidly. It accelerated in promoting its international cement production business. Products from the Kazakhstan Heli Cement Project have been successfully supplied to key constructions and infrastructures such as airport, glass factories and large-scale commercial concrete mixing stations in Kazakhstan; the Mandalay Cement Project in Myanmar was listed as a development achievement of the second session "One Belt and One Road" Forum for Cooperation. As of the end of June 2019, the annual cement production capacity of the Company reached 25,500,000 tonnes, and the annual clinker production capacity reached 17,820,000 tonnes; the sales of cement and clinker of the first half of the year amounted to 11,575,500 tonnes, the sales of commodity concrete amounted to 862,100 cubic metres, and the sales of aggregates amounted to 2,754,300 tonnes.

In the first half of 2019, the civil explosive business of the Company insisted on optimizing business structure and extending industrial chain, whereby its core market position on the civil explosive integration has been consolidated. The Company strengthened the internal collaborative management of its products to achieve a balanced release of its production capacity; it strengthened the planning and implementation of new contracted projects, projects such as the Shenzhun Project in Inner Mongolia, Mianchi Project in Henan and Chongyang Project in Hubei progressed smoothly. In Pakistan, Niger and Kenya, a number of contracts for drilling explosives engineering construction and civil explosives product supply were signed. The contract value of civil explosives international business increased by 82.62% year-on-year. As of the end of June 2019, the annual industrial explosives capacity of the Company's civil explosives business reached 326,500 tonnes. In the first half of the year, it produced 135,200 tonnes of industrial explosives, up by 22.24% year-on-year.

In the first half of 2019, the newly signed contracts amount of the equipment manufacturing business was RMB6.584 billion, up by 20.00% year-on-year. The Company consolidated key customer relationships such as power grid companies and power generation groups, actively promoted the transformation and upgrade of equipment manufacturing business into emerging markets, complete sets of equipment, non-power and service markets, and seized the opportunities of ultra-high voltage, distribution grid, rural grid modification as well as energy conservation and environmental protection. A number of orders relating to national key engineering power station auxiliary, power grid equipment, energy-saving environmental protection equipment, energy storage equipment and related services were acquired. The Company actively expanded its international market and signed a number of international contracts in Turkey, Indonesia and the United Arab Emirates. As of the end of June 2019, the outstanding contract value of the equipment manufacturing business was RMB14.363 billion, representing an increase of 1.76% as compared to that of the end of 2018.

2.4 Clean Energy, Environmental Protection and Water Utilities Business

The clean energy, environmental protection and water utilities business of the Company includes businesses such as environmental protection businesses (clean energy development and investment, renewable resource utilization, environment governance) as well as water treatment and operation. In the first half of 2019, the revenue before inter-segment elimination of clean energy, environmental protection and water utilities business of the Company was RMB8.333 billion, representing a year-on-year decrease of 9.07%. Among which, the revenue before inter-segment elimination of clean energy business reached RMB0.649 billion, representing a year-on-year increase of 5.56%; the revenue before inter-segment elimination of environmental protection business reached RMB6.904 billion, representing a year-on-year decrease of 16.59%; the revenue before inter-segment elimination of water utilities business reached RMB0.780 billion, representing a year-on-year increase of 186.68%.

In the first half of 2019, the Company kept augmenting its effort in clean energy investment business development and optimized and expanded the clean and efficient power generation businesses. It laid stress on investing in new energy development in China and investing in large-scale clean thermal power, hydropower and new energy projects in overseas markets, forming a landscape featuring scaled evolution and rolling development. As of the end of June 2019, the capacity of the installed power units held by the Company that were in operation and under construction were 1,469 MW and 2,548 MW, respectively. In the first half of 2019, the installed capacity of grid-connected power generation held by the Company totaled 1.892 billion KWh, up by 17.25% year-on-year; foreign investment projects under construction such as the Hai Duong fossil-fuel power project in Vietnam and the SK hydropower project in Pakistan progressed smoothly.

In the first half of 2019, surrounding the themes of renewable resource utilization, hydro-environment treatment, sludge treatment, new road materials and solid waste treatment, the Company expanded its environmental protection business and enhanced environmental protection technology level and industrial values. The construction and technical transformation of renewable resource utilization industrial park made steady progress; the installation and debugging of the 3 waste water treatment membrane production lines of Rizhao Sainuo Environment Science and Technology Company Limited was completed, the water governance project in Haikou was put into operation, and projects such as the water governance project in Fuyang progressed smoothly; the "integrated treatment technology of river and lake sludge dehydration tail water" was successfully applied to the Dianchi Caohai Project; the "steel slag asphalt concrete application" technology was awarded the Technology Innovation Award for utilizing waste materials of 2019 by the China Green Building Materials Industry Development Alliance; in the first half of 2019, cement kiln co-processing treated 161,800 tonnes of household wastes, contaminated soils and general solid wastes.

In the first half of 2019, the water utilities business of the Company strengthened its scientific innovation and achievement application. It vigorously promoted the operation of standardized construction. The management level of the professional operation of water utilities continued to improve. As of the end of June 2019, the Company operated and managed 58 water supply plants, over 1,000 kilometers of pipe network and 33 pumping stations, with a water treatment capacity of 3 million tons per day, distributed in Beijing, Tianjin, Shandong, Henan, Hebei, Hunan, Hubei, Sichuan, Zhejiang and other regions. The Company signed the municipal sludge deep dewatering project in Xiong County, Hebei Province, which laid the foundation for the continuous development of the water supply market in Xiong'an New Area. The San Norrenso Water Supply Project in Brazil invested and acquired by the Company achieved good operational results.

2.5 Investment and other businesses

The Company's investment and other businesses cover real estate investment and development, expressway investment and operation, financial service and property lease. In the first half of 2019, the revenue before inter-segment elimination of investment and other businesses of the Company was RMB8.252 billion, representing a year-on-year increase of 13.24%. Among which, the revenue before inter-segment elimination for real estate business reached RMB4.348 billion, representing a year-on-year increase of 46.23%; the revenue before inter-segment elimination for expressway business reached RMB1.062 billion, representing a year-on-year increase of 5.31%; the revenue before inter-segment elimination for financial business reached RMB0.575 billion, representing a year-on-year increase of 432.80%; the revenue before inter-segment elimination for other business reached RMB2.267 billion, representing a year-on-year decrease of 29.11%. The Company adhered to developing, managing and controlling investment business at the same time and combining investment and financing, focused on the advantages of the field to optimize the investment development layout, enhanced investment risk prevention and control and process supervision, and steadily developed in businesses such as real estate development, expressway operation and financial services, and the role of the development of principal businesses driven by investments was further enhanced.

In the first half of 2019, the Company's real estate business further improved the product lines, elevated the quality of products, enhanced brand coverage, and strived for high-quality, standardized, and quick turnover. As of the end of June 2019, the area of corresponding interest in land reserve was 213,400 square metres; the gross area of newly commenced work was 827,200 square metres, mainly distributed in locations such as Shanghai, Nanjing, Hefei, Wuhan, Suzhou, the gross area of completed projects was 167,700 square metres; the area of interest in works in progress of projects under construction was 4,500,800 square metres; for the first half of 2019, six projects including Shanghai Rose Public Residence, Nanjing Zijun Residence, Beijing Zijun Orchid Court were opened for sales and the sales area of interest was 406,700 square metres.

In the first half of 2019, the Company's expressway operation business adopted the "integration of investment and construction" model, continuously improving operational capacity and service level. The total mileage of operating expressways was 457 kilometers, mainly including G55 (Hubei Xiangyang-Jingzhou section), G45 (Hubei Macheng-Xishui section), Sichuan Neijiang-Suining expressway and Shandong Jitai expressway connection. The traffic flow grew by 9.65% on a year-on-year basis. Expressway projects under construction invested by the Company such as the Sichuan Bawan Expressway were progressing in an orderly manner as planned.

In the first half of 2019, the financial business of the Company included the financial business for financial companies, finance leases and industrial funds. Its financial companies, finance lease companies and fund management companies utilized their respective characteristics and advantages, strengthening centralized management of funds and the development of main business projects of its enterprises for the Company, enriching financing strategies and providing strong support for saving financing cost.

3 Consolidated Operating Results

3.1 Revenue

For the six months ended 30 June 2019, the revenue amounted to RMB110,044.7 million, representing an increase of 8.40% as compared to RMB101,520.1 million for the corresponding period of 2018. The increase in revenue was mainly due to the growth in business volumes of both in construction and contracting segment and industrial manufacturing segment, etc.

3.2 Cost of Sales and Gross Profit

For the six months ended 30 June 2019, the cost of sales amounted to RMB96,337.2 million, representing an increase of 8.29% as compared to RMB88,965.7 million for the corresponding period of 2018. The increase in cost of sales was slightly lower than the growth of the revenue.

For the six months ended 30 June 2019, the gross profit amounted to RMB13,707.4 million, representing an increase of 9.18%, as compared to RMB12,554.4 million for the corresponding period of 2018. The increase in gross profit was mainly due to the increase in business scale and the increase in selling price of cement business.

3.3 Selling Expenses

For the six months ended 30 June 2019, the selling expenses amounted to RMB1,236.5 million, representing an increase of 20.08% as compared to RMB1,029.7 million for the corresponding period of 2018. The increase in selling expenses was mainly due to the increase in sales service fee in line with the increases in sales agency of cement business and the selling and advertising activities for real estate business.

3.4 Administrative Expenses

For the six months ended 30 June 2019, the administrative expenses amounted to RMB5,233.8 million, representing an increase of 3.73% as compared to RMB5,045.5 million for the corresponding period of 2018. The increase in administrative expenses was mainly due to the growth in business scale.

3.5 Finance Expenses

For the six months ended 30 June 2019, the finance expenses amounted to RMB1,889.1 million, representing an increase of 10.27% as compared to RMB1,713.2 million for the corresponding period of 2018. The increase in finance expenses was mainly due to the increase in total indebtedness.

4 Operating Results by Segments

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

Industry segments	**2019** Revenue	**2019** Cost of sales	**2019** Gross profit margin	2018 Revenue	2018 Cost of sales	2018 Gross profit margin	Increase or decrease as compared with last year (%)/(percentage points) Revenue	Cost of sales	Gross profit margin
	(RMB in million)		*(%)*	*(RMB in million)*		*(%)*			
Survey, design and consulting services	**5,246.8**	**3,559.4**	**32.16**	4,853.5	3,175.3	34.58	8.10	12.10	(2.42)
Construction and contracting	**81,526.9**	**75,156.2**	**7.81**	76,295.0	70,507.7	7.59	6.86	6.59	0.22
Industrial manufacturing	**10,795.6**	**8,041.6**	**25.51**	9,149.5	7,037.4	23.08	17.99	14.27	2.43
Clean energy, environmental protection and water utilities	**8,332.6**	**7,883.3**	**5.39**	9,163.7	8,659.8	5.50	(9.07)	(8.97)	(0.11)
Investment and other businesses	**8,251.6**	**5,700.3**	**30.92**	7,286.6	4,902.7	32.72	13.24	16.27	(1.80)
Inter-segment elimination[(1)]	**(4,108.9)**	**(4,003.6)**	**2.56**	(5,228.1)	(5,317.7)	–	–	–	–
Unallocated items[(2)]	**–**	**–**	**–**	–	0.5	–	–	–	–
Total	**110,044.7**	**96,337.2**	**12.46**	101,520.1	88,965.7	12.37	8.40	8.29	0.09

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, which could not be attributed to any business segment.

4.1 Survey, Design and Consulting Services Business

For the six months ended 30 June 2019, the revenue before inter-segment elimination of survey, design and consulting services business amounted to RMB5,246.8 million, representing an increase of RMB393.3 million, or 8.10% as compared to RMB4,853.5 million for the corresponding period of 2018, mainly due to the increase in power transmission and transformation business and non-power businesses such as municipal construction, etc.

For the six months ended 30 June 2019, the cost of sales before inter-segment elimination of survey, design and consulting services business amounted to RMB3,559.4 million, representing an increase of RMB384.1 million, or 12.10% as compared to RMB3,175.3 million for the corresponding period of 2018, mainly due to the increase in labour cost, etc.

For the six months ended 30 June 2019, the gross profit before inter-segment elimination of survey, design and consulting services business amounted to RMB1,687.4 million, representing an increase of RMB9.2 million, or 0.55% as compared to RMB1,678.2 million for the corresponding period of 2018, the gross profit margin was 32.16%, representing a slight year-on-year decrease, mainly due to the increase in labour cost, etc.

4.2 Construction and Contracting Business

For the six months ended 30 June 2019, the revenue before inter-segment elimination of construction and contracting business amounted to RMB81,526.9 million, representing an increase of RMB5,231.9 million or 6.86% as compared to RMB76,295.0 million for the corresponding period of 2018, mainly due to the growth in the revenue of non-power businesses as a result of the large-scale production of PPP projects.

For the six months ended 30 June 2019, the cost of sales before inter-segment elimination of construction and contracting business amounted to RMB75,156.2 million, representing an increase of RMB4,648.5 million or 6.59% as compared to RMB70,507.7 million for the corresponding period of 2018, slightly lower than the growth rate of revenue in the corresponding period.

For the six months ended 30 June 2019, the gross profit before inter-segment elimination of construction and contracting business amounted to RMB6,370.7 million, representing an increase of RMB583.4 million or 10.08% as compared to RMB5,787.3 million for the corresponding period of 2018, the gross profit margin was 7.81%, representing a slight year-on-year increase, mainly due to the increase in proportion of revenue from non-power projects with higher gross profit margin.

4.3 Industrial Manufacturing Business

For the six months ended 30 June 2019, the revenue before inter-segment elimination of industrial manufacturing business amounted to RMB10,795.6 million, representing an increase of RMB1,646.1 million or 17.99% as compared to RMB9,149.5 million for the corresponding period of 2018, mainly due to the increase in the sales volume and selling price of cement business and the growth of civil explosives business.

For the six months ended 30 June 2019, the cost of sales before inter-segment elimination of industrial manufacturing business amounted to RMB8,041.6 million, representing an increase of RMB1,004.2 million or 14.27% as compared to RMB7,037.4 million for the corresponding period of 2018, mainly due to the sales volume of its cement products and the growth of civil explosives business.

For the six months ended 30 June 2019, the gross profit before inter-segment elimination of industrial manufacturing business amounted to RMB2,754.0 million, representing an increase of RMB641.9 million, or 30.39% as compared to RMB2,112.1 million for the corresponding period of 2018, the gross profit margin was 25.51%, representing a slight year-on-year increase, mainly due to the year-on-year increase of the selling price of cement products.

4.4 Clean Energy, Environmental Protection and Water Utilities Business

For the six months ended 30 June 2019, the revenue before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB8,332.6 million, representing a decrease of RMB831.1 million, or 9.07% as compared to RMB9,163.7 million for the corresponding period of 2018, mainly due to the decrease in revenue of environmental protection business.

For the six months ended 30 June 2019, the cost of sales before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB7,883.3 million, representing a decrease of RMB776.5 million or 8.97% as compared to RMB8,659.8 million for the corresponding period of 2018, which was generally in line with the changes in its revenue.

For the six months ended 30 June 2019, the gross profit before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB449.3 million, representing a decrease of RMB54.6 million or 10.84% as compared to RMB503.9 million for the corresponding period of 2018, the gross profit margin was 5.39%, remaining steady on a year-on-year basis.

4.5 Investment and Other Businesses

For the six months ended 30 June 2019, the revenue before inter-segment elimination of investment and other businesses amounted to RMB8,251.6 million, representing an increase of RMB965.0 million or 13.24% as compared to RMB7,286.6 million for the corresponding period of 2018, mainly due to the increase in revenue of real estate development business and financial services.

For the six months ended 30 June 2019, the cost of sales before inter-segment elimination of investment and other businesses amounted to RMB5,700.3 million, representing an increase of RMB797.6 million or 16.27% as compared to RMB4,902.7 million for the corresponding period of 2018, mainly due to the growth of real estate development business and cost increase correspondingly.

For the six months ended 30 June 2019, the gross profit before inter-segment elimination of investment and other businesses amounted to RMB2,551.3 million, representing an increase of RMB167.4 million or 7.02% as compared to RMB2,383.9 million for the corresponding period of 2018, the gross profit margin was 30.92%, representing a slight year-on-year decrease, mainly due to the overall decrease of the gross profit margin of real estate development business.

5 Cash Flow

	For the six months ended 30 June	
	2019	2018
	(RMB in million)	*(RMB in million)*
Net cash (used in)/generated from operating activities	**(7,459.6)**	(16,737.2)
Net cash (used in)/generated from investing activities	**(5,599.3)**	(7,728.8)
Net cash (used in)/generated from financing activities	**3,868.1**	20,227.9
Net decrease in cash and cash equivalents	**(9,190.7)**	(4,238.1)
Cash and cash equivalents at the beginning of the period	**47,643.2**	47,699.8
Effects of exchange rate changes	**416.4**	177.0
Cash and cash equivalents at the end of the period	**38,868.8**	43,638.7

5.1 Cash Flow Used in Operating Activities

For the six months ended 30 June 2019, the net cash used in operating activities amounted to RMB7,459.6 million, representing a decrease of RMB9,277.6 million or 55.43% as compared to the corresponding period of 2018, mainly due to: (i) as business volume increased and the projects entered a peak period, contract assets and trade receivables increased subsequently, leading to cash outflow of RMB13,075.3 million; (ii) payment of income tax of RMB2,186.3 million; (iii) an increase in prepayment of other taxes, prepaid amounts for construction contracts, etc., leading to cash outflow of RMB1,723.4 million. These cash outflows were offset by the profit for the period from operating activities of RMB4,327.6 million, the cash inflows of RMB4,172.3 million as a result of the increase of trade payables, and the cash inflows of RMB943.2 million as a result of the decrease of properties under development for sale.

5.2 Cash Flow Used in Investing Activities

For the six months ended 30 June 2019, the net cash used in investing activities amounted to RMB5,599.3 million, representing a decrease of RMB2,129.5 million or 27.55% as compared to the corresponding period of 2018, mainly due to: (i) payment for purchasing property, plant and equipment and intangible assets amounting to RMB6,909.4 million; (ii) capital contributions to joint ventures and associates amounting to RMB951.1 million. These cash outflows were offset by the decrease in the restricted deposit of RMB1,253.8 million, the returns on investment of RMB477.6 million, and the receipt of interest income of RMB381.9 million.

5.3 Cash Flow Generated from Financing Activities

For the six months ended 30 June 2019, the net cash generated from financing activities amounted to RMB3,868.1 million, representing a decrease of RMB16,359.8 million or 80.88% as compared to the corresponding period of 2018, mainly due to: (i) the newly increase of bank borrowings and other borrowings of RMB32,346.4 million; (ii) the proceeds of RMB5,000.0 million from the issuance of perpetual capital instruments; (iii) the proceeds of RMB4,000.0 million from the issuance of corporate bonds. These cash inflows were offset by the repayment of bank borrowings and other borrowings of RMB31,688.3 million, repurchase of corporate bonds of RMB2,979.6 million and the payment of interests on borrowings and bonds of RMB2,850.2 million.

6 Capital Expenditures

In the past, the Group 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 of the Company for the periods indicated:

	For the six months ended 30 June	
	2019	2018
	(RMB in million)	*(RMB in million)*
Property, plant and equipment[1]	**1,580.8**	4,821.1
Prepaid lease payments[1]	**–**	125.9
Intangible assets	**6,098.8**	3,615.7
Total	**7,679.6**	8,562.7

Note:

(1) The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

7. Capital and Financial Policies

The finance and property department of the Company is responsible for the capital and financial policies for the Company's overall business operations. The Company expected to jointly finance its management capital and other capital needs from a variety of sources, including but not limited to internal financing and external financing at a reasonable market interest rate. The Group continued to focus on improving return on equity and return on assets while maintaining prudent capital and financial policies.

8 Indebtedness

As at 30 June 2019, the Company's total liabilities amounted to RMB298,457.4 million and total assets amounted to RMB402,226.3 million, with a gearing ratio of 74.20%, representing a decrease of 1.36 percentage points from 75.56% as at the end of last year. The Company's total indebtedness amounted to RMB113,496.2 million. The following table sets forth the details of bank borrowings, other borrowings and corporate bonds of the Company as at the dates indicated:

	As at 30 June 2019 ***(RMB in million)***	As at 31 December 2018 *(RMB in million)*
Long-term		
Bank borrowings		
Unsecured	**32,114.0**	24,280.5
Secured	**16,693.3**	16,107.7
Other borrowings		
Secured	**512.9**	501.7
Corporate bonds[1]	**18,542.7**	15,141.8
Sub-total	**67,862.9**	56,031.7
Short-term		
Bank borrowings		
Unsecured	**26,848.8**	32,813.2
Secured	**4,999.7**	6,421.6
Other borrowings		
Unsecured	**11,580.6**	11,846.8
Secured	**80.0**	144.5
Corporate bonds [1]	**2,124.2**	4,730.8
Sub-total	**45,633.3**	55,956.9
Total	**113,496.2**	111,988.6

Note:

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

As at 30 June 2019 and 31 December 2018, bank and other borrowings denominated in currencies other than the functional currencies of respective entities are set out as below:

	As at 30 June 2019 *(RMB in million)*	As at 31 December 2018 *(RMB in million)*
USD	**11,890.0**	11,142.2
Brazilian Real	**4,125.5**	4,115.4
Kuwait Dinar	**501.5**	497.1
Japanese Yen	**121.9**	121.9
Total	**16,638.9**	15,876.6

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

	As at 30 June 2019 *(RMB in million)*	As at 31 December 2018 *(RMB in million)*
Guaranteed by each of the following parties:		
Holders of non-controlling interests	**629.7**	700.0
Third parties	**372.9**	128.9
Total	**1,002.6**	828.9

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

	As at 30 June 2019 *(RMB in million)*	As at 31 December 2018 *(RMB in million)*
Repayable within 1 year	**44,615.9**	51,959.9
Repayable after 1 year but within 2 years	**14,086.6**	8,870.8
Repayable after 2 years but within 3 years	**11,027.7**	18,278.0
Repayable after 3 years but within 4 years	**8,645.4**	2,880.5
Repayable after 4 years but within 5 years	**5,892.6**	7,023.0
Repayable after 5 years	**29,228.0**	22,976.4
Total	**113,496.2**	111,988.6

The following table sets forth the effective interest rate ranges of bank borrowings, other borrowings and corporate bonds of the Company as at the dates indicated:

	As at 30 June 2019 *(%)*	As at 31 December 2018 *(%)*
Bank borrowings	**1.05-8.00**	1.05-9.00
Other borrowings	**3.92-6.00**	3.92-4.61
Corporate bonds	**3.14-5.37**	3.14-5.37

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

	As at 30 June 2019		As at 31 December 2018	
	(RMB in million)	***(%)***	*(RMB in million)*	*(%)*
Fixed interest rate bank and other borrowings	**39,638.8**	**1.05-8.00**	36,988.8	1.05-8.00
Floating interest rate bank and other borrowings	**53,190.5**	**1.20-7.50**	55,127.2	1.20-9.00
Total	**92,829.3**		92,116.0	

Indebtedness of the Company increased by RMB1,507.6 million from 1 January 2019 to 30 June 2019, mainly due to the fulfillments of working capital needs and the purchase and construction of 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 subject to any material restrictive terms in the borrowings. In addition, as at 30 June 2019, the Company had RMB22,000.0 million of authorised but unissued debt securities, and RMB324,518.0 million of unutilized and unrestricted bank credit facilities.

9 Pledge of Assets and Contingent Liabilities

9.1 Pledge of Assets

As at 30 June 2019, 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 at 30 June 2019 *(RMB in million)*	As at 31 December 2018 *(RMB in million)*
Property, plant and equipment[1]	**4,217.1**	3,977.2
Prepaid lease payments[1]	**–**	279.6
Intangible assets	**12,526.6**	12,988.9
Trade receivables	**2,602.3**	2,022.8
Properties under development for sale	**27,152.4**	24,105.5
Bank deposits	**4,495.4**	5,749.2
Total	**50,993.8**	49,123.2

Note:

(1) The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

9.2 Contingent Liabilities

The Group 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 Group 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 other 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 2019	As at 31 December 2018
	(RMB in million)	*(RMB in million)*
Guarantees given to banks and other financial institutions in respect of loan facilities granted to:[(1)]		
Joint ventures	**315.4**	736.9
Associates	**2,063.4**	3,594.4
Third parties[(2)]	**258.9**	258.9
Investee recognised as financial assets at fair value through other comprehensive income	**23.5**	24.5
	2,661.2	4,614.7
Mortgage loan guarantees provided by the Company to banks in favour of its customers[(3)]	**2,465.7**	1,790.4
Total	**5,126.9**	6,405.1

Notes:

(1) At initial recognition, the fair value of these guarantee contracts is insignificant. There has been no material change in contingent liabilities of the Company since 30 June 2019 to the date of this announcement.

(2) The Company has 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 principals together with the accrued interest and penalty. Accordingly, no provision has been made in the financial information for these guarantees.

(3) One subsidiary of the Group has provided guarantee in respect of a finance leasing contract with one financial institution to a third party.

10 Gearing Ratio

As at 30 June 2019, the gearing ratio of the Company was 109.37%, representing a decrease of 12.95 percentage points as compared to 122.32% for the corresponding period of 2018. Gearing ratio represents interest-bearing debts divided by total equity at the end of the period.

11 Subsequent event

On 2 July 2019, China Gezhouba Group Company Limited, a subsidiary of the Group, announced that it would not renew the perpetual corporate bonds (the "**Bonds**") issued in 2016 with face value of RMB4,500 million. Pursuant to the announcement, the Bonds, which was presented as equity instruments in the consolidated financial statements of the Group for the six months ended 30 June 2019, fell into the definition of financial liabilities under IFRSs thenceforth.

12 Risk

12.1 Business Risk

(1) Policy risk

Macroeconomic policies and industry policies are subject to the risk of change, which may lead to increasing difficulties in market exploring, narrowed financing channels, increasing financing costs, slower transformation and upgrading, and an increase in operational risks. The Company will intensify industry policy research, consolidated the traditional market, strengthened business transformation and upgrading, expanded non-power business areas and overseas markets, and exerted the role of new business models, striving to achieve sustainable and healthy development of enterprises.

(2) International operation risk

The international political and economic situations were complex and dynamic, coupled with long-standing risks including the US-China trade dispute, rapidly changing business models for international engineering projects, exchange rate, legal, compliance and security risks. The Company will refine its international operational management system, improved the international business market layout, and avoided disorderly internal competition and vicious external competition. Meanwhile, the Company intensified research and measures on risks including exchange rate, legal and compliance risks, and improved the overseas security risk prevention and emergency response capabilities, endeavoring to ensure that the international business keeps sustainable and healthy development.

(3) Construction project management risk

The inadequate planning breadth and depth in the early stage of projects, the less-satisfactory contracting quality, the sub-standard subcontract management, the deficient construction resource allocation and other reasons might jointly contribute to the unsmooth contract fulfillment of projects, delayed schedules, non-compliant product performance and quality. The Company will strengthen construction of project management system as well as examination and assessment of execution of the system, especially preventing subcontracting management risks. The Company also strengthened check and supervision on projects to detect and solve existing problems, uplifting contract performance ability and profitability.

(4) Legal dispute risk

Some of the legal disputes were relatively complicated. In the event of inappropriate response, they may lead to economic loss, and may even produce negative impact on the reputation, market development and production and operation of the Company. The Company will improve the dispute case management mechanism, strengthened the implementation of the main responsibility, carried out special management of dispute cases, and continuously improved the effectiveness of case handling; it conducted research on legal issues in areas such as investment and PPP business and deepened risk management and control. The Company strictly implemented legal review, pre-emptive risk prevention, and effectively served production and operation.

(5) Investment risk

The Company is undergoing business transformation with its invested business constantly expanding. If risk element identification and analysis are not profound enough, implementation management is not in place, financing schemes fail to be launched or the cost is too high, problems such as budgetary overrun of construction cost and insufficient revenue may occur. The Company will improve its full-process investment risk management system, continuously optimized its investment management system and strengthened its active investment management capability. It also strengthened supervision of and control on investment projects, strictly enforced the access criteria for investment projects, strictly conducted inspection of investment projects, enhanced project supervision, inspection and appraisal, and optimized the exit mechanism, striving to form a virtuous cycle and achieve rolling development.

(6) *Cash flow risk*

Subject to factors of centralized investments, receivables, cost management and operation loss, some certain sub-enterprises are short of cash flow with the risk of debt default and declining credit. The Company will strengthen budget management, optimized debt structure, broadened financing channels, lowered financial costs, strengthened management on inventory and receivables and supervision on capital operation, strengthened capital concentration and committed to enhancing capital operation capability. The Company enhanced the centralized procurement, carried out task of cost deduction and fee control, striving to steadily uplift the operating capacity of the enterprise.

(7) *Health, safety and environmental risk*

Construction and contracting is a high-risk sector. Subject to the impact of the nature of industry and environmental condition on the construction site, security and environmental protection are always exposed to risks. If the management is less adequately practised and not well arranged, safety and environmental accidents may occur, leading to loss of life or property or environmental destruction. The Company will put into effect the subject of liability for safety and environmental protection, strengthened examination of execution of system, strictly observed the redline of health and safety, and had the accountability mechanism established seriously. It also augmented resource input, enhanced training and foundation management, carried out investigation and rectification of hidden hazards and safety management to stay strictly on guard against accidents.

12.2 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 plans to continue to expand the overseas business, and it is expected that, as a result, the incomes and expenses dominated in foreign currencies will increase correspondingly. The exchange rate fluctuation may have influences on the service pricing and the cost of procurement of materials and equipment by foreign exchange of the Company and therefore influence the financial position and operating performance of the Company. The Company will carry out risk controls by means of contracts and financial instruments, make reasonable commercial arrangements and select suitable foreign currency and exchange rate for settlement or payment so as to prevent exchange rate fluctuation risk.

13 Number of Employees and Training Program

As at 30 June 2019, the Company has a total of 120,063 employees, including 36,140 managers, 39,815 professional technicians, and 29,426 technical operating personnel. The Company has 11,344 employees with various national registered qualifications. Also, the Company has a group of top talents of China, including 32 experts who enjoy the PRC governmental special subsidies, 5 national engineering survey and design masters, 2 national nuclear industry engineering survey and design masters, 4 experts of the "Millions of Talents of the New Century" project, 2 national young and middle-aged experts with outstanding contribution, and 24 national technical experts.

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 employees' quality and professional skills continuously. The Company planned to train 230,200 employees in the first half of 2019 and actually trained 240,100 employees, including on-the-job training for 164,100 employees, continuing education training for 18,100 employees, and other training for 57,900 employees.

14 Remuneration and Equity-incentive Policy

The Company comprehensively established a scientific, reasonable, open and fair, standardized and orderly remuneration management system. With emphasis on incentives and constraints, and adhering to the efficiency-oriented principle, the Company continued to achieve economic growth while realizing the growth of employees' income simultaneously. The Company established and optimized a sound system for determining the total amount of wages and mechanism for the regular wage increases for employees, whereby corporate efficiency varies with the salary and wages in the same direction. The salary and wages of employees are closely aligned with the respective position and actual contribution according to the "position-based and performance-linked" policy. It highlights performance and contribution, and promotes more reasonable and orderly distribution of income.

Pursuant to the requirements of the relevant policy of the State-owned Assets Supervision and Administration Commission of the State Council, the Company determined the remuneration of the Directors based on the remuneration standard of the listed state-owned peers in the industry, among which, the remuneration of the chairman of the Board of the Company is based on the remuneration standard stipulated by the State-owned Assets Supervision and Administration Commission of the State Council, the remuneration of the executive Directors who are also senior management is based on the results of their performance appraisal and the relevant regulatory requirements on remuneration.

In order to maximize the proactiveness of the senior management and key employees and to support the realization of the Company's strategy and sustainable development, upon consideration and approval at the first extraordinary general meeting of 2016 of the Company, the Company adopted the Restricted Share Incentive Scheme of China Energy Engineering Corporation Limited. On 16 November 2018, as resolved by the Board of Directors of the Company, the conditions for unlocking of the first unlocking period under the initial grant of restricted shares for the restricted share incentive scheme approved on 21 November 2016 have been fulfilled. Upon the approval of the above resolution, the first unlocking period is between the first trading day after 24 months since the date of initial grant to the last trading day within 36 months since the date of grant. The actual number of grantees under the initial grant of the Company was 516 and the total number of restricted shares of the Company granted thereunder was 273.674 million (for details, please refer to the 2018 annual report of the Company), of which 481 has fulfilled the conditions for this unlocking, 83.994 million restricted shares granted to them were unlocked on 22 November 2018. Save as disclosed above, as of 30 June 2019, according to the restricted share incentive scheme, no restricted shares have been granted, unlocked, lapsed or cancelled.

Pursuant to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the restricted share incentive scheme does not constitute a share option scheme. It belongs to a discretionary scheme of the Company.

15 Plans of the Company for Significant Investment or Purchase of Capital Asset in the Future

The Company's major future investments are mainly distributed in the following three aspects: firstly, we will focus on the main business, strengthen investment in enhancing the competitiveness of the main business market, accelerate the development of investment services and integrated service operations in non-power areas, and promote the in-depth development of the construction and contracting market to ensure the stable development of the main business; secondly, the Company will select enterprises with qualifications and capabilities in non-power design and construction and hydropower design to carry out investment mergers and acquisitions, further improve the main business and promote the company's business transformation and development; thirdly, we will accelerate overseas investment, actively adapt to the trend of large-scale overseas projects, integration of investment and construction, increase the depth and level of participation in the construction of the "One Belt and One Road", deepen the investment in selected countries, and enhance the competitiveness of the international market and brand influence.

In the first half of 2019, the Company did not hold any significant investment projects exceeding the net assets of the Company by 10% and are required to be considered and approved by the Board.

16 Outlook

In the first half of the year, China's economic operation was generally stable, and the growth rate remained within a reasonable range; the industrial structure continued to be optimized and coordination ability was further enhanced; consumption was still the ballast stone for the smooth operation of the economy, and the contribution rate of external demand has increased significantly; emerging industries continued to exert their strength, and economic development released new vitality. According to the 2019 Government Work Report of China, the GDP growth rate target of China for the whole year is 6%-6.5%.

16.1 Outlook of Power Industry

(1) Forecast on Electricity Consumption. In the first half of 2019, the electricity consumption of the whole society increased by 5.0% year-on-year, among which consumption in tertiary production and residential electricity consumption continued to maintain rapid growth. According to the forecast of the China Electricity Council, considering factors such as the macroeconomic situation at home and abroad, the substitution of electric energy, the base of the previous year, and the environmental safety inspection, the power consumption in the second half of the year will maintain the steady growth in the first half of the year. The national electricity consumption is expected to grow by around 5.5% year-on-year in 2019.

(2) Forecast on Power Construction. According to the forecast by China Electricity Council, the newly additional installed capacity of power generation in China is expected to be around 110 million KW in 2019. As of the end of 2019, it is expected that the national installed capacity of power generation will amount to around 2,000 million KW, representing a year-on-year increase of 6%. The installed capacity of non-fossil energy power will total 840 million KW, with proportion to total installed capacity further increasing to around 42%, of which, hydropower accounts for 360 million KW, grid-connected wind power accounts for 210 million KW, grid-connected solar power generation accounts for 200 million KW, nuclear power accounts for 49 million KW and biomass power generation accounts for around 22 million KW.

In the long run, the increasing of power consumption and the power structural adjustment will have rigid and increasing demand of installed capacity. The existing coal-fired units still have the vast room for energy conservation and emission reduction, upgrading and transformation, the technology upgrading of the units' flexibility of the power companies has a promising market and the installed capacity of non-fossil energy power generation grows rapidly, as well as the construction of and investment in main networks of power grid and distribution power grid remain in a larger size. Ubiquitous Power Internet of Things for Electricity construction will drive new investment growth points.

16.2 Domestic Non-power Market

In the first half of 2019, the growth rate of investment in infrastructure increased steadily, the major national strategic and regional policies were continuously promoting, while the regional integrity continued to upgrade, and further progress was made with the further implementation of the Innovation-driven Development Strategy, the Rural Revitalization Strategy, and the Made-in-China of 2025. Making up short slabs of infrastructure continued to develop. In November 2018, the General Office of the State Council printed and distributed the Guiding Opinions on Maintaining the Efforts to Making Up Short Slabs of Infrastructure (《關於保持基礎設施領域補短板力度的指導意見》), which required support for key strategies, for example, the "One Belt and One Road" construction, the Beijing-Tianjin-Hebei Integration development, the Yangtze River Economic Belt development and the construction of Guangdong-Hong Kong-Macau Greater Bay Area. It also required focus on the key weak areas including poverty alleviation, railway, road and waterway projects, airports, waterworks, energy, agriculture and villages and community, ecological and environmental protection and society livelihood as well as to accelerate the implementation of major projects which had been included in the planning. Meanwhile, 10 supporting policies and measures including "Strengthening the Management on Special Bond Funds and Projects of Local Government", "Increasing Financial Support for Projects under Construction and Major Projects of Making Up Short Slabs" and "Fully Mobilizing the Enthusiasm of Private Investment" were introduced. In 2019, infrastructure construction will focus on key areas including making up short slabs, and areas where the major national strategies are implemented. There is huge potential for non-power construction market such as urban infrastructure, comprehensive pipe gallery, smart city, sponge city, subway and city railway and environmental facilities.

PPP projects are stepping into the stage of reasonable and stable growth. In March 2019, the Ministry of Finance printed and distributed the Implementation Opinions on Promoting the Normative Development of Public-Private-Partnership (《關於推進政府和社會資本合作規範發展的實施意見》), which emphasized that the PPP model is a long-term cooperation model with operation serving as its core and requires that through introducing market funds and resources, allocation of resources are optimized, risks are reasonably diversified, government functions are transformed, market vitality is stimulated, while the quality and efficiency of public service supply is improved. As of the end of June 2019, the amount of projects under operation counted by the National PPP Integrated Information Platform Project Database since 2014 reached RMB13.6 trillion.

16.3 International Market

Since 2018, trade protectionism has risen, international trade and cross-border investment have slowed down. Despite this, the overall slowdown in the recovery of the world economy and the direction of economic globalization have not changed. With the establishment of a new pattern of China's all-round opening up, bilateral and multilateral cooperation between China and the rest of the world will continue to deepen.

(1) Transforming "One Belt and One Road" into high quality development together. In April 2019, the 2nd "One Belt and One Road" International Cooperation Summit was held in Beijing. After five years of basement and pillars building , the "One Belt and One Road" was building a new stage of rooting and sustainable development. The principle of "consultation, contribution and shared benefits" is highly recognized by countries along the route.

(2) The power consumption market in developing countries has vast room for growth. According to the statistics of the World Bank in 2018, the imbalance of power development in the world is still serious. Among the 215 economies with statistical data, there are 35 economies with access to electricity rate below 50% and 56 with less than 80%. The world's unpowered population is 937 million people, accounting for 12.6% of the world's total population. There are 36 countries with a per capita electricity consumption of less than 1,000 kWh/person, with a total population of 2.97 billion people, accounting for 40.4% of the world's total population. Among the 140 economies with statistical data, there are 22 economies with electricity transmission and distribution losses exceeding 20%, and 43 economies with more than 15%. Association of Southeast Asian Nations, South Asia and the Middle East will continue to be the regions where the world's energy and power consumption are growing at a faster rate.

In the medium and long term, the developing economies' infrastructure, energy and power construction market has broad space and great potential, and the international market is still in a period of strategic opportunities. The Company will increase market development efforts, expand business model innovation, give full play to the core competitive advantages of the Company's entire industry chain, further optimize the international market layout, and promote the realization of high-quality development of international business.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2019.

USE OF PROCEEDS FROM THE LISTING

As stated in the Annual Report 2018, the proceeds from the initial public offering on 10 December 2015 and exercise of over-allotment option on 8 January 2016 had been fully utilized for payments.

THE CORPORATE GOVERNANCE CODE

The Company is committed to good corporate governance. The Directors of the Company duly performed their duties, gave their opinions or advice by participating in meetings of the Board and committee meetings of the Board and passed the resolutions by way of poll; the Directors attended the shareholders' annual general meeting and annual work meeting of the Company, regularly received the work reports from the operation level, proactively conducted investigations and research for intensively keeping abreast of the corporate development.

For the six months ended 30 June 2019, 4 Board meetings were convened and held by the Company, considering and voting for 33 resolutions and proposing 12 resolutions to the shareholders' general meeting; 1 shareholders' general meeting (i.e. the 2018 shareholders' annual general meeting) was held, considering and voting for 16 resolutions; 1 Strategy Committee meeting of the Board was held, considering and voting for 2 resolutions; 1 Nomination Committee meeting of the Board was held, considering and voting for 3 resolutions. 1 Remuneration and Assessment Committee meeting of the Board was held, considering and voting for 4 resolutions; and 2 Audit Committee meetings of the Board were held, considering and voting for 6 resolutions.

For the six months ended 30 June 2019, the Company has complied with all code provisions of the Corporate Governance 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 of the Company had complied with all required standard as set out in the Model Code for Securities Transactions during the six months ended 30 June 2019.

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 2019.

AUDIT COMMITTEE

The Company has established an audit committee. Its primary duties include, among other things, the review and supervision of the Company's financial controls, internal control and risk management system. The Audit Committee comprises two independent non-executive directors and one non-executive director of the Company, 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 rich experience in accounting and financial matters. On 30 August 2019, the Audit Committee has reviewed the interim results announcement of the Company for the six months ended 30 June 2019, the 2019 interim report and the unaudited interim financial statements for the six months ended 30 June 2019 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 websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) and the Company (www.ceec.net.cn), respectively. The 2019 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 2019

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 directors of the Company are Mr. Ma Chuanjing, Mr. Liu Xueshi and Mr. Si Xinbo; and the independent non-executive directors of the Company are Mr. Ding Yuanchen, Mr. Zheng Qiyu and Mr. Cheung Yuk Ming.

* *For identification purpose only*