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 2020

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2020:

The revenue of the Company was RMB105,597.2 million, representing a decrease of 4.04% as compared with the corresponding period of last year.

Net profit attributable to equity holders of the Company was RMB919.0 million, representing a decrease of 57.41% as compared with the corresponding period of last year.

Basic earnings per share was RMB2.88 cents per share, representing a decrease of RMB4.34 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 2020.

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 2020 (the "**Reporting Period**"), together with the comparative figures of the corresponding period in 2019.

* *For identification purpose only*

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

For the six months ended 30 June 2020

(Expressed in Renminbi)

		Six months ended 30 June	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**105,597,203**	110,044,653
Cost of sales		**(93,152,188)**	(96,337,231)
Gross profit		**12,445,015**	13,707,422
Other income		**711,701**	1,050,392
Net impairment losses on financial assets and contract assets	*4(a)*	**(549,521)**	(127,829)
Other net gains and losses	*4(b)*	**42,040**	29,152
Selling expenses		**(805,120)**	(1,236,521)
Administrative expenses		**(5,246,037)**	(5,233,830)
Research and development expenses		**(1,873,719)**	(1,267,386)
Finance income	*5*	**355,972**	384,279
Finance costs	*5*	**(1,696,191)**	(1,889,101)
Share of profits of joint ventures		**137,172**	102,426
Share of (losses)/profits of associates		**(18,640)**	392,171
Profit before taxation		**3,502,672**	5,911,175
Income tax	*6*	**(1,264,299)**	(1,583,604)
Profit for the period		**2,238,373**	4,327,571
Other comprehensive income for the period:			
Items that will not be reclassified to profit or loss:			
– Remeasurement of defined benefit obligations		**(225,630)**	10,990
– Income tax relating to remeasurement of defined benefit obligations		**6,319**	10
– Equity investments at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)		**(18,806)**	399,718
– Income tax relating to equity investments at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)		**2,143**	(45,724)
		(235,974)	364,994

	Note	Six months ended 30 June 2020 RMB'000	2019 RMB'000
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**13,593**	(202,091)
		13,593	(202,091)
Other comprehensive income for the period		**(222,381)**	162,903
Total comprehensive income for the period		**2,015,992**	4,490,474
Profit for the period attributable to:			
Equity holders of the Company			
– Shareholders		**859,539**	2,157,587
– Perpetual capital instruments holders		**59,490**	–
		919,029	2,157,587
Non-controlling interests			
– Shareholders		**816,934**	1,756,983
– Perpetual capital instruments holders		**502,410**	413,001
		1,319,344	2,169,984
		2,238,373	4,327,571
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**652,936**	2,141,577
– Perpetual capital instruments holders		**59,490**	–
		712,426	2,141,577
Non-controlling interests			
– Shareholders		**801,156**	1,935,896
– Perpetual capital instruments holders		**502,410**	413,001
		1,303,566	2,348,897
		2,015,992	4,490,474
Earnings per share			
Basic and diluted (RMB cents)	*7*	**2.88**	7.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

At 30 June 2020

(Expressed in Renminbi)

	Note	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Non-current assets			
Property, plant and equipment		**48,097,230**	47,803,927
Investment properties		**735,703**	719,094
Intangible assets		**46,760,780**	42,443,895
Investments in joint ventures		**6,260,690**	5,416,691
Investments in associates		**17,755,479**	16,460,287
Goodwill		**2,025,716**	1,575,800
Deferred tax assets		**2,167,410**	2,068,529
Trade receivables	*9*	**30,734,558**	29,128,276
Prepayments, deposits and other receivables	*10*	**1,990,554**	1,894,945
Finance lease receivables		**2,911,634**	1,863,472
Financial assets at fair value through other comprehensive income		**2,169,878**	2,194,812
Financial assets at fair value through profit or loss		**5,720,154**	5,423,593
		167,329,786	156,993,321
Current assets			
Inventories		**13,686,942**	12,617,279
Properties under development for sale		**46,954,869**	47,103,429
Completed properties for sale		**2,279,532**	2,231,891
Contract assets		**48,451,003**	41,151,749
Trade and bills receivables	*9*	**53,856,487**	54,228,499
Prepayments, deposits and other receivables	*10*	**50,478,061**	49,027,166
Other loans		**6,040,540**	5,998,443
Financial assets at fair value through profit or loss		**2,761,344**	2,758,182
Finance lease receivables		**221,681**	425,616
Pledged deposits		**4,899,472**	5,242,218
Bank and cash balances		**39,213,939**	43,892,508
		268,843,870	264,676,980

	Note	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Current liabilities			
Trade and bills payables	12	**99,052,737**	104,390,647
Contract liabilities		**55,411,300**	52,490,798
Other payables and accruals		**31,233,008**	28,889,755
Income tax payable		**1,414,122**	2,111,310
Bank and other borrowings		**40,828,347**	33,685,867
Defined benefit obligations		**1,059,003**	1,104,067
Corporate bonds		**7,460,731**	1,384,961
Lease liabilities		**222,616**	293,465
Provisions		**602,312**	631,168
		237,284,176	224,982,038
Net current assets		**31,559,694**	39,694,942
Total assets less current liabilities		**198,889,480**	196,688,263
Non-current liabilities			
Other payables and accruals		**302,842**	419,150
Bank and other borrowings		**59,360,172**	52,575,827
Corporate bonds		**11,394,473**	18,393,576
Lease liabilities		**733,453**	852,992
Defined benefit obligations		**9,395,499**	9,269,577
Deferred tax liabilities		**1,136,096**	1,119,297
Deferred revenue		**756,573**	767,492
		83,079,108	83,397,911
NET ASSETS		**115,810,372**	113,290,352
CAPITAL AND RESERVES			
Issued share capital		**30,020,396**	30,020,396
Perpetual capital instruments		**4,000,000**	3,000,000
Reserves		**24,789,267**	25,124,366
Equity attributable to equity holders of the Company		**58,809,663**	58,144,762
Perpetual capital instruments		**23,900,000**	23,900,000
Non-controlling interests		**33,100,709**	31,245,590
TOTAL EQUITY		**115,810,372**	113,290,352

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 28 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, *Definition of a Business*

- Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("**COVID-19-related rent concessions**") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the interim reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred.

None of the above 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.

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.

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 ("**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 2020 (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	–	–	9,897,991	6,568,089	6,813,446	–	23,279,526
Over time	4,751,366	77,566,311	–	–	–	–	82,317,677
External segment revenue	4,751,366	77,566,311	9,897,991	6,568,089	6,813,446	–	105,597,203
Inter-segment revenue	47,353	3,455,693	117,561	–	845,069	(4,465,676)	–
Segment revenue	4,798,719	81,022,004	10,015,552	6,568,089	7,658,515	(4,465,676)	105,597,203
Segment results	102,802	2,514,691	1,349,760	419,120	774,781	48,685	5,209,839
Unallocated items							
Other income							217,061
Net impairment losses on financial assets and contract assets							(549,521)
Other net gains and losses							42,040
Administrative expenses							(195,060)
Finance income							355,972
Finance costs							(1,696,191)
Share of profits of joint ventures							137,172
Share of losses of associates							(18,640)
Profit before taxation							3,502,672

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

Segment profit represents the profit earned by each segment without allocation of certain other income, net impairment losses on financial assets and contract assets, other net gains and losses, administrative expenses, finance income, finance costs, share of (losses)/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	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Segment revenue		
Mainland China	**91,555,163**	92,614,503
Overseas:		
Pakistan	**2,637,576**	2,223,966
Vietnam	**1,247,360**	2,800,482
Indonesia	**1,128,967**	1,358,135
Jordan	**1,214,772**	2,210,796
Argentina	**799,013**	523,836
Bangladesh	**786,857**	1,609,756
Others	**6,227,495**	6,703,179
Total	**105,597,203**	110,044,653

	At 30 June	At 31 December
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets		
Mainland China	**104,509,996**	99,409,438
Overseas:		
Vietnam	**10,080,081**	8,992,128
Pakistan	**6,676,021**	5,717,045
Kazakhstan	**890,588**	870,091
Spain	**508,548**	–
Kuwait	**198,481**	222,614
Argentina	**153,638**	162,157
Brazil	**130,766**	126,188
Others	**746,505**	814,979
Total	**123,894,624**	116,314,640

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 2020 (six months ended 30 June 2019: 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	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Trade receivables	**212,154**	109,195
Contract assets	**(4,915)**	19,888
Other receivables	**63,020**	(1,254)
Other receivables from Huanjia Connected Suppliers *(note 10)*	**279,262**	–
Total	**549,521**	127,829

(b) Other net gains and losses

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain	**22,737**	35,447
Gain/(loss) on disposal of:		
– Financial assets at fair value through profit or loss ("**FVPL**")	**44**	(39)
– Property, plant and equipment	**66,480**	(5,350)
– Intangible assets	**28,279**	1,045
– Subsidiaries	**–**	(203)
Fair value changes of financial assets at FVPL	**(50,923)**	25,529
Loss on compensation, penalties and fines	**(34,926)**	(26,284)
Others	**10,349**	(993)
Total	**42,040**	29,152

5 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on:		
Bank and cash balances and pledged deposits	**168,540**	180,126
Other loans	**180,649**	192,355
Defined benefit plan assets	**6,783**	11,798
Total finance income	**355,972**	384,279
Interest expenses on:		
Bank and other borrowings	**2,275,100**	2,181,750
Corporate bonds	**400,051**	435,433
Asset-backed securities ("**ABS**")	**29,579**	55,746
Lease liabilities	**29,301**	31,574
Discounted bills	**10,590**	25,706
Defined benefit obligations	**176,444**	176,481
	2,921,065	2,906,690
Less: Interest capitalised into		
– Construction in progress	**(481,306)**	(285,891)
– Properties under development for sale	**(340,470)**	(509,182)
– Intangible assets	**(403,098)**	(222,516)
Total finance costs	**1,696,191**	1,889,101

Notes:

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

(ii) The borrowing costs have been capitalised at rates of 2.92% to 6.50% for the six months ended 30 June 2020 (six months ended 30 June 2019: 2.92% to 9.00%).

6 INCOME TAX

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current enterprise income tax	**1,149,693**	1,296,075
Deferred tax	**(37,469)**	18,577
Land appreciation tax ("**LAT**")	**152,075**	268,952
	1,264,299	1,583,604

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 interim 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

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company of RMB860 million (six months ended 30 June 2019: RMB2,154 million, excluding cash dividend attributable to the shares under restricted share incentive scheme expected to be vested in the future) and the weighted average of 29,855,864,000 ordinary shares in issue during the six months ended 30 June 2020 (six months ended 30 June 2019: 29,855,864,000 shares).

(b) Diluted earnings per share

There was no dilutive effect arising from restricted share incentive scheme for the six months ended 30 June 2020.

8 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the six months ended 30 June 2020:

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the six months ended 30 June 2020:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, approved during the six months ended 30 June 2020, of RMB0.0306 per share (2019: RMB0.0306 per share)	**918,624**	918,624

9 TRADE AND BILLS RECEIVABLES

	At 30 June	At 31 December
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**51,995,395**	50,321,200
Retention receivables	**15,847,378**	14,381,833
Less: loss allowance	**(4,233,251)**	(4,024,432)
	63,609,522	60,678,601
Bills receivable	**3,972,338**	5,611,852
Build-Transfer ("**BT**")/Build-Operate-Transfer ("**BOT**") project receivables	**17,009,185**	17,066,322
Total trade and bills receivables	**84,591,045**	83,356,775
Analysed for financial reporting purpose:		
Non-current	**30,734,558**	29,128,276
Current	**53,856,487**	54,228,499
	84,591,045	83,356,775

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 2020, the Group pledged its trade receivables amounting to approximately RMB5,687 million (2019: RMB4,536 million) to secure loan facilities granted to the Group.

During the six months ended 30 June 2020, as a result of issuance of ABS, trade receivables of RMB2,240 million (2019: RMB1,505 million) had been transferred as underlying assets of ABS. Relevant trade receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.

(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 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 6 months	**54,999,466**	58,973,905
6 months to 1 year	**12,647,460**	7,665,837
1 year to 2 years	**6,780,890**	7,592,431
2 years to 3 years	**4,320,259**	3,838,897
3 years to 4 years	**2,271,608**	3,055,326
4 years to 5 years	**2,415,139**	1,270,199
Over 5 years	**1,156,223**	960,180
	84,591,045	83,356,775

(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 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Ultimate holding company	**5,943**	425
Fellow subsidiaries	**25,138**	25,383
Joint ventures	**804,189**	891,427
Associates	**2,901,040**	1,754,729
Total	**3,736,310**	2,671,964

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

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2020 *RMB'000* **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
Advance to suppliers	**27,557,980**	24,760,370
Other receivables from Huanjia Connected Suppliers *(note (i))*	**294,955**	574,218
Other receivables *(note (ii))*	**13,590,278**	15,260,726
Receivables for the "Transfer" *(note (iii))*	**2,121,789**	2,121,789
Prepayments for purchase of property, plant and equipment	**1,197,620**	1,156,751
Prepaid taxes	**7,698,756**	7,000,886
Dividends receivable	**4,042**	5,265
Interests receivable	**3,195**	3,028
Deposits for land use rights	**–**	39,078
	52,468,615	50,922,111
Analysed for financial reporting purpose:		
Non-current	**1,990,554**	1,894,945
Current	**50,478,061**	49,027,166
	52,468,615	50,922,111

Notes:

(i) During the year ended 31 December 2018, Gezhouba Huanjia (Dalian) Renewable Resources Company Limited (葛洲壩環嘉(大連)再生資源有限公司, "**Gezhouba Huanjia**"), in which a wholly owned subsidiary of China Gezhouba Group Stock Company Limited (中國葛洲壩集團股份有限公司, "**CGGC**") and Mr. Wang Jinping hold 55% and 45% equity interests, respectively, made prepayments of RMB1,741 million to certain suppliers. From the year of 2015 to 2019, Mr. Wang Jinping was the director and general manager of Gezhouba Huanjia, and the chairman and shareholder of Dalian Huanjia Group Co., Ltd. (大連環嘉集團有限公司) (now renamed as Huanjia Group Co., Ltd. (環嘉集團有限公司), "**Huanjia Group**"). As these suppliers subsequently failed to deliver relevant goods to Gezhouba Huanjia, the balances were reclassified to other receivables and impairment loss of RMB452 million was made during the year ended 31 December 2018.

During the six months ended 30 June 2020 and the year ended 31 December 2019, Mr. Wang Jinping, certain directors and management personnel of Gezhouba Huanjia were kept in detention and investigated by the Committee of Supervisory of Wuhan City (武漢市監察委員會) for duty related crimes and/or crimes (the "**Investigation**"). These suppliers were found to be connected to Huanjia Group ("**Huanjia Connected Suppliers**"). The Group had taken certain contingency measures to recover the receivables. As at 30 June 2020, the gross amount of outstanding other receivables from Huanjia Connected Suppliers was RMB1,475 million (2019: RMB1,475 million). Based on information available to the Group, impairment loss of RMB279 million was made during the six months ended 30 June 2020 (2019: RMB449 million), the accumulated impairment losses amounted to RMB1,180 million.

Certain inventories of Gezhouba Huanjia were stored in sites, which were leased from Huanjia Group. As at 30 June 2020, inventories of Gezhouba Huanjia with carrying amount of RMB708 million (2019: RMB708 million), which were stored in these sites, were seized by court orders for enforcement as a result of a number of legal proceedings against Huanjia Group. The Company is of the opinion that these inventories are lawfully owned by Gezhouba Huanjia and no impairment shall be made for these inventories as at 30 June 2020 (2019: nil).

(ii) Other receivables mainly represented bidding bonds, performance bonds and various deposits required for the Group's business operations.

(iii) The balance is due from China Energy Engineering Group Co., Ltd. for the transfer of residential water supply, power supply, and heat/gas supply and property management of residential communities in 2018 (the "**Transfer**", 三供一業移交). The balance is unsecured, non-interest bearing and has no fixed terms of repayment.

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

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Ultimate holding company		
– Non-trade nature	**2,130,037**	2,338,343
Fellow subsidiaries		
– Trade nature	**218,646**	236,701
– Non-trade nature	**872,579**	725,102
Joint ventures		
– Non-trade nature	**114,353**	2,677
Associates		
– Non-trade nature	**577,916**	993,761
Total	**3,913,531**	4,296,584

11 CONTINGENCIES AND CONTINGENT LIABILITIES

(a) Certain subsidiaries of the Group were subject to administrative inspections by local government regulators. Based on the findings of these inspections, one subsidiary's manufacturing permit was revoked, which is in the process of administrative reconsideration. Provision has been made for the probable losses to the Group on administrative inspections when management can reasonably estimate the outcome of the administrative inspections taking into account the legal advice. No provision has been made for pending administrative inspections when the outcome cannot be reasonably estimated or management believes that the probability of loss is remote.

The Group was also 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 management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

(b) Guarantees

	At 30 June 2020 *RMB'000* **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
Guarantees given to banks and other financial institutions in respect of loan facilities granted to: *(note (i))*		
Joint ventures	**18,000**	18,000
Associates	**1,523,448**	1,532,242
Third party *(note (ii))*	**1,727,894**	243,369
Investee recognised as financial assets at fair value through other comprehensive income	**20,400**	21,400
	3,289,742	1,815,011
Mortgage loan guarantees provided by the Group to banks in favour of its customers *(note (iii))*	**3,222,427**	1,578,175
	6,512,169	3,393,186

Notes:

(i) In the opinion of the Directors, the fair value of these guarantee contracts is insignificant at initial recognition.

(ii) CGGC has provided guarantee to the Ministry of Finance of Argentina in respect of a bank loan contract with an amount of RMB1,482 million. Besides, one subsidiary of the Group has provided guarantee in respect of a leasing contract with one financial institution to a third party with an amount of RMB245 million.

(iii) The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the buyer obtained the individual property ownership certificate.

In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition, and the Directors considered that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable 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 interim financial information.

(c) Contingent liabilities

Since 2019, Gezhouba Huanjia and Huanjia Connected Suppliers (defined in note 10(i)) were involved as defendants in a number of legal proceedings with certain financial institutions and lenders. Mr. Wang Jinping was also one of the defendants in certain of the above-mentioned legal proceedings. At 30 June 2020, these financial institutions sued Gezhouba Huanjia and other defendants for repayment of loans in aggregate amounted to RMB1,492 million (2019: RMB1,362 million). Certain of the above-mentioned legal proceedings have been rejected by courts given these legal proceedings are subject to the conclusions of the Investigation (defined in note 10(i)) as there are in duty related crimes and/or crimes involved.

Based on the advice from the Company's legal counsel, the Company believes that Gezhouba Huanjia will be possibly sued by these financial institutions and lenders and subject to further investigations after the completion of the Investigation. As at 30 June 2020, given the Investigation is yet to be concluded, the Company cannot reasonably predict the outcome and potential financial impact, if any, of the above-mentioned legal proceedings. No provision has been made in this regard.

Gezhouba Huanjia was also involved as defendants in a number of legal proceedings with Huanjia Connected Suppliers. Huanjia Connected Suppliers sued Gezhouba Huanjia for repayment of rental of sites and other proceeds in aggregate amounted to RMB761 million. Based on the advice from the Company's legal counsel, the Company is of the opinion that the repayment of rental and other proceeds is not probable; as such, no provision has been made in this regard.

12 TRADE AND BILLS PAYABLES

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Trade payables	**89,337,365**	91,063,087
Bills payable	**9,715,372**	13,327,560
	99,052,737	104,390,647

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

As at 30 June 2020, retention payables of RMB6,340 million (2019: RMB6,164 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 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Within 1 year	**85,532,510**	90,851,870
1 to 2 years	**6,389,629**	6,490,507
2 to 3 years	**2,822,217**	2,721,690
More than 3 years	**4,308,381**	4,326,580
	99,052,737	104,390,647

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

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Fellow subsidiaries	**86,287**	124,365
Joint ventures	**6,423**	8,300
Associates	**45,792**	26,321
	138,502	158,986

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 2020, the growth rate of fixed asset investment slowed down in China, the growth rate of private investment declined, investment in weak areas such as infrastructure and people's livelihood slowed down, manufacturing industry investment decreased and investment in power, heat, gas, water production and supply industry grew against the trend. Fixed asset investment in China (excluding rural households) amounted to RMB28.2 trillion, down by 3.1% year-on-year. The infrastructure investment (excluding power, heat, gas, water production and supply industry) decreased by 2.7% year-on-year. Among which, investment in water management increased by 0.4%, ecological protection and environmental governance investment decreased by 1.3%, investment in public facilities management decreased by 6.2%, railway transport investment increased by 2.6%, information transmission investment increased by 9.2% and road transport investment increased by 0.8%.

Construction industry. In the first half of 2020, China's construction industry realized a value of output of RMB10.1 trillion, decreased by 0.8% year-on-year, 8 percentage points lower than the same period of the previous year. The Gross Domestic Product (GDP) of the construction industry in the first half of 2020 amounted to approximately RMB2,853.5 billion, decreased by 1.9% year-on-year. As of the end of June 2020, the newly signed contract value of construction enterprises reached RMB12.6 trillion, representing a year-on-year increase of approximately 4.7%, the total signed contract value was RMB39.1 trillion, representing a year-on-year increase of approximately 7.4%.

Power industry. According to statistics from China Electricity Council, in the first half of 2020, the national power consumption in China was 3,354.71 billion KWh, representing a year-on-year decrease of 1.3%. Completed investment in power generation projects has significantly increased while completed investment in power grid projects has slightly increased. The power generation projects of major power enterprises in China completed an investment of RMB173.8 billion, representing a year-on-year increase of 51.5%, among which, the hydropower investment reached RMB39.9 billion, representing a year-on-year increase of 25.3%; the fossil-fuel investment reached RMB18.3 billion, representing a year-on-year decrease of 31.9%; the nuclear power investment reached RMB15.6 billion, representing a year-on-year decrease of 1.5%; the wind power investment reached RMB85.4 billion, representing a year-on-year increase of 152.2%; and solar energy power generation investment reached RMB14.7 billion, representing a year-on-year increase of 132.1%. Power grid projects in China completed an investment of RMB165.7 billion, representing a year-on-year increase of 0.7%.

Overseas contracting. According to statistics from the Ministry of Commerce, in the first half of 2020, Chinese domestic investors have made non-financial direct investments in 159 countries and regions in total around the world, with a total investment of approximately RMB362.14 billion, representing a year-on-year decrease of 0.7%. China's overseas contracting business completed a turnover of RMB425.99 billion, down by 10.6% year-on-year. The newly signed contract value was RMB753.82 billion, representing a year-on-year increase of 5%. The non-financial direct investments of Chinese enterprises in countries along the "Belt and Road" amounted to US$8.12 billion, a year-on-year increase of 19.4%. The newly signed contracts of overseas contracted engineering projects increased and the number of newly signed projects with a value of over US$50 million each reached 381 in the first half of 2020, with a total contract value of US$89.03 billion, accounting for 83.1% of the value of the newly signed contracts. Among them, projects valued over US$100 million amounted to 222, achieving an increase of 5 compared to the same period of last year.

Cement industry. In the first half of 2020, the accumulative cement production in the country showed a slower growth momentum. China's accumulative cement output was 1.00 billion tons, down by 4.8% year-on-year.

Real estate industry. In the first half of 2020, China's real estate development investment was RMB6.3 trillion, representing a year-on-year increase of 1.9%, and the growth rate was down by 9 percentage points compared to the same period of last year. The area of building construction of real estate development enterprises increased by 2.6% year-on-year, new area of building construction decreased by 7.6% year-on-year, land purchase area of real estate development enterprises decreased by 0.9% year-on-year, and the sales gross floor area of commodity properties decreased by 8.4% year-on-year.

In general, China's economy gradually overcome the adverse effects of the epidemic in the first half of 2020, and its economic operations showed a recovery growth and steady recovery trend, and development resilience and vitality were further demonstrated. Some industries related to the Company's main business have experienced slowdown or negative growth, and the epidemic has an obvious impact on the development of the industry. The current global epidemic is still spreading. The huge impact of the epidemic on the world economy will continue to evolve. External risks and challenges will increase significantly, and China's domestic economic recovery is still under pressure.

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

2 CONSOLIDATED OPERATING RESULTS

Items	Six months ended 30 June 2020 (RMB in million)	2019 (RMB in million)	Percentage of change (%)
Revenue	**105,597.2**	110,044.7	(4.04)
Cost of sales	**(93,152.2)**	(96,337.2)	(3.31)
Other income	**711.7**	1,050.4	(32.24)
Net impairment losses on financial assets and contract assets	**(549.5)**	(127.8)	329.97
Other net gains and losses	**42.0**	29.2	43.84
Selling expenses	**(805.1)**	(1,236.5)	(34.89)
Administrative expenses	**(5,246.0)**	(5,233.8)	0.23
Research and development expenses	**(1,873.7)**	(1,267.4)	47.84
Finance income	**356.0**	384.3	(7.36)
Finance costs	**(1,696.2)**	(1,889.1)	(10.21)
Share of profits of joint ventures	**137.2**	102.4	33.98
Share of (losses)/profits of associates	**(18.6)**	392.2	(104.74)
Profit before taxation	**3,502.7**	5,911.2	(40.74)
Income tax	**(1,264.3)**	(1,583.6)	(20.16)
Profit for the period	**2,238.4**	4,327.6	(48.28)

2.1 Revenue

The revenue for the six months ended 30 June 2020 was RMB105,597.2 million, representing a decrease of 4.04% as compared to RMB110,044.7 million for the same period of 2019. The decrease in revenue was mainly due to the decline in business segments including environmental protection and water utilities segment, real estate segment, expressway operation segment, cement production and sales segment as well as survey and design segment.

2.2 Cost of Sales and Gross Profit

The cost of sales for the six months ended 30 June 2020 was RMB93,152.2 million, representing a decrease of 3.31% as compared to RMB96,337.2 million for the same period of 2019, which was slightly lower than the decrease in revenue.

The gross profit for the six months ended 30 June 2020 was RMB12,445.0 million, representing a decrease of 9.21% as compared to RMB13,707.4 million for the same period of 2019. The decrease in gross profit was mainly due to the decrease in revenue of each segment and gross profit margin of investment and other business segment. Also, the epidemic related expenses had a certain impact on gross profit as well.

2.3 Selling Expenses

The selling expenses for the six months ended 30 June 2020 was RMB805.1 million, representing a decrease of 34.89% as compared to RMB1,236.5 million for the same period of 2019. The decrease in selling expenses was mainly due to the fact that some production and operation activities of the Company were disrupted and expenditures decreased accordingly because of the impact of the epidemic.

2.4 Administrative Expenses

The administrative expenses for the six months ended 30 June 2020 was RMB5,246.0 million, representing an increase of 0.23% as compared to RMB5,233.8 million for the same period of 2019. The administrative expenses were basically the same as that in the same period of 2019 which was mainly due to the decrease in administrative expenses resulted from that the production and operation activities were disrupted because of the impact of the epidemic, as well as the newly disbursed management expenses of the acquired company which offset the impact of the decrease in the above expenses.

2.5 Finance Costs

The finance costs for the six months ended 30 June 2020 was RMB1,696.2 million, representing a decrease of 10.21% as compared to RMB1,889.1 million for the same period of 2019. The decrease in finance costs was mainly due to the decrease in interest rate on borrowings.

3 OPERATING RESULTS BY SEGMENTS

Conditions of Industry Segments of Principal Businesses (For the six months ended 30 June)

Industry segments	**2020** Revenue	**2020** Cost of sales	**2020** Gross profit margin	2019 Revenue	2019 Cost of sales	2019 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	**4,798.7**	**3,213.6**	**33.03**	5,246.8	3,559.4	32.16	(8.54)	(9.72)	0.87
Construction and contracting	**81,022.0**	**75,079.4**	**7.33**	81,526.9	75,156.2	7.81	(0.62)	(0.10)	(0.48)
Industrial manufacturing	**10,015.6**	**7,411.3**	**26.00**	10,795.6	8,041.6	25.51	(7.23)	(7.84)	0.49
Including: Cement production	**3,584.0**	**2,023.0**	**43.55**	4,938.6	3,065.7	37.92	(27.43)	(34.01)	5.63
Civil explosives	**1,951.6**	**1,535.9**	**21.30**	1,771.9	1,414.0	20.20	10.14	8.62	1.10
Equipment manufacturing	**4,480.0**	**3,852.4**	**14.01**	4,085.1	3,561.9	12.81	9.67	8.16	1.20
Clean energy, environmental protection and water utilities	**6,568.1**	**6,129.9**	**6.67**	8,332.6	7,883.3	5.39	(21.18)	(22.24)	1.28
Including: Clean energy	**599.4**	**299.5**	**50.03**	649.0	297.5	54.16	(7.64)	0.67	(4.13)
Environmental protection business	**5,189.9**	**5,352.7**	**(3.14)**	6,928.1	7,112.6	(2.66)	(25.09)	(24.74)	(0.48)
Water utilities business	**778.8**	**477.7**	**38.66**	755.5	473.2	37.37	3.08	0.95	1.29
Investment and other business	**7,658.5**	**5,816.0**	**24.06**	8,251.6	5,700.3	30.92	(7.19)	2.03	(6.86)
Including: Real estate business	**3,337.5**	**2,579.2**	**22.72**	4,348.1	3,458.2	20.47	(23.24)	(25.42)	2.25
Expressway operation	**468.4**	**188.0**	**59.86**	1,062.1	331.4	68.80	(55.90)	(43.27)	(8.94)
Financial business	**620.1**	**284.3**	**54.15**	575.2	222.5	61.32	7.81	27.78	(7.17)
Other businesses	**3,232.5**	**2,764.5**	**14.48**	2,266.2	1,688.2	25.51	42.64	63.75	(11.03)
Inter-segment elimination (1)	**(4,465.7)**	**(4,498.0)**	**–**	(4,108.9)	(4,003.6)	–	–	–	–
Total	**105,597.2**	**93,152.2**	**11.79**	110,044.7	96,337.2	12.46	(4.04)	(3.31)	(0.67)

Note:

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

3.1 Survey, Design and Consulting Services Business

For the six months ended 30 June 2020, the revenue before inter-segment elimination of survey, design and consulting services business amounted to RMB4,798.7 million, representing a decrease of RMB448.1 million or 8.54% as compared to RMB5,246.8 million for the corresponding period of 2019, mainly due to the fact that the design progress was relatively slow, and the time for owners to confirm the progress was prolonged affected by the epidemic, which led to the decrease in revenue recognition.

For the six months ended 30 June 2020, the cost of sales before inter-segment elimination of survey, design and consulting services business amounted to RMB3,213.6 million, representing a decrease of RMB345.8 million or 9.72% as compared to RMB3,559.4 million for the corresponding period of 2019, which was generally in line with the changes in its revenue.

For the six months ended 30 June 2020, the gross profit before inter-segment elimination of survey, design and consulting services business amounted to RMB1,585.1 million, representing a decrease of RMB102.3 million or 6.06% as compared to RMB1,687.4 million for the corresponding period of 2019, mainly due to the decrease in revenue.

3.2 Construction and Contracting Business

For the six months ended 30 June 2020, the revenue before inter-segment elimination of construction and contracting business amounted to RMB81,022.0 million, representing a decrease of RMB504.9 million or 0.62% as compared to RMB81,526.9 million for the corresponding period of 2019, representing a slight year-on-year decrease.

For the six months ended 30 June 2020, the cost of sales before inter-segment elimination of construction and contracting business amounted to RMB75,079.4 million, representing a decrease of RMB76.8 million or 0.10% as compared to RMB75,156.2 million for the corresponding period of 2019, which was generally in line with the changes in its revenue.

For the six months ended 30 June 2020, the gross profit before inter-segment elimination of construction and contracting business amounted to RMB5,942.6 million, representing a decrease of RMB428.1 million or 6.72% as compared to RMB6,370.7 million for the corresponding period of 2019, mainly due to the decrease in gross profit of overseas business.

3.3 Industrial Manufacturing Business

For the six months ended 30 June 2020, the revenue before inter-segment elimination of industrial manufacturing business amounted to RMB10,015.6 million, representing a decrease of RMB780.0 million or 7.23% as compared to RMB10,795.6 million for the corresponding period of 2019, mainly due to the decrease in sales volume and price of cement business.

For the six months ended 30 June 2020, the cost of sales before inter-segment elimination of industrial manufacturing business amounted to RMB7,411.3 million, representing a decrease of RMB630.3 million or 7.84% as compared to RMB8,041.6 million for the corresponding period of 2019, which was generally in line with the changes in its revenue.

For the six months ended 30 June 2020, the gross profit before inter-segment elimination of industrial manufacturing business amounted to RMB2,604.3 million, representing a decrease of RMB149.7 million or 5.44% as compared to RMB2,754.0 million for the corresponding period of 2019, mainly due to the decrease in gross profit of cement business segment.

3.4 Clean Energy, Environmental Protection and Water Utilities Business

For the six months ended 30 June 2020, the revenue before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB6,568.1 million, representing a decrease of RMB1,764.5 million or 21.18% as compared to RMB8,332.6 million for the corresponding period of 2019, mainly due to the decrease in revenue of the environmental protection business.

For the six months ended 30 June 2020, the cost of sales before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB6,129.9 million, representing a decrease of RMB1,753.4 million or 22.24% as compared to RMB7,883.3 million for the corresponding period of 2019, which was generally in line with the changes in its revenue.

For the six months ended 30 June 2020, the gross profit before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB438.2 million, representing a decrease of RMB11.1 million or 2.47% as compared to RMB449.3 million for the corresponding period of 2019, mainly due to the increase in losses in the environmental protection business segment and the decline in gross profit margin of the power generation business segment.

3.5 Investment and Other Businesses

For the six months ended 30 June 2020, the revenue before inter-segment elimination of investment and other businesses amounted to RMB7,658.5 million, representing a decrease of RMB593.1 million or 7.19% as compared to RMB8,251.6 million for the corresponding period of 2019, mainly due to the decrease in revenue of the real estate development business and expressway operation business.

For the six months ended 30 June 2020, the cost of sales before inter-segment elimination of investment and other businesses amounted to RMB5,816.0 million, representing an increase of RMB115.7 million or 2.03% as compared to RMB5,700.3 million for the corresponding period of 2019, mainly due to the fact that the growth rate of cost of financial business and other businesses was higher than the growth rate of the revenue.

For the six months ended 30 June 2020, the gross profit before inter-segment elimination of investment and other businesses amounted to RMB1,842.5 million, representing a decrease of RMB708.8 million or 27.78% as compared to RMB2,551.3 million for the corresponding period of 2019, mainly due to the decrease in gross profit of the expressway operation business and real estate development business.

4 CASH FLOW

	For the six months ended 30 June	
	2020	2019
	(RMB in million)	*(RMB in million)*
Net cash (used in)/generated from operating activities	**(9,343.2)**	(7,459.6)
Net cash (used in)/generated from investing activities	**(7,805.6)**	(5,599.3)
Net cash (used in)/generated from financing activities	**12,283.2**	3,868.1
Net decrease in cash and cash equivalents	**(4,865.6)**	(9,190.7)
Cash and cash equivalents at the beginning of the period	**42,624.6**	47,643.2
Effects of exchange rate changes	**223.9**	416.4
Cash and cash equivalents at the end of the period	**37,982.9**	38,868.8

4.1 Cash Flow Used in Operating Activities

For the six months ended 30 June 2020, the net cash used in operating activities was RMB9,343.2 million, representing an increase of RMB1,883.6 million or 25.25% as compared to the same period of 2019, which was mainly attributable to: (i) the cash outflow of RMB9,948.1 million due to the increase of contract assets and trade receivables as the projects were progressing; (ii) the cash outflow of RMB5,365.3 million due to the accelerated settlement for construction projects with suppliers; (iii) the cash outflow of RMB1,568.1 million due to the increase of prepayments for other taxes and construction contracts; (iv) payment of income tax of RMB2,256.9 million. These cash outflows were partially offset by the cash inflow of RMB7,088.7 million due to the net profit from operating activities during the period and the cash inflow of RMB2,920.1 million due to the increase of contract liabilities.

4.2 Cash Flow Used in Investing Activities

For the six months ended 30 June 2020, the net cash used in investing activities was RMB7,805.6 million, representing an increase of RMB2,206.3 million or 39.40% as compared to the same period of 2019, which was mainly attributable to: (i) payment of RMB5,904.2 million in purchasing property, plant and equipment and intangible assets; (ii) capital contributions of RMB2,726.5 million to associates and joint ventures; (iii) payment of RMB2,376.9 million in purchasing financial assets. These cash outflows were partially offset by the proceeds of RMB2,032.4 million from the disposal of financial assets, the proceeds of RMB419.0 million from the disposal of associates and the decrease of restricted deposits of RMB342.7 million.

4.3 Cash Flow Generated from Financing Activities

For the six months ended 30 June 2020, the net cash generated from financing activities was RMB12,283.2 million, representing an increase of RMB8,415.1 million or 217.55% as compared to the same period of 2019, which was mainly attributable to: (i) the newly increased borrowings of RMB29,365.0 million; (ii) issuance of short-term financing notes of RMB6,000.0 million; (iii) issuance of perpetual capital instruments of RMB1,000.0 million; (iv) social capital injections for the mixed-ownership reform of China Energy Engineering Group Hunan Electric Power Design Institute Co., Ltd. of RMB740.6 million. These cash inflows were partially offset by the repayment of bank borrowings, other borrowings and corporate bonds of RMB20,859.2 million, payment of interests on bank borrowings, other borrowings and corporate bonds of RMB3,239.3 million and payment of interests on perpetual capital instruments of RMB419.8 million.

5 CAPITAL EXPENDITURE

In the past, the Company 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	
	2020	2019
	(RMB in million)	*(RMB in million)*
Property, plant and equipment	**2,531.1**	1,580.8
Intangible assets	**4,318.8**	6,098.8
Total	**6,849.9**	7,679.6

6 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 assets while maintaining prudent capital and financial policies.

7 INDEBTEDNESS

As at 30 June 2020, the Company's total liabilities amounted to RMB320,363.3 million and total assets amounted to RMB436,173.7 million, with a gearing ratio of 73.45%, representing an increase of 0.32 percentage points from 73.13% as at the end of last year. The Company's total indebtedness amounted to RMB119,043.7 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 2020 *(RMB in million)*	As at 31 December 2019 *(RMB in million)*
Long-term		
Bank borrowings		
Unsecured	**30,609.5**	26,552.0
Secured	**28,690.1**	26,012.0
Other borrowings		
Secured	**60.5**	11.9
Corporate bonds [1]	**11,394.5**	18,393.6
Sub-total	**70,754.6**	70,969.5
Short-term		
Bank borrowings		
Unsecured	**17,462.7**	15,249.2
Secured	**2,663.9**	3,195.4
Other borrowings		
Unsecured	**20,655.3**	15,188.2
Secured	**46.5**	53.0
Corporate bonds	**7,460.7**	1,385.0
Sub-total	**48,289.1**	35,070.8
Total	**119,043.7**	106,040.3

Note:

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

As at the dates indicated in the following table, bank and other borrowings denominated in currencies other than the functional currencies of respective entities are set out as below:

	As at 30 June 2020	As at 31 December 2019
	(RMB in million)	*(RMB in million)*
United States Dollar	**14,055.6**	14,147.7
Japanese Yen	**120.9**	120.1
Brazilian Real	**2,956.0**	3,947.2
Euro	**558.8**	–
Total	**17,691.3**	18,215.0

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

	As at 30 June 2020	As at 31 December 2019
	(RMB in million)	*(RMB in million)*
Guaranteed by each of the following parties:		
Third parties	**120.9**	120.1
Total	**120.9**	120.1

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

	As at 30 June 2020	As at 31 December 2019
	(RMB in million)	*(RMB in million)*
Repayable within 1 year	**47,255.9**	34,043.2
Repayable after 1 year but within 2 years	**7,907.4**	20,243.8
Repayable after 2 years but within 3 years	**14,890.1**	4,747.7
Repayable after 3 years but within 4 years	**6,159.8**	7,185.3
Repayable after 4 years but within 5 years	**2,251.1**	5,770.9
Repayable after 5 years	**40,579.4**	34,049.4
Total	**119,043.7**	106,040.3

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 2020 *(%)*	As at 31 December 2019 *(%)*
Bank borrowings	**0.95-7.50**	1.05-8.00
Other borrowings	**1.40-4.35**	3.92-4.90
Corporate bonds	**3.14-5.37**	3.14-5.37

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

	As at 30 June 2020		As at 31 December 2019	
	(RMB in million)	***(%)***	*(RMB in million)*	*(%)*
Fixed rate bank and other borrowings	**49,866.6**	**0.95-6.70**	46,409.8	1.05-8.00
Floating rate bank and other borrowings	**50,321.9**	**1.20-7.50**	39,851.9	1.20-7.50
Total	**100,188.5**		86,261.7	

Indebtedness of the Company increased by RMB13,003.4 million from 31 December 2019 to 30 June 2020, mainly due to meeting the needs for working capital and purchase and development 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 2020, the Company had RMB40,000 million of authorized but unissued debt securities and RMB396,449 million of unutilized and unrestricted bank credit facilities.

8 PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

8.1 Pledge of Assets

As at 30 June 2020, 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 2020 ***(RMB in million)***	As at 31 December 2019 *(RMB in million)*
Property, plant and equipment	**1,096.1**	1,248.2
Intangible assets	**27,395.7**	26,464.9
Trade receivables	**5,687.2**	4,536.0
Properties under development for sale	**18,740.3**	18,690.3
Bank deposits	**4,899.5**	5,242.2
Total	**57,818.8**	56,181.6

8.2 Contingencies and contingent liabilities

Details of contingencies and contingent liabilities of the Company are set out in note 11 of the consolidated financial statements of this announcement.

9 GEARING RATIO

As at 30 June 2020, the gearing ratio of the Company was 102.8%, representing a decrease of 6.6 percentage points as compared to 109.4% for the same period of 2019. Gearing ratio represents interest-bearing debts divided by total equity at the end of the period.

10 RISK

10.1 Business Risk

1. Macroeconomic risk. In 2020, the novel coronavirus pneumonia epidemic has had a great influence on the domestic macro-economy. National macro policies such as monetary policy, fiscal policy, industry policy, regional development policy and other policies have all changed; at the same time, the world economy has been recessed, and the international macro environment has undergone major changes, such as the international political and economic environment, exchange rate changes, etc., which may affect the development of the industry and the performance of projects in progress, increase the difficulty of market development, slow down the pace of transformation and upgrades, and affect economic benefits. The Company will put more efforts in macroeconomic analysis and research on policies, make full use of favorable policies of all aspects, seize the opportunity to be brought by increased investment in China, continuously promote the Company's industrial layout and resource allocation optimization, while actively and steadily exploring and implementing overseas projects, so as to achieve the Company's sustainable and healthy development.

2. International operation risk. Since March 2020, the novel coronavirus pneumonia epidemic has spread and accelerated its spread in Europe, the United States and other parts of the world. The world economy has severely declined, and international economic and trade investment has shrunk. Meanwhile, due to aviation control and other measures, the movement of overseas staff has been severely restricted and affected, which had an important impact on the implementation of overseas projects, personnel health and safety, and international market development. The Company will continue to improve the layout of the international business market, strive to promote the normal performance of overseas projects, and improve overseas security and risk response capabilities by strengthening the management of legal compliance, health and safety and other risks of overseas projects.

3. Construction project performance risk. Affected by the novel coronavirus pneumonia epidemic, the domestic supply chain was once interrupted, and there remains the risks of insufficient production capacity, reduced inventory, high pressure on procurement and supply, and rising prices of raw materials; overseas engineering projects are affected by the epidemic in the host country, and the project performance and operating pressures are even greater, which will have a greater impact on the Company's project duration and cost. The Company will supervise key projects under construction, strengthen the performance of key projects; actively coordinate and ensure human resources for resumption of work and production, and make every effort to ensure the procurement of supplies for resumption of work and production and the stability of the supply chain; strengthen communication and coordination with owners, implement targeted policies, and strive to promote and guarantee project performance.

4. Safe production 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, safe production has always been exposed to higher risks. Less adequately practiced and not well arranged implementation of safety production responsibilities of individual enterprises, inaccurate analysis and judgment of safety production risk, incomplete investigation and management of potential accidents, and loose safety supervision of contracting and (sub)contracting may lead to production safety accidents. The Company will clarify the accountability for production safety, organize special rectification actions, regularly study and judge safety production risks, strengthen the supervision and management of key monitoring projects, strengthen investigation and rectification of hidden hazards and risk management to stay strictly on guard against accidents.

5. Investment risk. The Company is undergoing business transformation with its investment business constantly expanding. If risk factor identification and analysis are not sufficient 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, insufficient revenue and difficult execution of projects may occur. The Company will strictly abide by the red line of the investment bottom line, strictly prohibit investment behaviors that exceed financial affordability, fully consolidate the investment risk prevention and control system, strengthen the control of investment procedures, promote the supervision, inspection and post-evaluation of investment projects, and ensure the rolling development and soundness of investment projects.

10.2 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 significantly. The exchange rate fluctuation may have influence on the service pricing and the expenses of procurement of materials and equipment of the Company in foreign exchange and therefore influence the financial position and operating performance of the Company. The Company will utilize contracts and financial instruments to prevent and control risks, make reasonable business arrangements, and choose appropriate foreign currencies and exchange rates for settlement or payment to prevent exchange rate fluctuation risk.

11 NUMBER OF EMPLOYEES AND TRAINING PROGRAM

As of 30 June 2020, the Company has a total of 116,996 employees, including 35,928 management personnel, 39,013 professional technicians, and 26,769 technical operating personnel. The Company has 13,519 talents with various national registered qualifications. Also, the Company has a team of top talents of China, including 30 experts who enjoy the Chinese governmental special subsidies, 6 national survey and design masters, 2 national nuclear industry engineering survey and design masters, 5 engineering 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 employee's quality and professional skills continuously. The Company actually trained 211,800 employees in the first half of 2020, including on-the-job training for 154,800 employees, continuing education training for 7,200 employees, and other training for 49,800 employees.

12 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 achieving staffs' income growth. The Company established 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 of individual employee according to the "position-based and performance-linked" policy, highlighting performance and contribution, which 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 under 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 under 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.

On 21 November 2016, the Company reviewed and approved the initial grant of the restricted share incentive proposal pursuant to the restricted share incentive scheme at its 2016 first extraordinary general meeting. According to the resolution of the Board on 22 November 2018, 83.994 million restricted shares of 481 participants met the unlocking conditions of the first unlocking period and were allowed to be unlocked; on 21 November 2019, the Board resolved that the restricted shares under the second unlocking period were not allowed to be unlocked due to failure to satisfy the unlocking conditions.

On 30 June 2020, the Board resolved that due to the Company's failure to meet the performance appraisal conditions for the third phase of unlocking in 2019, the Company transferred the restricted shares of the Company that are held by participants and should be unlocked for the third phase of incentive scheme at the grant price back to the entrusted management agency. Accordingly, the Company transferred 87.162 million restricted shares of 479 participants back to the entrusted management agency at the grant price, and paid a total of RMB51,425,580. Save as disclosed above, as of 30 June 2020, according to the restricted share incentive scheme, no restricted share has been granted, lapsed or cancelled.

The restricted share incentive scheme is a discretionary plan of the Company and does not constitute a share option plan under Chapter 17 of the Listing Rules.

13 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, for the purpose of exploring market and promoting transformation, we will focus on the main business, accelerate the development of integration of investment, construction and operation and partial advantageous non-power engineering areas, and promote the in-depth development of the construction and contracting market to expand the market share of non-power advantageous areas, ensure the stable development of the main business, and enhance the Company's main engineering competitiveness and anti-risk ability; secondly, to make up for shortcomings and weaknesses, the Company will select enterprises with qualifications and capabilities in non-power design and construction to carry out investment mergers and acquisitions, accelerate the improvement of non-power business capabilities, further improve the main business and promote the Company's sustainable and stable development; thirdly, we will actively adapt to the trend of large-scale overseas projects, integration of investment, construction and operation, give full play to the driving role of investment in project construction, deepen the focus on overseas investment in specific key countries, increase the depth and level of participation in the construction of the "Belt and Road", and enhance the competitiveness of the international market and brand influence and build a world-class engineering company with global competitiveness.

In the first half of 2020, the Company did not hold any significant investment projects that are required to be considered and approved by the Board as required by the articles of association of the Company.

14 OUTLOOK

14.1 Outlook of Power Industry

Forecast on Electricity Consumption. In the first half of 2020, the electricity consumption of the whole society decreased by 1.3% year-on-year, among which consumption in secondary and tertiary production recorded negative growth, and residential electricity consumption continued to maintain rapid growth. According to the forecast of the Analysis and Forecast Report on the National Power Supply and Demand Situation in the First Quarter of 2020 released by the China Electricity Council, the national electricity consumption in 2020 is expected to grow by 2% to 3% as compared to 2019.

Forecast on Power Construction. According to the forecast of the Analysis and Forecast Report on the National Power Supply and Demand Situation in 2019-2020 and Status and Outlook of Power Industry of China in 2020 released by China Electricity Council at the beginning of the year, the newly additional installed capacity of power generation in China is expected to be around 120 million KW in 2020. As of the end of 2020, it is expected that the national installed capacity of power generation will amount to around 2,130 million KW, representing a year-on-year increase of 6%. The installed capacity of non-fossil energy power will total 930 million KW, with proportion to total installed capacity further increasing to 43.6%, an increase of approximately 1.7 percentage points as compared to that of the end of 2019, of which, hydropower accounts for 370 million KW, grid-connected wind power accounts for 250 million KW, grid-connected solar power generation accounts for 240 million KW, nuclear power accounts for 50 million KW and biomass power generation accounts for 25.5 million KW.

In the long run, the fundamentals of China's economic stability and improvement remain unchanged. The large-scale and moderately advanced development of the power industry remains rigid demands that support the transformation of China's economy to high-quality development. Under the environment of increasing awareness of ecological and environmental protection, Chinese coal-fired units are rapidly developing in energy-saving and emission-reduction upgrades, flexible technological transformations, non-fossil energy power generation, and integrated energy services. The scale power grid construction represented by Ultra-High-Voltage "new infrastructure" is also constantly expanding, gradually becoming a new investment growth point that complements the shortcomings of infrastructure construction and stabilizes China's real economy.

14.2 Domestic Non-power Market

It is expected that the infrastructure market room will be further released in a certain period in the future. Major national strategies and policies will benefit the people's livelihood, coordinated development of Beijing-Tianjin-Hebei, development of the Yangtze River Economic Belt, construction of the Guangdong-Hong Kong-Macao Greater Bay Area, integrated development of the Yangtze River Delta, the construction of Xiong'an New District, the ecological protection and high-quality development of the Yellow River Basin, the construction of Hainan Free Trade Zone, and the military and civilians integration promoted solidly. Continuously increasing efforts have been done to make up for shortcomings in transportation facilities, municipal facilities, water conservancy and energy, ecological and environmental protection.

Additionally, policy support for PPP projects will continue to enhance with number of project in progress and investment amount increasing. In the beginning of this year, the Ministry of Finance issued the Notice on Accelerating the Strengthening of the Progress and Reserve Management of Public-private-partnership (PPP) Projects, which proposes to speed up the progress of project reserve, shorten the construction period of projects, and effectively play the role of proactive fiscal policy in counter-cyclical adjustment. According to statistics from China Public Private Partnerships Center, during the first half of 2020, the number of newly projects in progress included in the national PPP comprehensive information platform management database are 482 with investment amount of RMB793.5 billion. The number of net added projects after deducting the project completed for the same period are 186 with investment amount of RMB381.9 billion. The gradual progressing of subsequent projects and the promotion and implementation of the projects in progress will constantly drive the construction market.

From the perspective of industry:

Construction industry. In terms of transportation, high-speed railways along the Yangtze River, coastal high-speed railways, intercity railways in urban agglomerations, and local expressways, which have an important supporting role in national strategies, will become the focus of infrastructure investment. On 8 July 2020, China proposed to build 150 major water conservancy projects that play an important role in ensuring national water security. The total project investment is approximately RMB1.29 trillion, which can drive direct and indirect investment of approximately RMB6.6 trillion. In addition, the "new infrastructure" will become a force for a new round of stable investment under the epidemic situation, and the market space is huge.

Manufacturing. The Government Work Report 2020 of the State Council clearly proposes to promote the upgrading of manufacturing and the development of emerging industries, support the high-quality development of manufacturing, significantly increase mid- and long-term loans for manufacturing, develop industrial Internet of Things, promote smart manufacturing, and cultivate emerging industrial clusters. In the course of this year's epidemic prevention and control, China's manufacturing has demonstrated super fast response capabilities, as well as advantages brought by a sound and complete industrial chain layout. In the second half of 2020, with the resumption of work and normalization of production, it is expected that the demand for cement, civil explosions, and equipment manufacturing will continue to pick up. The annual growth rate will show a trend of low first and high afterwards, and the manufacturing market will gradually expand.

Environmental water services. The awareness of ecological environmental protection and water resources management has been strengthened. Comprehensive prevention and control of floods and droughts, protection of key water sources, soil and water conservation, utilization of renewable resources, solid waste and garbage treatment, sewage treatment, and treatment of damaged rivers and lakes have gradually become important social concerns and key links in the field of infrastructure to make up for shortcomings.

Real estate. With the full resumption of production and work in all industries, the real estate market is also recovering rapidly. The growth rate of investment in real estate development is expected to be faster than that of investment in fixed asset and infrastructure in the second half of 2020. The resilience of the investment side in real estate will remain and will continue to play an important role in the process of stabilizing China's economy.

14.3 International Market Trend and Response

Since the beginning of this year, affected by the global spread of the novel coronavirus pneumonia epidemic, the world economy has been in a recession, international economic and trade investment has shrunk, and the economies of countries around the world have been profoundly affected.

In the short term, the international engineering construction market is under greater pressure due to the epidemic. According to the International Monetary Fund (IMF) forecasts, global GDP is expected to shrink by 4.9% in 2020. According to Global Trade Information and Outlook released by the World Trade Organization in April 2020, global merchandise trade will decline by 13% to 32% in 2020. According to the World Investment Report 2020 released by the United Nations in June 2020, global foreign direct investment will drop by 40% in 2020. In the medium and long term, governments of many countries have adopted a series of expanding monetary policies and tax reduction policies during the epidemic period, using infrastructure construction as an important means of stabilizing economic growth. The international engineering market will take the lead in recovering in East Asia, the Middle East, Europe and the United States, and municipal transportation, social housing and other infrastructure construction will become the first project area to be recovered under the economic stimulus policy. The Company will strengthen the analysis of the policy environment, optimize the international market layout, increase market development, and seize opportunities for market recovery.

China is currently leading the world in the control of the epidemic, and the economy has entered a stage of resuming growth. As China's capital market opens up to the outside world, it will attract more international capital to participate in the "Belt and Road" construction. According to the forecast of International Energy Agency (IEA), by 2030, countries along the "Belt and Road" will have an average annual electricity investment of US$375 billion, and the market space is huge. The Company will expand cooperation in third-party markets, actively participate in international production capacity cooperation, implement the "Belt and Road" initiative, and promote the high-quality development of international business.

14.4 Outlook of Overall Development for the Second Half of 2020

The year 2020 is the final year for the implementation of the "13th Five-Year Plan". The comprehensive completion of various objectives and tasks and scientific planning of the "14th Five-Year Plan" are of great significance for the Company to successfully start the new journey of building a world-class engineering company with global competitiveness. Although the epidemic has had a certain impact on global economic development, the overall situation of China's society is generally stable, economic recovery continues to accelerate, and the fundamentals of long-term economic growth remain unchanged. The acceleration of the implementation of China's regional development strategy closely related to the Company, the acceleration of investment in "two news and one major" construction, and the gradual recovery of the power construction market have provided a broad market space for the Company's development. The Company's production and operation have steadily recovered, various indicators have stabilized and improved, and internal and external favorable factors still exist. In the second half of 2020, in the face of the new situation and new tasks, the Company will stand firm and stay focused so as to accumulate energy for the stable operation of the overall situation and the creation of a new development situation.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2020.

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 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 2020, 8 Board meetings were convened and held by the Company, considering and voting for 33 resolutions and proposing 14 resolutions to the general meeting; 1 general meeting (i.e. the 2019 annual general meeting) was held, considering and voting for 17 resolutions; 1 Strategy Committee meeting of the Board was held, considering and voting for 1 resolution; 3 Nomination Committee meetings of the Board were held, considering and voting for 6 resolutions; 2 Remuneration and Assessment Committee meetings of the Board were held, considering and voting for 5 resolutions; and 2 Audit Committee meetings of the Board were held, considering and voting for 12 resolutions.

For the six months ended 30 June 2020, the Company has complied with code provisions of the Corporate Governance Code under Appendix 14 to the Listing Rules, save as below.

In December 2019, Mr. Zheng Qiyu, an independent non-executive Director of the Company, passed away due to illness. On 10 June 2020, the Board announces that, it is proposed to nominate Mr. Zhao Lixin and Mr. Cheng Niangao as independent non-executive Directors of the Company, which shall be subject to approval by shareholders of the Company. On 30 June 2020, 2019 annual general meeting of the Company approved the aforesaid appointments of Directors. On the same day, Mr. Cheng Niangao was appointed as the chairperson of the Remuneration and Assessment Committee and a member of the Nomination Committee of the Board, and Mr. Zhao Lixin was appointed as the chairperson of the Audit Committee of the Board.

Following the appointments of Mr. Zhao Lixin and Mr. Cheng Niangao as independent non-executive Directors of the Company and changes in members of special committees under the Board, (i) the number of independent non-executive Directors of the Board of the Company complies with the requirements of Rule 3.10(1) of the Listing Rules; (ii) the number of independent non-executive Directors represents more than one-third of the total number of members of the Board, which complies with the requirements of Rule 3.10A of the Listing Rules; and (iii) the Remuneration and Assessment Committee comprising a majority of independent non-executive Directors, was chaired by an independent non-executive Director, which complies with the requirement of Rule 3.25 of the Listing Rules.

In addition, upon passed away of Mr. Zheng Qiyu in December 2019, although the Board had endeavored to identify suitable candidates as soon as possible, their appointments need to be approved by the shareholders of the Company on 30 June 2020. Therefore, the Company failed to comply with the time requirement for the appointment of sufficient Directors and committee members within three months as required by Rules 3.11 and 3.27 of the Listing Rules.

As set out in the Company's announcement dated 21 August 2020, following the resignation of Mr. Ma Chuanjing, a non-executive Director of the Company, a member of the Strategy Committee and the Audit Committee of the Board due to his age, the Audit Committee only consists of two independent non-executive Directors, which does not comply with the requirement of including at least three members in the Audit Committee under Rule 3.21 of the Listing Rules. The Company will appoint a suitable candidate as soon as possible and practicable to fill the vacancy to ensure compliance with the relevant requirements of the Listing Rules. The Company will make further announcement in due course. For details, please refer to the Company's announcement dated 21 August 2020.

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

The Company has formulated and 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. According to the registration of Directors' and supervisors' dealing of the Company shares as required by the management system of the Company and having made enquiries with all the Directors and supervisors, the Company confirmed that each of the Directors and supervisors has complied with all requirements of the Model Code for Securities Transactions during the six months ended 30 June 2020.

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

During the Reporting Period, the Company publicly issued the first tranche of 2020 renewable corporate bonds with an actual issue amount of RMB1 billion and a term of 3+N on the Shanghai Stock Exchange in June 2020. At the end of every three interest-bearing years (i.e. each re-pricing cycle), the issuer is entitled to the renewal option, deferred interest payment and redemption option. The face value is RMB100 and the coupon rate is 3.5%.

Saved as disclosed above, there is no repurchase, sale or redemption of the listed securities of the Company by the Company or any subsidiaries for the six months ended 30 June 2020.

AUDIT COMMITTEE

The Company has established an audit committee. Its primary duties include, the review and supervision of the Company's financial controls, internal control and risk management system. As of the date of this announcement, the Audit Committee comprises two independent non-executive Directors of the Company, namely Mr. Zhao Lixin (appointed on 30 June 2020) and Mr. Cheung Yuk Ming. Among which Mr. Zhao Lixin is the chairman of the Audit Committee. Mr. Cheung Yuk Ming has professional qualifications and rich experience in accounting and financial matters. On 27 August 2020, the Audit Committee has reviewed the interim results announcement of the Company for the six months ended 30 June 2020, the 2020 interim report and the unaudited interim financial statements for the six months ended 30 June 2020 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 2020 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
28 August 2020

As at the date of this announcement, the executive directors of the Company are Mr. Wang Jianping, Mr. Sun Hongshui and Mr. Ma Mingwei; the non-executive directors of the Company are Mr. Liu Xueshi and Mr. Si Xinbo; and the independent non-executive directors of the Company are Mr. Cheung Yuk Ming, Mr. Zhao Lixin and Mr. Cheng Niangao.

* *For identification purpose only*