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 2021

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2021:

The revenue of the Company was RMB141,545.7 million, representing an increase of 34.04% as compared with the corresponding period of last year.

Net profit attributable to equity holders of the Company was RMB2,450.9 million, representing an increase of 166.69% as compared with the corresponding period of last year.

Basic earnings per share was RMB7.56 cents per share, representing an increase of RMB4.68 cents 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 2021.

The board (the "**Board**") of directors (the "**Directors**") 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 2021 (the "**Reporting Period**"), together with the comparative figures of the corresponding period in 2020.

* *For identification purpose only*

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

For the six months ended 30 June 2021

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2021**	2020
		RMB'000	*RMB'000*
Revenue	*3*	**141,545,737**	105,597,203
Cost of sales		**(124,498,782)**	(93,152,188)
Gross profit		**17,046,955**	12,445,015
Other income		**517,621**	711,701
Net impairment losses on financial assets and contract assets	*4(a)*	**(184,307)**	(549,521)
Other net gains and losses	*4(b)*	**220,752**	42,040
Selling expenses		**(1,020,979)**	(805,120)
Administrative expenses		**(6,371,374)**	(5,246,037)
Research and development expenses		**(2,426,344)**	(1,873,719)
Finance income	*5*	**300,774**	355,972
Finance costs	*5*	**(1,829,461)**	(1,696,191)
Share of profits of joint ventures		**105,241**	137,172
Share of losses of associates		**(194,830)**	(18,640)
Profit before taxation		**6,164,048**	3,502,672
Income tax	*6*	**(1,643,744)**	(1,264,299)
Profit for the period		**4,520,304**	2,238,373
Other comprehensive income for the period:			
Items that will not be reclassified to profit or loss:			
– Remeasurement of defined benefit obligations		**(940)**	(225,630)
– Income tax relating to remeasurement of defined benefit obligations		**36**	6,319
– Equity investments at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)		**(135,064)**	(18,806)
– Income tax relating to equity investments at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)		**19,101**	2,143
		(116,867)	(235,974)

	Note	Six months ended 30 June 2021 RMB'000	2020 RMB'000
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**82,581**	13,593
		82,581	13,593
Other comprehensive income for the period		**(34,286)**	(222,381)
Total comprehensive income for the period		**4,486,018**	2,015,992
Profit for the period attributable to:			
Equity holders of the Company			
– Shareholders		**2,258,181**	859,539
– Perpetual capital instruments holders		**192,745**	59,490
		2,450,926	919,029
Non-controlling interests			
– Shareholders		**1,379,962**	816,934
– Perpetual capital instruments holders		**689,416**	502,410
		2,069,378	1,319,344
		4,520,304	2,238,373
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**2,294,691**	652,936
– Perpetual capital instruments holders		**192,745**	59,490
		2,487,436	712,426
Non-controlling interests			
– Shareholders		**1,309,166**	801,156
– Perpetual capital instruments holders		**689,416**	502,410
		1,998,582	1,303,566
		4,486,018	2,015,992
Earnings per share			
Basic and diluted *(RMB cents)*	7	**7.56**	2.88

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

At 30 June 2021

(Expressed in Renminbi)

	Note	**At 30 June 2021** *RMB'000*	At 31 December 2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**52,333,997**	50,343,979
Investment properties		**709,063**	750,449
Intangible assets		**56,085,374**	52,689,188
Investments in joint ventures		**7,833,073**	7,450,187
Investments in associates		**26,383,302**	21,503,857
Goodwill		**2,140,397**	2,140,397
Deferred tax assets		**2,327,453**	2,276,429
Trade receivables	*9*	**40,053,437**	34,650,825
Prepayments, deposits and other receivables		**2,091,027**	1,602,839
Other loans		**450,000**	–
Finance lease receivables		**–**	4,235,234
Financial assets at fair value through other comprehensive income		**2,206,763**	2,310,578
Financial assets at fair value through profit or loss		**6,888,352**	6,686,063
		199,502,238	186,640,025
Current assets			
Inventories		**13,887,268**	11,955,535
Properties under development for sale		**45,023,194**	44,937,703
Completed properties for sale		**2,860,116**	4,636,074
Contract assets		**62,328,663**	48,237,627
Trade and bills receivables	*9*	**71,157,366**	65,171,266
Prepayments, deposits and other receivables		**50,777,023**	49,784,026
Other loans		**7,104,062**	5,039,244
Assets held for sale		**641,899**	–
Financial assets at fair value through profit or loss		**1,256,885**	2,957,693
Finance lease receivables		**–**	257,808
Pledged deposits		**4,739,852**	5,836,505
Bank and cash balances		**39,950,373**	50,598,406
		299,726,701	289,411,887

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current liabilities			
Trade and bills payables	*11*	**121,336,704**	113,564,004
Contract liabilities		**60,196,754**	58,832,766
Other payables and accruals		**32,208,662**	31,434,480
Income tax payable		**2,031,032**	2,766,108
Bank and other borrowings		**34,139,918**	35,164,008
Defined benefit obligations		**1,021,199**	1,110,222
Corporate bonds		**1,591,748**	9,024,438
Lease liabilities		**265,632**	297,193
Provisions		**882,207**	909,103
		253,673,856	253,102,322
Net current assets		**46,052,845**	36,309,565
Total assets less current liabilities		**245,555,083**	222,949,590
Non-current liabilities			
Other payables and accruals		**986,744**	854,150
Bank and other borrowings		**72,244,125**	62,974,897
Corporate bonds		**12,795,910**	9,995,381
Lease liabilities		**924,300**	596,678
Defined benefit obligations		**8,699,695**	8,539,784
Deferred tax liabilities		**1,393,524**	1,344,089
Provisions		**41,288**	40,973
Deferred revenue		**717,404**	674,781
		97,802,990	85,020,733
NET ASSETS		**147,752,093**	137,928,857
CAPITAL AND RESERVES			
Issued share capital		**30,020,396**	30,020,396
Perpetual capital instruments		**9,500,000**	9,500,000
Reserves		**30,516,036**	28,896,522
Equity attributable to equity holders of the Company		**70,036,432**	68,416,918
Perpetual capital instruments		**37,808,504**	30,984,433
Non-controlling interests		**39,907,157**	38,527,506
TOTAL EQUITY		**147,752,093**	137,928,857

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 27 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to International Financial Reporting Standard ("**IFRSs**") that are first effective for the current accounting period of the Group:

- Amendment to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform — phase 2*

None of these 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. 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.

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 2021 (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	–	–	12,178,384	2,517,990	11,769,261	–	26,465,635
Over time	5,653,859	109,426,243	–	–	–	–	115,080,102
External segment revenue	5,653,859	109,426,243	12,178,384	2,517,990	11,769,261	–	141,545,737
Inter-segment revenue	47,210	5,594,519	139,782	–	1,199,871	(6,981,382)	–
Segment revenue	5,701,069	115,020,762	12,318,166	2,517,990	12,969,132	(6,981,382)	141,545,737
Segment results	296,795	3,875,217	1,522,103	616,648	1,476,858	29,181	7,816,802
Unallocated items							
Other income							113,941
Net impairment losses on financial assets and contract assets							(184,307)
Other net gains and losses							220,752
Administrative expenses							(184,864)
Finance income							300,774
Finance costs							(1,829,461)
Share of profits of joint ventures							105,241
Share of losses of associates							(194,830)
Profit before taxation							6,164,048

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

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 profits/(losses) 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	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Segment revenue		
Mainland China	**121,641,219**	91,555,163
Overseas:		
Vietnam	**5,358,849**	1,247,360
Pakistan	**2,797,707**	2,637,576
The United Arab Emirates	**1,887,161**	641,202
Indonesia	**856,287**	1,128,967
Bangladesh	**806,517**	786,857
Uzbekistan	**767,694**	–
Others	**7,430,303**	7,600,078
Total	**141,545,737**	105,597,203

	At 30 June	At 31 December
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets		
Mainland China	**125,661,504**	116,222,790
Overseas:		
Vietnam	**11,479,056**	10,595,686
Pakistan	**7,697,041**	6,967,754
Kazakhstan	**812,209**	834,305
Spain	**502,177**	488,652
Brazil	**199,813**	157,655
Argentina	**160,714**	172,181
Kuwait	**147,595**	164,221
Malaysia	**125,667**	132,774
Others	**790,457**	744,879
Total	**147,576,233**	136,480,897

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 2021 (six months ended 30 June 2020: 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	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Trade receivables	**194,450**	212,154
Contract assets	**(16,973)**	(4,915)
Other receivables	**6,830**	63,020
Other receivables from Huanjia Connected Suppliers *(note)*	**–**	279,262
Total	**184,307**	549,521

Note: 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**"), CGGC Group Green Technology Company Limited (中國葛洲壩集團綠園科技有限公司, "**CGGC Green Technology**") 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. As at 30 June 2021, the gross amount of outstanding other receivables amounted to RMB1,475 million has been fully impaired.

Since 2019, Mr. Wang Jinping, certain directors and management personnel of Gezhouba Huanjia have been 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**").

Certain inventories of Gezhouba Huanjia were stored in sites, which were leased from Huanjia Group. As at 30 June 2021, inventories of Gezhouba Huanjia with carrying amount of RMB708 million (as at 31 December 2020: 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. Based on available documents and the opinion of legal adviser of the Company, the Directors are of the opinion that these inventories are lawfully owned by Gezhouba Huanjia.

(b) Other net gains and losses

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange (loss)/gain	**(128,198)**	22,737
(Loss)/gain on disposal of:		
– Financial assets at fair value through profit or loss ("**FVPL**")	**(8,402)**	44
– Property, plant and equipment	**385,879**	66,480
– Intangible assets	**(1,130)**	28,279
– Subsidiaries	**6,396**	–
Impairment loss recognised in respect of:		
– Property, plant and equipment	**(6,296)**	–
Fair value changes of financial assets at FVPL	**(1,140)**	(50,923)
Loss on compensation, penalties and fines	**(56,012)**	(34,926)
Others	**29,655**	10,349
Total	**220,752**	42,040

5 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on:		
Bank and cash balances and pledged deposits	**154,685**	168,540
Other loans	**146,089**	180,649
Defined benefit plan assets	**–**	6,783
Total finance income	**300,774**	355,972
Interest expenses on:		
Bank and other borrowings	**2,132,095**	2,275,100
Corporate bonds	**236,918**	400,051
Asset-backed securities ("**ABS**") and asset-backed notes ("**ABN**")	**112,624**	29,579
Lease liabilities	**33,905**	29,301
Discounted bills	**17,540**	10,590
Defined benefit obligations	**159,269**	176,444
	2,692,351	2,921,065
Less: Interest capitalised into		
– Construction in progress	**(110,755)**	(481,306)
– Properties under development for sale	**(312,644)**	(340,470)
– Intangible assets	**(439,491)**	(403,098)
Total finance costs	**1,829,461**	1,696,191

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 3.30% to 6.50% for the six months ended 30 June 2021 (six months ended 30 June 2020: 2.92% to 6.50%).

6 INCOME TAX

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current enterprise income tax	**1,501,787**	1,149,693
Deferred tax	**(7,552)**	(37,469)
Land appreciation tax ("**LAT**")	**149,509**	152,075
	1,643,744	1,264,299

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 RMB2,258 million (six months ended 30 June 2020: RMB860 million), and the weighted average of 29,855,864,000 ordinary shares in issue during the six months ended 30 June 2021 (six months ended 30 June 2020: 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 2021.

8 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the six months ended 30 June 2021:

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the six months ended 30 June 2021:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, approved during the six months ended 30 June 2021, of RMB0.0225 per share (2020: RMB0.0306 per share)	**675,459**	918,624

9 TRADE AND BILLS RECEIVABLES

	At 30 June	At 31 December
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**66,020,929**	54,421,760
Retention receivables	**18,643,782**	17,397,551
Less: loss allowance	**(4,574,277)**	(4,419,331)
	80,090,434	67,399,980
Bills receivable	**10,574,180**	13,229,407
Build-Transfer ("**BT**")/Build-Operate-Transfer ("**BOT**") project receivables	**20,546,189**	19,192,704
Total trade and bills receivables	**111,210,803**	99,822,091
Analysed for financial reporting purpose:		
Non-current	**40,053,437**	34,650,825
Current	**71,157,366**	65,171,266
	111,210,803	99,822,091

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 2021, the Group pledged its trade and bills receivables amounting to approximately RMB17,013 million (as at 31 December 2020: RMB18,101 million) to secure loan facilities granted to the Group.

As at 30 June 2021, trade receivables of RMB3,610 million (as at 31 December 2020: RMB5,114 million) had been transferred in accordance with relevant ABS and ABN issuances. 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 2021 *RMB'000* **(Unaudited)**	At 31 December 2020 *RMB'000* (Audited)
0 to 6 months	**72,189,115**	68,890,581
6 months to 1 year	**17,440,156**	10,392,942
1 year to 2 years	**10,307,163**	10,026,957
2 years to 3 years	**4,913,662**	4,884,002
3 years to 4 years	**2,644,684**	2,236,599
4 years to 5 years	**1,244,483**	2,265,774
Over 5 years	**2,471,540**	1,125,236
	111,210,803	99,822,091

(b) Related parties of trade and bills receivables

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

	At 30 June 2021	At 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fellow subsidiaries	**31,095**	26,683
Joint ventures	**2,451,965**	1,531,626
Associates	**6,670,531**	6,792,511
Total	**9,153,591**	8,350,820

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 PLEDGE OF ASSETS, CONTINGENCIES AND CONTINGENT LIABILITIES

For details, please refer to section 8 in MANAGEMENT DISCUSSION AND ANALYSIS of this announcement.

11 TRADE AND BILLS PAYABLES

	At 30 June 2021	At 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**110,412,545**	100,468,882
Bills payable	**10,924,159**	13,095,122
	121,336,704	113,564,004

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

As at 30 June 2021, retention payables of RMB7,041 million (as at 31 December 2020: RMB6,570 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 2021	At 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**105,555,810**	97,560,648
1 to 2 years	**7,714,458**	8,415,605
2 to 3 years	**3,264,900**	2,982,896
More than 3 years	**4,801,536**	4,604,855
	121,336,704	113,564,004

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

	At 30 June 2021	At 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fellow subsidiaries	**163,674**	120,913
Joint ventures	**344,091**	192,446
Associates	**54,363**	42,649
	562,128	356,008

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 2021, fixed asset investment in China (excluding rural households) amounted to RMB25.6 trillion, increased by 12.6% year-on-year. The infrastructure investment (excluding power, heat, gas, water production and supply industry) increased by 7.8% year-on-year. Among which, water management investment increased by 10.7%, ecological protection and environmental governance investment increased by 16.9%, public facilities management investment increased by 6.2%, railway transport investment increased by 0.4%, information transmission investment increased by 9.9% and road transport investment increased by 6.5%.

Construction industry. In the first half of 2021, the total output value of construction industry in China was RMB12.0 trillion, representing a year-on-year increase of 18.8%. According to preliminary statistics from the China Construction Industry Association, the output value of the construction industry increased by approximately RMB3.3 trillion in the first half of this year, representing a year-on-year increase of 8.6%. As at the end of June 2021, the value of newly signed contracts of construction enterprises in China was approximately RMB14.4 trillion.

Power industry. According to statistics from the China Electricity Council (the "**CEC**"), in the first half of 2021, the national power consumption in China was 3,933.86 billion KWh, representing a year-on-year increase of 16.21%. Among which, the electricity consumption of the primary, secondary and tertiary industries has grown rapidly, with growth rates exceeding 16%. The growth rate of residential electricity consumption has remained at around 4.5%. Completed investments in power generation projects and power grid projects have maintained a growth trend. The power generation projects of major power enterprises in China completed an investment of RMB189.3 billion, representing a year-on-year increase of 8.9%, among which, the hydropower investment reached RMB47.5 billion, representing a year-on-year increase of 19.1%; the thermal power investment reached RMB20.2 billion, representing a year-on-year increase of 10.3%; the nuclear power investment reached RMB22.6 billion, representing a year-on-year increase of 44.3%; the wind power investment reached RMB82.6 billion, representing a year-on-year decrease of 3.2%; and solar energy power generation investment reached RMB16.5 billion, representing a year-on-year increase of 12.2%. Power grid projects in China completed an investment of RMB173.4 billion, representing a year-on-year increase of 4.7%.

Overseas contracting. According to statistics from the Ministry of Commerce of the People's Republic of China, in the first half of 2021, China's oversea investment cooperation was carried in a stable and orderly way, with non-financial direct investment of RMB348.83 billion, representing a year-on-year decrease of 3.7%. Among which, Chinese companies made non-financial direct investment in 55 countries along the "One Belt and One Road" with a total amount of RMB62 billion, representing a year-on-year increase of 8.6% and an increase of 2 percentage points from the previous year. In the first half of 2021, the turnover of completed oversea contracted projects amounted to RMB439.76 billion, representing a year-on-year increase of 3.2%; the amount of newly signed contracts amounted to RMB714.94 billion, representing a year-on-year decrease of 5.2%. Among which, the amount of newly signed contracts for oversea contracted engineering projects of Chinese companies in 60 countries along the "One Belt and One Road" amounted to RMB383.71 billion, representing a year-on-year decrease of 9.5%; the turnover of completed projects amounted to RMB254.67 billion, representing a year-on-year increase of 1.8%.

Cement industry. In the first half of 2021, the cement production in China has increased significantly. Accumulative cement output was 1.15 billion tons, increased by 14.1% year-on-year.

Real estate industry. In the first half of 2021, real estate development investment in China was RMB7.2 trillion, representing a year-on-year increase of 15.0%. The construction area of real estate development enterprises was 8.73 billion square meters, representing a year-on-year increase of 10.2%; new construction area was 1.01 billion square meters, representing a year-on-year increase of 3.8%; land purchase area of real estate development enterprises was 70.21 million square meters, representing a year-on-year decrease of 11.8%; and sales area of commercial housing was 890 million square meters, representing a year-on-year increase of 27.7%.

In general, in the first half of 2021, pandemic prevention and control in China has achieved remarkable results. With a low base in 2020, economic operations have shown a trend of restorative growth and accelerated recovery. The growth rate of some industries related to the main business of the Company has begun to pick up, and the adverse impact on the development of the industry from the pandemic has begun to fade. At present, the pandemic situation in the world is still not optimistic, external risks and challenges are still complicated, and economic recovery in China is still under pressure, but the overall upward trend of economic fundamentals has not changed.

(Note: data that does not indicate the source is based on the information released by the National Bureau of Statistics.)

2 Consolidated Operating Results

Items	Six months ended 30 June 2021 (RMB in million)	2020 (RMB in million)	Percentage of change (%)
Revenue	**141,545.7**	105,597.2	34.04
Cost of sales	**(124,498.8)**	(93,152.2)	33.65
Other income	**517.6**	711.7	(27.27)
Net impairment losses on financial assets and contract assets	**(184.3)**	(549.5)	(66.46)
Other net gains and losses	**220.8**	42.0	425.71
Selling expenses	**(1,021.0)**	(805.1)	26.82
Administrative expenses	**(6,371.4)**	(5,246.0)	21.45
Research and development expenses	**(2,426.3)**	(1,873.7)	29.49
Finance income	**300.8**	356.0	(15.51)
Finance costs	**(1,829.5)**	(1,696.2)	7.86
Share of profits of joint ventures	**105.2**	137.2	(23.32)
Share of losses of associates	**(194.8)**	(18.6)	947.31
Profit before taxation	**6,164.0**	3,502.7	75.98
Income tax	**(1,643.7)**	(1,264.3)	30.01
Profit for the period	**4,520.3**	2,238.4	101.95

2.1 Revenue

The revenue for the six months ended 30 June 2021 was RMB141,545.7 million, representing an increase of 34.04% as compared to RMB105,597.2 million for the same period of 2020. The increase in revenue was mainly due to the growth of businesses in construction and contracting segment, equipment manufacturing segment and real estate development segment.

2.2 Cost of Sales and Gross Profit

The cost of sales for the six months ended 30 June 2021 was RMB124,498.8 million, representing an increase of 33.65% as compared to RMB93,152.2 million for the same period of 2020, which was generally in line with the increase in revenue.

The gross profit for the six months ended 30 June 2021 was RMB17,047.0 million, representing an increase of 36.98% as compared to RMB12,445.0 million for the same period of 2020. The increase in gross profit was mainly due to the increase in revenue of construction and contracting business, the increase in revenue and gross profit margin of civil explosives, expressway operation and power generation businesses and the turnaround from loss to profit of the environmental protection business.

2.3 Selling Expenses

The selling expenses for the six months ended 30 June 2021 was RMB1,021.0 million, representing an increase of 26.82% as compared to RMB805.1 million for the same period of 2020. The increase in selling expenses was mainly due to the fact that the production and operation activities of the Company were impacted by the epidemic in the same period of 2020 and resumed stable operation in 2021, resulted in an increase in corresponding expenditures.

2.4 Administrative Expenses

The administrative expenses for the six months ended 30 June 2021 was RMB6,371.4 million, representing an increase of 21.45% as compared to RMB5,246.0 million for the same period of 2020. The increase in administrative expenses was mainly due to the resumption of stable operation of production and operating activities in 2021, resulted in an increase in corresponding expenditures.

2.5 Finance Costs

The finance costs for the six months ended 30 June 2021 was RMB1,829.5 million, representing an increase of 7.86% as compared to RMB1,696.2 million for the same period of 2020. The increase in finance costs was mainly due to the increase in the bank and other borrowings and decrease in capitalized interests for the current period.

3 Operating Results by Segments

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

Industry segments	**2021** Revenue	**2021** Cost of sales	**Gross profit margin**	2020 Revenue	2020 Cost of sales	2020 Gross profit margin	Increase or decrease as compared with last year (%)/(percentage points) Revenue	Cost of sales	Gross profit margin
	(RMB in million)		***(%)***	*(RMB in million)*		*(%)*			
Survey, design and consulting services	**5,701.1**	**3,975.3**	**30.27**	4,798.7	3,213.6	33.03	18.80	23.70	(2.76)
Construction and contracting	**115,020.8**	**106,373.1**	**7.52**	81,022.0	75,079.4	7.33	41.96	41.68	0.19
Industrial manufacturing	**12,318.2**	**9,278.5**	**24.68**	10,015.6	7,411.3	26.00	22.99	25.19	(1.32)
Clean energy, environmental protection and water utilities	**2,518.0**	**1,692.0**	**32.80**	6,568.1	6,129.9	6.67	(61.66)	(72.40)	26.13
Investment and other businesses	**12,969.1**	**10,179.7**	**21.51**	7,658.5	5,816.0	24.06	69.34	75.03	(2.55)
Inter-segment elimination [1]	**(6,981.4)**	**(6,999.8)**	**–**	(4,465.7)	(4,498.0)	–	–	–	–
Total	**141,545.7**	**124,498.8**	**12.04**	105,597.2	93,152.2	11.79	34.04	33.65	0.25

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 2021, the revenue before inter-segment elimination of survey, design and consulting services business amounted to RMB5,701.1 million, representing an increase of RMB902.4 million or 18.80% as compared to RMB4,798.7 million for the corresponding period of 2020, mainly due to the increase in revenue recognition attributable to the fact that the COVID-19 pandemic was under certain control in the first half of 2021, the design progress was relatively restored, and the time for owners to confirm the progress was shortened.

For the six months ended 30 June 2021, the cost of sales before inter-segment elimination of survey, design and consulting services business amounted to RMB3,975.3 million, representing an increase of RMB761.7 million or 23.70% as compared to RMB3,213.6 million for the corresponding period of 2020, which was generally in line with the increase in revenue.

For the six months ended 30 June 2021, the gross profit before inter-segment elimination of survey, design and consulting services business amounted to RMB1,725.8 million, representing an increase of RMB140.7 million or 8.88% as compared to RMB1,585.1 million for the corresponding period of 2020, mainly due to the increase in revenue.

3.2 Construction and Contracting Business

For the six months ended 30 June 2021, the revenue before inter-segment elimination of construction and contracting business amounted to RMB115,020.8 million, representing an increase of RMB33,998.8 million or 41.96% as compared to RMB81,022.0 million for the corresponding period of 2020, mainly due to the increase in revenue recognition attributable to the fact that the COVID-19 pandemic was under certain control in the first half of 2021, construction projects resumed work and production, and some large-value projects were at the peak of construction in the first half of 2021.

For the six months ended 30 June 2021, the cost of sales before inter-segment elimination of construction and contracting business amounted to RMB106,373.1 million, representing an increase of RMB31,293.7 million or 41.68% as compared to RMB75,079.4 million for the corresponding period of 2020, which was generally in line with the increase in revenue.

For the six months ended 30 June 2021, the gross profit before inter-segment elimination of construction and contracting business amounted to RMB8,647.7 million, representing an increase of RMB2,705.1 million or 45.52% as compared to RMB5,942.6 million for the corresponding period of 2020, mainly due to the increase in revenue.

3.3 Industrial Manufacturing Business

For the six months ended 30 June 2021, the revenue before inter-segment elimination of industrial manufacturing business amounted to RMB12,318.2 million, representing an increase of RMB2,302.6 million or 22.99% as compared to RMB10,015.6 million for the corresponding period of 2020, mainly due to the increase in sales of the equipment manufacturing business segment and cement production and sales business segment.

For the six months ended 30 June 2021, the cost of sales before inter-segment elimination of industrial manufacturing business amounted to RMB9,278.5 million, representing an increase of RMB1,867.2 million or 25.19% as compared to RMB7,411.3 million for the corresponding period of 2020, which was generally in line with the increase in revenue.

For the six months ended 30 June 2021, the gross profit before inter-segment elimination of industrial manufacturing business amounted to RMB3,039.7 million, representing an increase of RMB435.4 million or 16.72% as compared to RMB2,604.3 million for the corresponding period of 2020, mainly due to the increase in sales and gross profit margin of the civil explosives business segment as well as the increase in revenue from the cement production and sales business segment.

3.4 Clean Energy, Environmental Protection and Water Utilities Business

For the six months ended 30 June 2021, the revenue before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB2,518.0 million, representing a decrease of RMB4,050.1 million or 61.66% as compared to RMB6,568.1 million for the corresponding period of 2020, mainly due to the decline in revenue from the environmental protection business segment.

For the six months ended 30 June 2021, the cost of sales before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB1,692.0 million, representing a decrease of RMB4,437.9 million or 72.40% as compared to RMB6,129.9 million for the corresponding period of 2020, which is higher than the change proportion of revenue, mainly due to the fact that the decrease in cost was higher than that in revenue as a result of the reduced volume of business with low gross profit in the environmental protection business for the current period.

For the six months ended 30 June 2021, the gross profit before inter-segment elimination of clean energy, environmental protection and water utilities business amounted to RMB826.0 million, representing an increase of RMB387.8 million or 88.50% as compared to RMB438.2 million for the corresponding period of 2020, mainly due to the exit of environmental protection business with certain loss.

3.5 Investment and Other Businesses

For the six months ended 30 June 2021, the revenue before inter-segment elimination of investment and other businesses amounted to RMB12,969.1 million, representing an increase of RMB5,310.6 million or 69.34% as compared to RMB7,658.5 million for the corresponding period of 2020, mainly due to the increase in revenue from real estate development business and expressway operation business.

For the six months ended 30 June 2021, the cost of sales before inter-segment elimination of investment and other businesses amounted to RMB10,179.7 million, representing an increase of RMB4,363.7 million or 75.03% as compared to RMB5,816.0 million for the corresponding period of 2020, mainly due to the fact that the increase in the cost of real estate development business was greater than that in revenue.

For the six months ended 30 June 2021, the gross profit before inter-segment elimination of investment and other businesses amounted to RMB2,789.4 million, representing an increase of RMB946.9 million or 51.39% as compared to RMB1,842.5 million for the corresponding period of 2020, mainly due to the increase in gross profit of expressway operation business.

4 Cash Flow

	For the six months ended 30 June	
	2021	2020
	(RMB in million)	*(RMB in million)*
Net cash (used in)/generated from operating activities	**(11,010.7)**	(9,343.2)
Net cash (used in)/generated from investing activities	**(9,780.8)**	(7,805.6)
Net cash (used in)/generated from financing activities	**10,421.2**	12,283.2
Net decrease in cash and cash equivalents	**(10,370.3)**	(4,865.6)
Cash and cash equivalents at the beginning of the period	**49,861.2**	42,624.6
Effects of exchange rate changes	**(21.0)**	223.9
Cash and cash equivalents at the end of the period	**39,470.0**	37,982.9

4.1 Cash Flow Used in Operating Activities

For the six months ended 30 June 2021, the net cash used in operating activities was RMB11,010.7 million, representing an increase of RMB1,667.5 million or 17.85% as compared to the same period of 2020, which was mainly attributable to: (i) the cash outflow of RMB25,552.9 million due to the increase of contract assets and trade receivables as the projects were progressing; (ii) the cash outflow of RMB2,734.7 million due to payment of tax. These cash outflows were partially offset by the cash inflow of RMB9,439.0 million due to the net profit from operating activities during the period and the increase in trade payables and contract liabilities of RMB8,316.6 million.

4.2 Cash Flow Used in Investing Activities

For the six months ended 30 June 2021, the net cash used in investing activities was RMB9,780.8 million, representing an increase of RMB1,975.2 million or 25.30% as compared to the same period of 2020, which was mainly attributable to: (i) payment of RMB6,994.7 million in purchasing property, plant and equipment and intangible assets; (ii) capital contributions of RMB5,994.4 million to associates and joint ventures; (iii) payment of RMB2,679.3 million in purchasing financial assets. These cash outflows were partially offset by the proceeds of RMB4,137.1 million from the disposal of financial assets and the decrease in pledged deposits of RMB1,096.7 million.

4.3 Cash Flow Generated from Financing Activities

For the six months ended 30 June 2021, the net cash generated from financing activities was RMB10,421.2 million, representing a decrease of RMB1,862.0 million or 15.16% as compared to the same period of 2020, which was mainly attributable to: (i) the newly increased borrowings of RMB34,570.6 million; (ii) issuance of perpetual capital instruments of RMB11,000.0 million; (iii) the newly increased corporate bonds of RMB5,800.0 million. These cash inflows were partially offset by the repayment of bank borrowings, other borrowings and corporate bonds of RMB32,690.6 million, termination of perpetual capital instruments of RMB4,180.0 million, payment of interests on bank borrowings, other borrowings and corporate bonds of RMB3,058.6 million and payment of interests on perpetual capital instruments of RMB882.2 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	
	2021	2020
	(RMB in million)	*(RMB in million)*
Property, plant and equipment	**3,208.5**	2,531.1
Intangible assets	**3,951.1**	4,318.8
Total	**7,159.6**	6,849.9

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 Company continued to focus on improving return on equity and assets while maintaining prudent capital and financial policies.

7 Indebtedness

As at 30 June 2021, the Company's total liabilities amounted to RMB351,476.8 million and total assets amounted to RMB499,228.9 million, with a gearing ratio of 70.40%, representing a decrease of 0.63 percentage point from 71.03% last year. The Company's total indebtedness amounted to RMB120,771.6 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 2021 ***(RMB in million)***	As at 31 December 2020 *(RMB in million)*
Long-term		
Bank borrowings		
Unsecured	**35,763.3**	29,288.9
Secured	**36,333.8**	33,568.3
Other borrowings		
Secured	**147.0**	117.7
Corporate bonds [1]	**12,795.9**	9,995.4
Sub-total	**85,040.0**	72,970.3
Short-term		
Bank borrowings		
Unsecured	**15,432.6**	12,731.8
Secured	**4,960.1**	4,764.5
Other borrowings		
Unsecured	**13,635.6**	17,588.3
Secured	**111.6**	79.5
Corporate bonds	**1,591.7**	9,024.4
Sub-total	**35,731.6**	44,188.5
Total	**120,771.6**	117,158.8

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 2021 *(RMB in million)*	As at 31 December 2020 *(RMB in million)*
United States Dollar	**14,922.0**	13,142.1
Japanese Yen	**102.2**	113.4
Brazilian Real	**2,846.0**	2,785.0
Euro	**515.0**	537.7
Total	**18,385.2**	16,578.2

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

	As at 30 June 2021 *(RMB in million)*	As at 31 December 2020 *(RMB in million)*
Guaranteed by each of the following parties:		
Third parties	**152.2**	113.4
Total	**152.2**	113.4

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

	As at 30 June 2021 ***(RMB in million)***	As at 31 December 2020 *(RMB in million)*
Repayable within 1 year	**35,731.6**	44,188.5
Repayable after 1 year but within 2 years	**11,232.9**	6,672.9
Repayable after 2 years but within 3 years	**28,409.5**	19,318.5
Repayable after 3 years but within 4 years	**4,185.9**	5,451.7
Repayable after 4 years but within 5 years	**2,595.6**	1,336.4
Repayable after 5 years	**38,616.1**	40,190.8
Total	**120,771.6**	117,158.8

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 2021 ***(%)***	As at 31 December 2020 *(%)*
Bank borrowings	**0.59-7.50**	1.05-7.50
Other borrowings	**4.00-4.79**	4.00-4.79
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 2021		As at 31 December 2020	
	(RMB in million)	***(%)***	*(RMB in million)*	*(%)*
Fixed rate bank and other borrowings	**58,666.4**	**1.05-6.70**	51,178.3	1.05-6.70
Floating rate bank and other borrowings	**47,717.6**	**0.59-7.50**	46,960.6	2.30-7.50
Total	**106,384.0**		98,138.9	

Indebtedness of the Company increased by RMB3,612.8 million from 31 December 2020 to 30 June 2021, mainly due to the increase in bank borrowings.

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 2021, the Company had RMB40,000 million of authorized but unutilized debt securities and RMB547,542 million of unutilized and unrestricted bank credit facilities.

8 Pledge of Assets, Contingencies and Contingent Liabilities

8.1 Pledge of Assets

As at 30 June 2021, 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 2021 ***(RMB in million)***	As at 31 December 2020 *(RMB in million)*
Property, plant and equipment	**732.5**	821.5
Intangible assets	**32,044.8**	31,357.3
Trade and bills receivables	**17,012.8**	18,101.2
Properties under development for sale	**11,828.5**	17,291.5
Bank deposits	**4,739.9**	5,836.5
Total	**66,358.5**	73,408.0

8.2 Contingencies

(a) The Company 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 Company 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.

(b) Guarantees

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

	As at 30 June 2021 *(RMB in million)*	As at 31 December 2020 *(RMB in million)*
Guarantees given to banks in respect of loan facilities granted to:		
Joint ventures	**18.0**	18.0
Associates	**877.4**	1,329.3
Third party	**1,336.2**	1,390.5
Investee recognized as financial assets at fair value through other comprehensive income	**18.2**	18.2
	2,249.8	2,756.0
Mortgage loan guarantees provided by the Company to banks in favor of its customers	**5,761.8**	4,681.1
Total	**8,011.6**	7,437.1

Note:

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

As at the end of the Reporting Period, the fair value of these guarantee contracts is insignificant. There has been no material change in contingent liabilities of the Company since 30 June 2021 and up to the date of this announcement.

8.3 *Contingent Liabilities*

(i) Legal proceedings with financial institutions

Since 2019, Gezhouba Huanjia and Huanjia Connected Suppliers (defined in note 4(a) in the interim financial report of this announcement) were involved as defendants in 20 legal proceedings with certain financial institutions. Mr. Wang Jinping was also one of the defendants in certain above-mentioned legal proceedings.

As at 30 June 2021, these financial institutions sued Gezhouba Huanjia and other defendants for repayment of loans amounted to RMB1,056 million in total (as at 31 December 2020: RMB1,056 million). Most 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 4(a) in the interim financial report of this announcement) as there are in duty related crimes and/or crimes involved. Based on the advice from the Company's legal counsel, the Directors believe that Gezhouba Huanjia will be possibly sued by these financial institutions and subject to further investigations after the completion of the Investigation and that Gezhouba Huanjia may lose these proceedings under further investigations. As at 30 June 2021, given the Investigation is yet to be concluded, the Company cannot reasonably estimate the outcome and potential financial impact, if any, of the above-mentioned legal proceedings.

(ii) Legal proceedings with lenders other than the financial institutions ("other lenders")

Since 2019, Gezhouba Huanjia and Huanjia Connected Suppliers were involved as defendants in 4 legal proceedings with 3 other lenders. Mr. Wang Jinping was also one of the defendants in certain above-mentioned legal proceedings.

As at 30 June 2021, the Group made a reversal of provision for estimated liabilities in 2020 amounted to RMB11 million based on the latest rulings of the court and the payment to the lender, which led to the balance of provision for estimated liabilities being RMB108 million for the expected losses to the Group of 3 legal proceedings with other lenders (as at 31 December 2020: RMB119 million). The remaining one legal proceeding with amount sued of RMB268 million was rejected by court, given the legal proceeding is subject to the conclusion of the Investigation. Based on the advice from the Company's legal counsel, the Directors believe that Gezhouba Huanjia will be possibly sued by other lenders and subject to further investigations after the completion of the Investigation and that Gezhouba Huanjia may lose the proceeding under further investigations. As at 30 June 2021, given the Investigation is yet to be concluded, the Company cannot reasonably estimate the outcome and potential financial impact, if any, of the above-mentioned legal proceeding.

(iii) Legal proceedings with Huanjia Connected Suppliers

During the year ended 31 December 2020, Gezhouba Huanjia was involved as defendants in 3 legal proceedings with Huanjia Connected Suppliers. As at 31 December 2020, the Group has made full provision of RMB148 million for the estimated liabilities for the 3 legal proceedings that were likely to cause losses to the Group in the above legal proceedings based on the rulings of the court. As at 30 June 2021, the Group has appealed for the above-mentioned legal proceedings, which are still in process.

(iv) Legal proceedings with other parties

As at 30 June 2021, Gezhouba Huanjia was also involved as defendants in 23 legal proceedings with other parties in the ordinary course of business (as at 31 December 2020: 27). CGGC Green Technology was also one of the defendants in above-mentioned legal proceedings. As at 30 June 2021, the Group has made full provision of RMB48 million for the estimated liabilities for the 11 legal proceedings that were likely to cause losses to the Group in the above legal proceedings based on the rulings of the court (as at 31 December 2020: RMB46 million for 10 legal proceedings). The remaining 12 legal proceedings with amount sued of RMB86 million are still in process as at 30 June 2021 (as at 31 December 2020: 17 legal proceedings with amount sued of RMB102 million). Based on the advice from the Company's legal counsel, the Company is of the opinion that the likelihood of an outflow of economic benefits will be required in relation to the above-mentioned outstanding legal proceedings is remote.

9 Gearing Ratio

As at 30 June 2021, the gearing ratio of the Company was 81.74%, representing a decrease of 3.20 percentage points as compared to 84.94% of 2020. 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. Great changes that have not been seen in the world in a century are currently accelerating. Changes in the global strategic pattern, vaccine research and development progress as well as economic openness level have a profound impact on overall economic transformation and upgrading, industry development and company reform and development in the PRC. Although China's macro economy is improving in stabilization, the differentiated regional economy, increasing pressure on labour forces, the rising of labour cost and carbon cost, and mismatching of the demand and supply of labour forces, the long-term adverse effect of the pandemic and other macroeconomic risks still exist.

Countermeasures: The Company will strengthen the analysis of the macroeconomic situation, closely follow the development and evolving of the industry, and prevent the risk of policy mutation; actively carry out relevant industrial policy research, seize opportunities to carry out the top-level design and layout of the development of related industries; strengthen the sharing of internal information, and improve the Company's overall sensitivity to policy changes and the ability to link up and down.

2. International operation risk. Affected by the global political and economic environment, it is still difficult to expand overseas markets for us. The continuing of the overseas pandemic has led to the continued risk of disruption of the global industrial chain and supply chain, and also restricted the flow of personnel, and it is difficult to perform international projects; continued spread of extremism and terrorism, and occasionally occur of armed conflicts and public security and hygiene incidents in some countries or regions have brought threats to the Company's property and our employees' personal safety; the chaos of elections in some countries or regions, the continuous adjustment of policies and laws and regulations, the lack of national governance capabilities, the shortage of funds for infrastructure construction.

Countermeasures: The Company will use the overall advantages of the Group to promote the coordinated development of business segments and enhance the competitiveness in the international market; continue to improve the layout of the international business market, strengthen risk tracking and early warning of key countries and key projects; constantly perfect, identify, monitor, early warning and deal with the "four-in-one" foreign public security management system; actively and steadily carry out the prevention and control of overseas pandemics, and promote the normal performance of international projects.

3. Quality, Health, Safety and Environment (QHSE) risk. The Company is in the construction industry with high safety production risk, which is currently in a critical period when deepening reform and high-quality development are promoted simultaneously, and the improvement of traditional businesses and the expansion of emerging fields are advancing side by side. Traditional businesses, inventory risk, new forms of business and new risks are intertwined, and the safety production condition is still complex.

Countermeasures: The Company will adhere to overall development and safety, fully implement various safety production requirements, systematically promote the construction of safety production system, and resolutely prevent systemic and disruptive safety production risks; the Company will take risk prevention and control as the top priority of safety management, strictly implement risk hierarchical management and control responsibilities and measures, deepen the investigation and treatment of hidden dangers of "dynamic, full coverage and seamless", and strictly prevent production safety accidents caused by hidden danger evolution and risk escalation.

4. Investment risk. The business transformation of the Company has been accelerated, the investment business field has been continuously expanded, the investment scale has grown rapidly, and the difficulty of scientific decision-making of investment behavior has been improved; issues such as insufficient professional ability and management experience may exist for investment projects in new business fields which may expose the projects not be able to meet the expectations; with the increasingly stringent investment and financial supervision, the projects may subject to the risks of financing difficulties, sudden changes in industrial policies and increasing costs, which will in turn result in the benefit reduction of projects.

Countermeasures: The Company will implement refined and streamlined management, continuously improve operation quality and profitability of projects to ensure the realization of investment expectations; the Company will strengthen pre-investment evaluation, investment supervision and post-investment evaluation, adhere to benefit priority and scientific management, abide by the risk bottom line, scientifically formulate, organize and implement risk countermeasures; the Company will actively introduce professionals in new fields and take every effort to reduce the potential risks of new business projects leveraging on the professional capabilities of third-party institutions.

5. Construction project performance risk. Affected by the pandemic prevention and control measures, the resources required for project performance cannot be allocated in place in time, and some projects were not performed smoothly and delayed, etc. In order to achieve the target milestone specified in the contract, measures to increase construction input are taken on site to speed up the construction progress, which may lead to inadequate subcontracting supervision, resulting in construction quality issues. In addition, the increase in labor costs, pandemic prevention measures costs and project implementation resources costs caused by the pandemic has increased the project implementation cost, and the operation efficiency of projects may be greatly affected.

Countermeasures: Under the premise of effective pandemic prevention and control, the Company will increase resource costs for project implementation, strengthen internal coordinated operations, effectively integrate internal and external resources, further optimize construction organization and technical proposals, and take all effective measures to overcome the adverse impact arising from the pandemic and promote normal project performance under the contract; at the same time, the Company will comprehensively strengthen the construction of project management system, constantly enhance the supervision in a full-process and all-aspect way for project performance. The Company will focus on contract management, sub-contract management and cost management and other key aspects, continuously improve the level of refined management, prevent project performance and operating risks, and ensure that the project achieves expected business objectives.

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 accordingly. The exchange rate fluctuation may have influence on the service pricing and the expenses of procurement of materials and equipment by 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 2021, the Company has a total of 113,924 employees, including 37,398 management personnel, 39,510 professional technicians and 24,980 technical operating personnel. The Company has 15,402 talents with various national registered qualifications. Also, the Company has a team of top talents of China, including 35 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 23 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 planned to train 276,200 employees and actually trained 329,800 employees in the first half of 2021, including on-the-job training for 225,600 employees, continuing education training for 16,200 employees, and other training for 87,900 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 (the "**SASAC**") 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 SASAC under the State Council, the remuneration of the executive Directors who are also senior management is based on senior management's 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 of incentive scheme and should be unlocked for the third phase of unlocking of incentive scheme back to the entrusted management agency at the grant price.

Save as disclosed above, as of 30 June 2021, according to the restricted share incentive scheme, no restricted share has been granted, lapsed or cancelled. Pursuant to Chapter 17 of the Listing Rules, the restricted share incentive scheme does not constitute a share option scheme but constitutes a discretionary plan of the Company.

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

The Company will pursue the vision of green, low-carbon, innovation development, and advance the achievement of the strategic goals of "carbon peak and carbon neutral" and "30·60". Under the general requirements of "management of investment, procedures, risks and improvement of returns (管好投向、管住程序、管控風險、提高回報)", the Company will take reinforcing value creation, building core competitiveness, driving construction business, promoting the transformation and upgrading, improving the general benefits as the goal, grasp the opportunities of China's deepening reform and development and building new development layout, optimize the investment structure and layout, focus on energy and power, infrastructure, building materials, civil explosives, ecological environmental protection and other core businesses, plan for major projects mainly focusing on core regions to exert the leading role of investment. As for the fields of new infrastructure, new urbanization and important transportation, and water conservancy facilities, the Company will continue to enhance its investment, financing and investment-construction-operation integration capability, conduct investment and merger and acquisition based on its actual condition, and accelerate the creating of new competitive advantages.

The Company will establish and improve the investment rolling development mechanism, explore asset revitalization and capital operation modes of various existed projects such as transfer, capital increase, REITS and asset securitization, improve investment efficiency and form a favorable trend of rolling development and virtuous revolving.

References are made to the announcements of the Company dated 15 October 2020, 27 October 2020, 8 February 2021, 19 March 2021, 7 April 2021, 9 April 2021 and 20 April 2021 as well as the circular of the Second Extraordinary General Meeting of 2021, the Second Domestic Shareholders' Class Meeting of 2021 and the Second H Shareholders' Class Meeting of 2021 dated 25 March 2021 (the "**Circular**"), in relation to (among others) the Proposed Absorption and Merger of CGGC through Share Swap by the Issuance of A Shares by the Company to the shareholders of CGGC except for CGGC Group. Unless otherwise defined, the terms used in this paragraph shall have the same meaning as defined in the above announcements and Circular. On 27 October 2020, the Company entered into the merger agreement with CGGC regarding the possible absorption of CGGC through Share Swap. Upon the full implementation of the merger, the Company will (among other things) issue a total of 11,645,760,553 A shares to shareholders of CGGC (except CGGC Group) who are registered on the equity registration date of the merger, in exchange for the shares of CGGC held by these shareholders. Upon the completion of the merger, CGGC will terminate its listing on the Shanghai Stock Exchange. As its surviving company, the Company will inherit and undertake all the assets, liabilities, business, contracts, qualifications, personnel and all other rights and obligations of CGGC through the receiving party, CGGC Group. CGGC will eventually cancel its legal personality. The Company will apply for listing of the A shares issued by the Company as a result of the merger on the main board of the Shanghai Stock Exchange. The Company's original domestic shares will be converted into A shares and be applied for listing on the main board of the Shanghai Stock Exchange.

On 11 August 2021, CGGC received a notice from the CSRC, which stated that the absorption and merger of CGGC by the Company was reviewed and unconditionally approved at the eighteenth working meeting in 2021 of the Merger and Reorganization Audit Committee of Listed Companies of the CSRC held on 11 August 2021. The Company was informed that CGGC has received the Approval of the Absorption and Merger of China Gezhouba Group Company Limited by China Energy Engineering Corporation Limited through the Issuance of Shares (Zheng Jian Xu Ke No. [2021] 2757) (the "**Approval**") from the CSRC on 25 August 2021, which approved (among others) the absorption and merger of CGGC by the Company through the issuance of 11,670,767,272 shares (the "**Transaction**"). The Approval will be valid within 12 months from the date of issuance. The Company will perform its information disclosure obligations on the progress of the Transaction in a timely manner. As at the date of this announcement, the Transaction is still subject to the fulfillment of other conditions precedent in the Circular. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

In addition to the above projects, in the first half of 2021, the Company did not hold any significant investment projects that are required to be approved by the meeting of the Board as required by the articles of association of the Company.

14 Outlook

14.1 Outlook of Domestic Power Industry

According to relevant forecast by the CEC, the growth rate of the national electricity consumption in 2021 is expected to be 7% to 8%. The newly added installed generating capacity for the year may reach approximately 180,000MW. As an important industry for supporting the transformation of the China's economy to high-quality development, there still exist rigid demands for moderately advanced development of the power industry and market room for supporting infrastructure construction. Meanwhile, in the context of striving to achieve the goal of "carbon peak and carbon neutral" and "30·60", the clean utilization of China's traditional energy, the large-scale development of clean energy with new energy as the main body, the optimization of power grid layout with the goal of alleviating power supply and demand, and the comprehensive energy services and other fields will grow rapidly.

14.2 Domestic Non-power Market

According to the "14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of Long-term Goals for 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》)", during the "14th Five-Year Plan" period, China will promote the construction of a series of major projects, including the layout and construction of new infrastructure such as information infrastructure, integration infrastructure and innovation infrastructure, advancing the construction of strategic backbone access, high-speed railways, normal railways, expressways, port and shipping facilities, modern airports, urban agglomerations and urban rail transit and other transportation engineering projects, and promoting the further release of infrastructure market space. In addition, China's major strategies continue to be further promoted, and efforts to make up for shortcomings in new urbanization, high-end manufacturing, water conservancy, ecological environmental protection and other fields are expected to continue to increase. As the first year of the "14th Five-Year Plan", in 2021, on basis of scientific pandemic prevention, it is necessary to put more effort in construction in all aspects and stabilize social and economic growth.

From the perspective of industry:

Construction industry. In the field of comprehensive transportation, China will strengthen the construction of strategic backbone channels and the interconnection with neighboring countries; basically complete the "Eight Vertical and Eight Horizontal" high-speed railways, and accelerate the construction of world-class port clusters, airport clusters, intercity railways and urban (suburban) railways so as to construct the highway loop system; accelerate the construction of border-to-border highways and improve road safety facilities. In the field of water conservancy projects, China will promote five major types of key projects, including flood control and disaster reduction, optimal allocation of water resources, irrigation water saving and water supply, water ecological protection and restoration as well as smart water conservancy. In the field of new infrastructure, China will build a high-speed ubiquitous, integrated and interconnected, safe and efficient information infrastructure; accelerate the digital transformation of traditional infrastructure such as transportation, energy and municipal administration; open up diversified investment channels and build a new infrastructure standard system.

Manufacturing industry. During the course of pandemic prevention and control and economic recovery in China, the manufacturing industry shows very strong development toughness and presents the advantages of sound and perfect industrial chain layout. As the increasingly obvious results of pandemic prevention and control in China, the recovery of the PRC's market may be gradually accelerated. It is expected that the demand for cement, civil explosives and equipment manufacturing will continue to increase.

Ecological environmental protection. The National Conference on Ecological Environmental Protection put forward that, we should continue to promote the development of environmental protection industry; advance the construction of national ecological industrial demonstration parks; continue to implement water pollution prevention and control actions and comprehensive marine pollution control actions; deepen actions to prevent and control soil pollution; push ahead the construction of the "One Belt and One Road" green development international alliance and research institutes, and build an international think tank and cooperation platform. As the continuous promotion of ecological and environmental protection policies, there will be great achievements in the fields of comprehensive prevention and control of flood and drought disasters, protection of key water sources, soil and water conservation, utilization of renewable resources, solid waste and garbage treatment, sewage treatment, treatment of damaged rivers and lakes, garbage sorting, green lifestyle, etc.

Real estate. Under the long-term mechanism of "houses are for inhabitation, not for speculation", the tightening of real estate regulation is still the main theme. However, taking into account the in-depth promotion of regional development strategies, from the perspective of investment, the third and fourth tier cities in the Yangtze River Delta and the Pearl River Delta are still regional markets worthy of attention.

14.3 International Market Trend and Countermeasures

In the short term, the global economic outlook has improved. According to the International Monetary Fund (IMF) forecasts, the global economy is expected to grow by 6% in 2021. According to the Global Trade Information and Outlook (《全球貿易數據與展望》) released by the World Trade Organization, the global merchandise trade will increase by 8% in 2021. According to the World Investment Report 2021 (《2021年世界投資報告》) released by the United Nations, global foreign direct investment will hit the bottom and rebound in 2021, with a growth rate of 10% to 15%. In the medium and long term, the global pandemic may continue for a long time. Governments of many countries will still adhere to infrastructure construction as an important means of stabilizing economic growth, and adopt a series of monetary policies and tax reduction policies to stimulate the infrastructure market. The Company will strengthen the follow-up of international condition, analyze the policy environment, optimize the international market layout, seize opportunities for market recovery and intensify market development.

Also, China's great success in the pandemic prevention and control has greatly lifted up the national image in overseas markets. Combined with the improvement of the opening level of China's capital market, it will attract more international capital to participate in the construction of the "One Belt and One Road". The Company will expand cooperation in third-party markets, proactively participate in international production capacity cooperation, implement the "One Belt and One Road" initiative, and promote the high-quality development of international businesses.

14.4 Objectives and Outlook of Overall Development for the Second Half of 2021

2021 is the first year of the "14th Five-Year Plan". Scientific planning for the "14th Five-Year Plan" work and comprehensive commencement of key tasks are meaningful to support the Company's new journey of building a world-class enterprise with global competitiveness. In the second half of 2021, in the face of the new situation and new tasks, the Company will stand firm and stay focused and center on the goal for building a world-class enterprise with global competitiveness by planning for operation, strengthening management, well implementing and promoting integration, so as to accumulate energy for the stable operation of the overall situation and the creation of a new situation of development, and strive to promote rapid growth in all major operating indicators throughout the year.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2021.

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 2021, 4 Board meetings were convened and held by the Company, considering and voting for 47 resolutions and proposing 31 resolutions to the general meeting; 7 general meetings (i.e. the first extraordinary general meeting of 2021, the first domestic shareholders' class meeting of 2021, the first H shareholders' class meeting of 2021, the second extraordinary general meeting of 2021, the second domestic shareholders' class meeting of 2021, the second H shareholders' class meeting of 2021 and the 2020 annual general meeting of the Company) were convened and held, considering and voting for 35 resolutions. 1 Strategy Committee meeting of the Board was held, considering and voting for 1 resolution; 1 Nomination Committee meeting of the Board was held, considering and voting for 1 resolution; 1 Remuneration and Assessment Committee meeting of the Board was held, considering and voting for 2 resolutions; and 3 Audit Committee meetings of the Board were held, considering and voting for 15 resolutions.

For the six months ended 30 June 2021, the Company has complied with code provisions of the Corporate Governance Code under Appendix 14 to the Listing Rules.

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 shares of the Company 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 2021.

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

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 2021.

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 and one non-executive Director of the Company, namely Mr. Zhao Lixin, Dr. Ngai Wai Fung and Mr. Li Shulei. Among which Mr. Zhao Lixin is the chairman of the Audit Committee. Dr. Ngai Wai Fung has professional qualifications and rich experience in accounting and financial matters. On 27 August 2021, the Audit Committee has reviewed the interim results announcement of the Company for the six months ended 30 June 2021, the 2021 interim report and the unaudited interim financial statements for the six months ended 30 June 2021 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 2021 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*
Chairman
Song Hailiang

Beijing, the PRC
27 August 2021

As at the date of this announcement, the executive directors of the Company are Mr. Song Hailiang, Mr. Sun Hongshui and Mr. Ma Mingwei; the non-executive directors are Mr. Li Shulei, Mr. Liu Xueshi and Mr. Si Xinbo; and the independent non-executive directors are Mr. Zhao Lixin, Mr. Cheng Niangao and Dr. Ngai Wai Fung.