

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

GLOBAL OFFERING



Joint Sponsors



Joint Global Coordinators



Joint Bookrunners and Joint Lead Managers



* For identification only

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



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CHINA ENERGY ENGINEERING CORPORATION LIMITED*

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	8,800,000,000 H Shares (comprising 8,000,000,000 H Shares to be offered by the Company and 800,000,000 H Shares to be sold by the Selling Shareholders, subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	440,000,000 H Shares (subject to adjustment)
Number of International Offer Shares	:	8,360,000,000 H Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK\$1.73 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	RMB1.00 per H Share
Stock code	:	3996

Joint Sponsors



Joint Global Coordinators



Morgan Stanley



Joint Bookrunners and Joint Lead Managers



Morgan Stanley



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, December 3, 2015 (Hong Kong time) and, in any event, not later than Wednesday, December 9, 2015 (Hong Kong time). The Offer Price will be not more than HK\$1.73 and is currently expected to be not less than HK\$1.59 per Offer Share. If, for any reason, the Offer Price is not agreed by Wednesday, December 9, 2015 (Hong Kong time) between the Joint Representatives (for themselves and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders), the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Share are required to pay, on application, the maximum Offer Price of HK\$1.73 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027% and a Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$1.73.

The Joint Representatives, for themselves and on behalf of the Underwriters, and with our consent (for ourselves and on behalf of the Selling Shareholders) may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK\$1.59 to HK\$1.73) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of our Company at www.ceec.net.cn and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in "Risk Factors," "Appendix VI – Summary of Principal Legal and Regulatory Provisions" and "Appendix VII – Summary of Articles of Association" to this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Grounds for Termination" of this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered and sold only (a) in the United States to Qualified Institutional Buyers in reliance on Rule 144A under the U.S. Securities Act or another exemption from, or in a transaction not subject to, registration under the U.S. Securities Act and (b) outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

* For identification only

November 27, 2015

EXPECTED TIMETABLE⁽¹⁾

Latest time to complete electronic applications
under **White Form eIPO** service through the
designated website www.eipo.com.hk⁽²⁾ 11:30 a.m. on Wednesday,
December 2, 2015

Application lists open⁽³⁾ 11:45 a.m. on Wednesday,
December 2, 2015

Latest time to lodge **WHITE** and **YELLOW**
Application Forms 12:00 noon on Wednesday,
December 2, 2015

Latest time to give **electronic application instructions**
to HKSCC⁽⁴⁾ 12:00 noon on Wednesday,
December 2, 2015

Latest time to complete payment of **White Form eIPO**
applications by effecting internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on Wednesday,
December 2, 2015

Application lists close 12:00 noon on Wednesday,
December 2, 2015

Expected Price Determination Date Thursday, December 3, 2015

Announcement of

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares to be published (a) in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese); (b) on our website at www.ceec.net.cn⁽⁵⁾ and the website of the Hong Kong Exchange and Clearing Limited at www.hkexnews.hk⁽⁶⁾ on or before Wednesday, December 9, 2015

Results of allocations in the Hong Kong Public Offering
(with successful applicants' identification document
numbers where appropriate) to be available through
a variety of channels (see "How to Apply
for Hong Kong Offer Shares – Publication
of Results") from Wednesday, December 9, 2015

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering
will be available at www.iporesults.com.hk with a
“search by ID” function Wednesday, December 9, 2015

H Share certificates in respect of wholly or partially successful
applications to be dispatched or deposited into CCASS on
or before⁽⁷⁾ Wednesday, December 9, 2015

White Form e-Refund payment instructions/refund cheques
in respect of wholly or partially unsuccessful
applications to be dispatched on or before⁽⁷⁾⁽⁸⁾⁽⁹⁾ Wednesday, December 9, 2015

Dealings in H Shares on the Hong Kong Stock Exchange
expected to commence at 9:00 a.m. on Thursday, December 10, 2015

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, are set forth in “Structure of the Global Offering.”
- (2) If you have already submitted your application through the designated website at www.eipo.com.hk and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 2, 2015, the application lists will not open on that day. See “How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists.”
- (4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS.”
- (5) None of the website or any of the information contained on the website forms part of this prospectus.
- (6) The announcement will be available for viewing on the Hong Kong Stock Exchange’s website at www.hkexnews.hk.
- (7) Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all required information may collect refund cheques (where applicable) and H Share certificates (where applicable) in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, December 9, 2015. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. Uncollected refund cheques and H Share certificates will be dispatched promptly by ordinary post to the addresses as specified in the applicants’ Application Forms at the applicants’ own risk. Details of the arrangements are set out in “How to Apply for Hong Kong Offer Shares.”

EXPECTED TIMETABLE⁽¹⁾

- (8) Applicants who apply through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.
- (9) Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

The H Shares certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Thursday, December 10, 2015. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.

The above expected timetable is a summary only. See “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

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IMPORTANT NOTE TO INVESTORS

This prospectus is issued by China Energy Engineering Corporation Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Selling Shareholders, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering. Information contained on our website, located at www.ceec.net.cn, does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are one of the largest comprehensive solutions providers for the power industry in China and globally. The comprehensive solutions include one-stop integrated solutions and full life-cycle project management services. Our strong capabilities across the full industry chain, especially in survey and design, enable us to provide customized comprehensive solutions for power projects. We have gained extensive experience in power engineering and construction from projects across China and over 80 overseas countries and regions. There are only a limited number of comparable competitors in the power engineering and construction market in China, among which, we are one of the two largest ones. According to the Sullivan Report, from 2012 to 2014, we engaged in the design and/or construction of power plants with a total on-grid installed capacity of more than 160 GW, ranking first in the world. According to the Sullivan Report, in terms of the respective revenue of our survey, design and consultancy business and construction and contracting business, we ranked 21st on the ENR’s “The Top 150 Global Design Firms” list and 13th on the ENR’s “The Top 250 Global Contractors” list in 2015, respectively. Energy China Group ranked 391st among “The Fortune Global 500” in 2015.

We have undertaken the design or construction of numerous landmark projects and earned many achievements, including the Three Gorges Project (which has the largest hydropower station in the world in terms of installed capacity), the AC and DC transmission lines with the highest voltage level, and the largest number of 1000 MW USC generation units. According to the Sullivan Report, our survey and design business had market shares of 81.1% in fossil-fuel power projects in terms of completed contract value in China and 52.6% in power transmission lines market (330 kV and above) and 73.7% in UHV transmission lines market both in terms of length installed in China in 2014. According to the same source, in 2014, we had 57.6% and 22.8% market shares for the construction of fossil-fuel power projects and hydropower projects in China, respectively, both in terms of completed contract value. Additionally, among all nuclear power generation units in China in operation and under construction as of March 31, 2015, we had a 90.8% market share in survey and design, and a 59.8% market share in installation, of conventional islands of nuclear plants, respectively, both in terms of installed capacity.

In recent years, our international business has experienced rapid development. Our milestone projects include Chashma Nuclear Power Plant (1×300 MW) Project Phase I in Pakistan, which was China’s first overseas nuclear power project, and EREN SC Coal-fired

SUMMARY

Power Plant (2×600 MW) Project in Turkey, which employed China’s first exported 600 MW SC coal-fired power generation units. In addition, the Santa Cruz River Hydropower Station under construction by us is the largest project in Argentina and the largest overseas hydropower project undertaken by a PRC company so far in terms of contract value. Our revenue from overseas businesses continued to grow rapidly with a CAGR of 19.3% from 2012 to 2014. According to the Sullivan Report, we had the largest market share, 35.6%, of the overseas power contracting projects undertaken by the PRC companies in 2014 in terms of new contract value. Based on our strong track record, we have successfully established “Energy China” as a well-known contractor brand name in the international power and infrastructure industries.

The development of China’s economy continues to drive the growth in the power engineering and construction industry, and the “One Belt and One Road” initiative and other policies are new drivers for the expansion of our overseas markets. Although the growth of domestic investment has slowed down, incremental investment remains substantial, generating stable and large demand for power construction. According to the Sullivan Report, China’s investment in the power industry is expected to grow at a CAGR of 7.2% from 2015 to 2020, with a projected average increase in installed capacity by 120.6 GW each year, which is expected to account for 46.3% of the projected average annual increase in installed capacity globally during this period and is expected to be more than the aggregate existing installed capacity of the United Kingdom and Switzerland as of December 31, 2014. The turnover of PRC companies from undertaking overseas power projects increased from USD10.3 billion in 2009 to USD27.4 billion in 2014, representing a CAGR of 21.6%. We believe that, with our extensive experience and established position in the power engineering and construction industry, we are well-positioned to benefit from the development of this industry in China and abroad.

OUR MAJOR BUSINESSES

We are primarily engaged in the following businesses:

**Survey, Design and
Consultancy**

We primarily provide survey and design services for large-scale power generation projects, covering all major power sources, and grid projects in China and abroad. In addition, we provide a broad range of consultancy services, including policy consultation for the power industry, evaluation, assessment and supervision of power projects.

**Construction and
Contracting**

We have world-class construction and contracting capabilities. We primarily undertake large-scale power generation projects, covering all major power sources, and power grid projects in China and abroad. We also undertake other infrastructure projects.

SUMMARY

Equipment Manufacturing

We engage in the design, manufacturing and sales of equipment for various segments of the power industry, and are able to provide complete sets of equipment for large power plants. Our products include auxiliary equipment for power plants, power grid equipment, steel structure and energy-saving equipment.

Civil Explosives and Cement Production

We engage in the manufacturing and sales of civil explosives and cement, and provide blasting services for projects.

Investment and Other Businesses

We invest in, operate and sell power plants and other infrastructure projects such as highways, environmental protection projects, and water conservancy projects; we also engage in real estate development and other businesses.

The table below sets forth a breakdown of our revenue, gross profit and gross margin by segment for the periods indicated:

Segment	Year ended December 31,									Five months ended May 31,					
	2012			2013			2014			2014			2015		
	Revenue	Gross profit	Gross margin	Revenue	Gross profit	Gross margin	Revenue	Gross profit	Gross margin	Revenue	Gross profit	Gross margin	Revenue	Gross profit	Gross margin
	<i>(RMB in millions, except percentages)</i>														
	<i>(Unaudited)</i>														
Survey, design and consultancy	11,736.4	4,880.5	41.6%	12,293.5	5,311.6	43.2%	12,432.2	5,312.0	42.7%	4,130.0	1,617.0	39.2%	4,104.1	1,676.2	40.8%
Construction and contracting	108,128.3	7,315.5	6.8	119,245.2	7,294.8	6.1	142,436.6	9,023.4	6.3	46,663.0	2,890.2	6.2	52,874.5	4,133.7	7.8
Equipment manufacturing	8,254.6	1,239.5	15.0	8,919.9	1,336.8	15.0	8,897.4	1,406.7	15.8	3,109.9	472.3	15.2	2,924.3	475.5	16.3
Civil explosives and cement production	5,844.1	1,650.8	28.2	7,209.1	2,002.5	27.8	8,117.7	2,454.5	30.2	3,174.6	893.8	28.2	3,054.6	862.6	28.2
Investment and other businesses	9,288.8	1,893.0	20.4	10,982.8	2,056.3	18.7	16,446.4	3,896.9	23.7	4,811.2	942.7	19.6	6,563.9	1,390.9	21.2
Sub-total	143,252.2	16,979.3	11.9%	158,650.5	18,002.0	11.3%	188,330.3	22,093.5	11.7%	61,888.7	6,816.0	11.0%	69,521.4	8,538.9	12.3%
Intersegment elimination ⁽¹⁾	(4,074.1)	(316.1)		(5,015.1)	(112.1)		(4,506.3)	(450.5)		(1,271.9)	(56.3)		(2,083.2)	(85.5)	
Unallocated items ⁽²⁾		(1,039.6)			(1,353.8)			(1,426.5)			(311.3)			(472.2)	
Total	139,178.1	15,623.6	11.2%	153,635.4	16,536.1	10.8%	183,824.0	20,216.5	11.0%	60,616.8	6,448.4	10.6%	67,438.2	7,981.2	11.8%

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

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

SUMMARY

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- We are one of the largest comprehensive solutions providers for the power industry in China and globally and well-positioned to benefit from the continued market growth.
- Our businesses across the full industry chain for power engineering and construction enable us to offer systematic and customized one-stop solutions and comprehensive services spanning the full life-cycle of projects.
- Our strong survey, design and consultancy business enhances our profitability and fosters the development of our construction and contracting business.
- Our proven track record in nuclear power, new energy and the retrofitting of coal-fired power as well as in the UHV transmission lines, enables us to capture the early-mover advantage in these fast-growing markets in China's power engineering and construction industry.
- Our broad international network and well-established overseas market position and brand name allow us to better capture opportunities in the overseas market brought by China's "going out" strategy such as the "One Belt and One Road" initiative.
- We have a broad business network coupled with a highly experienced management team and a team of skilled work force.

OUR DEVELOPMENT STRATEGIES

We aim to become a world-class engineering and construction company. To achieve this goal, we plan to adopt the major development strategies below:

- Continue to expand our market shares in the power engineering and construction industry and to strengthen our leading position in our core businesses.
- Continue to expand our overseas business and build our brand name globally.
- Actively adapt to the power industry evolution and promptly capture emerging business opportunities.
- Extend our strength in our core businesses to related sectors and selectively expand our businesses.
- Increase efforts in research and development and growing our talent pool.

SUMMARY

RISK FACTORS

There are certain risks relating to an investment in the Offer Shares. These risks can be characterized as: (i) risks relating to our business and industry; (ii) risks relating to our group structure; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Global Offering.

The following are some of the major risks that we face:

- Our business is affected by the PRC and global economies. A decrease in the general level of economic activities and growth in the industries in which we operate could have a material and adverse effect on our business, financial position and results of operations.
- We face competition in certain markets in which we operate, which could adversely affect our businesses.
- We are exposed to substantial potential risks and liabilities associated with our construction and contracting business and various manufacturing businesses.
- Projects we construct may not be completed on time.
- If we are unable to accurately estimate the overall risks, revenues or costs of our contracts, or if we fail to agree to the pricing of work done pursuant to change orders, our profitability may be adversely affected or we may incur losses on the contracts.
- Backlog is subject to unexpected adjustments and cancellations and, therefore, may not be indicative of our future results of operations.

BUSINESS OPERATIONS IN COUNTRIES AND REGIONS SUBJECT TO SANCTIONS

The United Nations (“U.N.”), the United States, the E.U. and other jurisdictions (including Australia and Hong Kong) impose comprehensive or extensive economic sanctions on a number of countries or regions such as Cuba, Crimea, Sudan, Iran, Syria, and North Korea (collectively, “Sanctioned Countries”), and target a number of other persons and entities, including, without limitation, individuals or entities that are subject to any sanctions implemented, administered or enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”) or implemented by the E.U., including individuals and entities on the Consolidated List of Persons, Groups and Entities Subject to E.U. Financial Sanctions (hereinafter, “Sanctioned Persons”). Many such Sanctioned Persons are associated with or located in countries such as Albania, Belarus, Bulgaria, Bosnia-Herzegovina, Russia, Congo, Cote d’Ivoire, South Sudan, Zimbabwe and Iraq, although U.S. and E.U. sanctions do not seek to prevent all trade or business with such countries, but rather only business that involves Sanctioned Persons and/or that involves a specific prohibited activity for that jurisdiction. For

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details related to sanctions laws, see “Regulatory Environment – Descriptions of Sanctions Laws.” During the Track Record Period, we operated businesses in a number of Sanctioned Countries and/or with Sanctioned Persons. In 2012, 2013 and 2014 and the five months ended May 31, 2015, the revenue from our contracts in Sanctioned Countries and/or with Sanctioned Persons accounted for approximately 0.8%, 0.9%, 0.6% and 0.7% of total revenue of the Group, respectively. We do not expect a significant increase in the revenue from such countries in 2015, 2016 and 2017.

We would not be subject to the applicable primary U.S. sanctions laws, since our relevant business activities in the Sanctioned Countries or with Sanctioned Persons do not involve or intend to involve U.S. Persons, U.S.-origin items or the U.S. financial system (i.e. payments in U.S. dollars). The risk of sanctions being imposed by the U.S. government against us or our subsidiaries under U.S. secondary sanctions in connection with our relevant business activities in the Sanctioned Countries or with Sanctioned Persons is not material. For details, see “Business – Business Operations in Countries and Regions Subject to Sanctions – U.S. Sanctions.”

After consulting our legal advisers, whose views are based on information provided by the Group, we believe that it is unlikely that we would be deemed to have violated U.S., E.U., Australian, U.N. or Hong Kong sanctions or prohibitions as a result of past business activities in Sanctioned Countries or with Sanctioned Persons. In addition, after consulting our legal advisers, whose views are based on information provided by the Group, we believe that the Stock Exchange, the Listing Committee and its members, HKSCC, HKSCC Nominees, our shareholders, investors and the Underwriters of the Global Offering (collectively, the “Relevant Persons”) are unlikely to face the risk of enforcement action for an alleged violation of, or designation under, U.S., E.U., Australian, U.N. or Hong Kong sanctions as a result of their participation in the Listing, taking into account the limited nature and low level of revenue arising from our business activities in Sanctioned Countries or with Sanctioned Persons. Further, after the Listing, such Relevant Persons are only likely to be exposed to a risk of enforcement action or designation in circumstances where they exercise control over the Company and/or its subsidiaries and their actions and cause such entities to engage in conduct which is contrary to U.S., E.U., Australian, U.N. or Hong Kong sanctions; or, alternatively, such Relevant Persons are otherwise involved in any of our business activities in (or which relate to) Sanctioned Countries or which involve Sanctioned Persons. For details related to sanctions risks, see “Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions.”

We undertake to the Hong Kong Stock Exchange that: (i) we will not use the proceeds from the Global Offering or any other funds raised through the Hong Kong Stock Exchange to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Sanctioned Country or any Sanctioned Persons (which for the avoidance of doubt shall not include activity or business that is not prohibited with entities targeted under E.U. and U.S. Russian sectoral sanctions); (ii) if we think that our transactions entered into in Sanctioned Countries or with Sanctioned Persons may expose us or our investors and shareholders to

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sanctions risk, we will make disclosure on the website of the Hong Kong Stock Exchange and our website and disclose the results of our monitoring of sanctions risks to which our businesses are exposed, further operations in Sanctioned Countries or with Sanctioned Persons (if any) (which for the avoidance of doubt shall not include activity or business that is not prohibited with entities targeted under E.U. and U.S. Russian sectoral sanctions) and any intention regarding such businesses in our annual/interim reports; and (iii) should any U.S. authority approach us to request information with regard to our ongoing activities in Iran, we will fully cooperate with any such request and will terminate any activity the U.S. authorities may determine to be sanctionable activities within the timeframe requested by the U.S. authorities. In addition, we have no present intention to undertake any future business that would cause us or the Relevant Persons to violate or become designated under sanctions imposed by the U.S., the E.U., Australia, the U.N. or Hong Kong. We have also made an undertaking to the Hong Kong Stock Exchange that we will not enter into sanctionable transactions that would expose us or the Relevant Persons to risks of being designated. If we breach any of these undertakings that we made to the Hong Kong Stock Exchange after the Listing, it is possible that the Hong Kong Stock Exchange may delist our H Shares.

We will continuously monitor and evaluate our business and take measures to comply with our undertakings we made to the Hong Kong Stock Exchange and to protect the interests of our Group and Shareholders. For details of our internal control procedures, see “Business – Business Operations in Countries and Regions Subject to Sanctions – Our Undertakings and Internal Control Procedures” on page 241 of this prospectus and “Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions” on page 61 of this prospectus.

OUR CUSTOMERS AND SUPPLIERS

In China, we typically win contracts for our services through a bidding process. In overseas markets, we secure contracts through bidding process and bilateral negotiation. Our major customers in China include all the major power grid operators and power generation companies. The major overseas customers comprise local energy authorities, or state or private owned utility companies in the power industry. We primarily sell our equipment, explosives and cements directly to customers in China and abroad. In 2012, 2013 and 2014 and the five months ended May 31, 2015, approximately 5.1%, 4.6%, 4.0%, and 5.4% respectively, of our revenue was attributable to our largest customer. For the same periods, approximately 15.8%, 17.7%, 16.1%, and 16.1%, respectively, of our revenue was attributable to our five largest customers.

We have established a procurement platform on the group level for procuring various kinds of equipment and materials for our operations. We believe that the centralized procurement approach will enable us to reduce our procurement costs. In 2012, 2013 and 2014 and the five months ended May 31, 2015, approximately 0.6%, 0.9%, 1.0% and 1.5%, respectively, of our cost of sales was attributable to our largest supplier, and approximately 2.5%, 3.3%, 4.2% and 3.8%, respectively, of our cost of sales was attributable to our five largest suppliers.

SUMMARY

BACKLOG AND NEW CONTRACT VALUE

Backlog

Backlog represents our estimate of the contract value of work that remains to be completed as of a certain date. The contract value represents the amount that we expect to receive under the terms of the contract assuming the contract is performed in accordance with its terms. The following table sets forth the breakdown of our backlog by business segment as of the following dates:

	As of December 31,			As of
	2012	2013	2014	May 31, 2015
	<i>(RMB in millions)</i>			
Survey, design and consultancy	13,821.6	16,085.5	19,146.1	19,994.2
Construction and contracting	305,909.0	434,224.0	570,526.8	646,831.7
Equipment manufacturing	5,549.5	5,884.7	7,023.2	7,479.4
Total	<u>325,280.1</u>	<u>456,194.2</u>	<u>596,696.1</u>	<u>674,305.3</u>

The backlog of our overseas business was approximately RMB113,400.8 million, RMB178,459.0 million, RMB243,187.8 million and RMB272,651.9 million as of December 31, 2012, 2013, and 2014 and May 31, 2015, respectively.

New Contract Value

New contract value represents the aggregate value of contracts that we entered into during a specified period. The value of a contract is the amount that we expect to receive under the terms of the contract if the contract is performed in accordance with its terms. The following table sets forth a breakdown of new contract value by business segment for the periods indicated:

	For the year ended December 31,			For the five months ended
	2012	2013	2014	May 31, 2015
	<i>(RMB in millions)</i>			
Survey, design and consultancy	10,447.2	12,249.5	13,296.0	4,556.0
Construction and contracting	188,743.6	246,515.8	268,345.3	123,922.9
Equipment manufacturing	9,492.4	11,024.7	11,793.2	3,932.6
Total	<u>208,683.2</u>	<u>269,790.0</u>	<u>293,434.5</u>	<u>132,411.5</u>

SUMMARY

The new contract value of our overseas business was approximately RMB68,218.4 million, RMB85,875.3 million, RMB90,495.2 million and RMB41,072.3 million in 2012, 2013 and 2014 and five months ended May 31, 2015, respectively.

HISTORICAL NON-COMPLIANCE INCIDENTS

Having consulted our PRC legal advisers, Dentons Law Offices, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with applicable PRC laws, rules and regulations in all material aspects in relation to our operations.

SELECTED HISTORICAL FINANCIAL DATA

The following tables present our summary consolidated financial information as of and for the year or period ended December 31, 2012, 2013 and 2014 and May 31, 2014 and 2015. We have derived this summary from our financial information set forth in the Accountants' Report in Appendix I to this prospectus. You should read this summary in conjunction with our consolidated financial information included in the Accountants' Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in "Financial Information" beginning on page 296 of this prospectus.

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Revenue	139,178.1	153,635.4	183,824.0	60,616.8	67,438.2
Gross profit	15,623.6	16,536.1	20,216.5	6,448.4	7,981.2
Profit before tax	4,083.3	4,054.2	6,017.8	1,625.1	2,743.0
Profit for the year or period	<u>2,769.3</u>	<u>2,617.5</u>	<u>4,095.6</u>	<u>1,220.9</u>	<u>2,029.5</u>
Attributable to:					
Owners of the Company	1,548.3	1,344.2	2,152.8	617.2	1,098.5
Non-controlling interests	1,221.0	1,273.3	1,942.8	603.7	931.0

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The following table sets forth selected items from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Non-current assets	49,188.8	54,402.0	70,724.8	74,159.6
Current assets	104,889.0	126,728.6	148,160.3	156,397.9
Total assets	154,077.8	181,130.6	218,885.1	230,557.5
Total current liabilities	93,715.1	113,550.0	131,207.3	136,970.2
Total non-current liabilities	37,939.5	39,704.3	43,676.3	46,921.6
Total equity	22,423.2	27,876.3	44,001.5	46,665.7

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Net cash (used in)/ generated from operating activities	(402.6)	7,202.9	5,231.7	(6,751.8)	(9,069.2)
Net cash (used in)/ generated from investing activities	(5,113.4)	(7,138.4)	(5,044.8)	(1,585.9)	388.0
Net cash generated from financing activities	3,236.4	2,841.4	5,060.1	6,457.5	6,188.5

The following table sets forth certain of our financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the five months ended May 31,
	2012	2013	2014	2015
Current ratio (times)	1.1	1.1	1.1	1.1
Gearing ratio	207.7%	189.5%	136.4%	143.7%
Net debt to equity ratio	105.0%	92.1%	62.6%	81.6%
Return on assets	1.9%	1.6%	2.0%	2.2% ⁽¹⁾
Return on equity	14.9%	10.4%	11.4%	10.7% ⁽¹⁾

(1) These figures have been annualized.

SUMMARY

CORPORATE STRUCTURE AND OUR CONTROLLING SHAREHOLDER

Energy China Group is a wholly state-owned enterprise and has been our Controlling Shareholder, which directly held 99.53% of our shares and indirectly held 0.47% of our shares through EPPE Company as of the Latest Practicable Date. Immediately following the completion of the Global Offering, assuming no exercise of the Over-allotment Option, Energy China Group will directly and indirectly hold 70.3% of our total issued share capital, and will continue to be our Controlling Shareholder.

According to the Reorganization Agreement, after the completion of the Reorganization, Energy China Group would no longer be able to independently operate businesses similar to those of our business. Apart from certain retained business under our custodian and management pursuant to a custodian service agreement, Energy China Group (excluding our Group) is also engaged in research and study on development strategy and planning, government and industry policies in the power industry and standardization of scientific research through EPPE Company and its subsidiaries.

In order to avoid any possible future competition between our Group and our Controlling Shareholder, Energy China Group has entered into the Non-competition Undertaking (as defined in “Relationship with Controlling Shareholder”) in favor of our Company and has undertaken that it will not engage or be involved in any business which directly or indirectly competes or may result in competition with our business.

We have carried out certain transactions with Energy China Group and/or its associates, including the transactions contemplated under the Trademark Assignment and License Agreement, the Custodian Service Agreement, the Technology Project Agreement, the Property Lease Framework Agreement, and the 920 Funds Time Deposit (as defined in “Connected Transactions”). These transactions will constitute continuing connected transactions of our Company under the Listing Rules.

We possess sufficient capital, property, equipment, operating facilities, technology, credit facilities and human resources to operate our business independently with full capacity and corporate power to make operational and financial decisions and implement such decisions. We believe that we can conduct our businesses independently from Energy China Group and its associates after the completion of the Global Offering. For details, see “Connected Transactions” and “Relationship with Controlling Shareholder – Independence from Energy China Group”.

LISTING EXPENSES

The estimated total listing expenses in relation to this Global Offering are estimated to be approximately RMB304.4 million (based on the midpoint of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised). These listing expenses mainly comprise sponsor fees, underwriting commissions, and professional fees paid/payable to legal advisors, the reporting accountants and professional parties for their

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services rendered in relation to the Listing and the Global Offering, of which a total amount of RMB291.9 million will be deducted from equity. The remaining RMB12.5 million have been or will be charged to our consolidated statement of profit or loss and other comprehensive income for 2015. Our Directors do not expect such expenses to materially impact our results of operations for 2015.

STATISTICS OF GLOBAL OFFERING

The numbers in the following table are based on the assumptions that (i) the Global Offering has been completed and 8,800,000,000 H Shares are issued and sold in the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) 29,600,000,000 Shares are issued following the completion of the Global Offering.

	Based on an Offer Price of HK\$1.59 per H Share	Based on an Offer Price of HK\$1.73 per H Share
Market capitalization of H Share after completion of the Global Offering	HK\$13,992.0 million	HK\$15,224.0 million
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share ⁽¹⁾	HK\$1.28	HK\$1.32

(1) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share was calculated after adjustments as specified in "Appendix II – Unaudited Pro Forma Financial Information."

USE OF PROCEEDS

Assuming an Offer Price of HK\$1.66 per H Share (being the mid-point of the stated range between HK\$1.59 and HK\$1.73 per H Share), we estimate that we will receive net proceeds of approximately HK\$12,910.2 million from the Global Offering after deducting (i) the net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering, and (ii) the underwriting commissions and other estimated expenses in connection with the Global Offering, assuming the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set out below:

- Approximately 45.0%, or HK\$5,809.6 million, is expected to be used for power and infrastructure construction and contracting projects including EPC and PPP projects, among which approximately 50.0% is expected to be used in China and approximately 50.0% abroad;

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- Approximately 12.0%, or HK\$1,549.2 million, is expected to be used for the purchase of equipment for our core business such as hoisting equipment used for nuclear power and offshore and onshore wind power and robots for equipment manufacturing;
- Approximately 8.0%, or HK\$1,032.8 million, is expected to be used for fixed assets investment in the expansion and upgrading of our production facilities;
- Approximately 5.0%, or HK\$645.5 million, is expected to be used for significant projects promoting our research and development abilities as well as management abilities, such as power simulation systems;
- Approximately 20.0%, or HK\$2,582.0 million, is expected to be used for repayment of bank loans for working capital and projects, with interest rates ranging from 4.57% to 6.55% per annum and maturity dates ranging from December 2015 to October 2027; and
- Approximately 10.0%, or HK\$1,291.0 million, is expected to be used to fund our working capital for general corporate purpose.

DIVIDEND AND DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. Any proposed distribution of dividends shall be determined by our Board and will be subject to our shareholders' approval. We currently do not have a fixed dividend payout ratio. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including our results of operations, cash flow, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

In accordance with approval of our board of directors and subject to approval of our shareholders, our shareholders prior to the Global Offering were entitled to special dividends, the amount of which shall be determined based on our consolidated distributable net profits attributable to our shareholders for the period from January 1, 2015 to October 31, 2015, as determined based on the audited consolidated financial statements prepared in accordance with PRC GAAP, after allowance has been made for the allocation to the statutory reserve. Based on our latest management accounts, we estimate such special dividend to be approximately RMB2,613.3 million. The actual amount of such special dividend will be determined upon the completion of a special audit by our independent auditor. We will make an announcement regarding the actual amount of such special dividend before the payment. Our Directors are of the view that we will have sufficient cash resources to pay such special dividend within twelve months after the Listing from (i) cash inflow from operating activities; and (ii) dividends received from our directly owned subsidiaries and associate. For details, see "Financial Information – Dividend Policy" on page 358 of this prospectus.

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RECENT DEVELOPMENT

In the nine months ended September 30, 2015, our revenue and gross profit was RMB133,452.6 million and RMB16,199.2 million, respectively. The foregoing selected financial data are derived from our unaudited interim financial statements for the nine months ended September 30, 2015, which have been reviewed by our reporting accountants in accordance with the International Standard on Review Engagements 2410. We experience seasonality in our business, particularly in our construction and contracting business. We typically record higher revenue in the second half of a year relative to revenue from the first half. For details, see “Financial Information – Factors Affecting Our Results of Operations – Seasonality.” These selected unaudited financial data are not an indication of our consolidated results of operations for the full year 2015. We strongly caution you not to place any reliance on such data when considering investing in our H Shares.

As of September 30, 2015, the backlog of our survey, design and consultancy, construction and contracting and equipment manufacturing businesses was RMB780,312.2 million, of which RMB319,072.6 million was for overseas business. In the nine months ended September 30, 2015, the new contract value of our survey, design and consultancy, construction and contracting and equipment manufacturing businesses was RMB299,397.5 million, of which RMB93,433.5 million was generated from overseas.

In June 2015, a consortium in which we own a 60% interest entered into a construction and procurement contract with an office of the Angolan Ministry of Energy and Water for the Caculo Cabaça Hydropower Project with a total installed capacity of 2,171 MW upon completion and a contract value of US\$4.5 billion. We expect to complete this project by November 2022 and generate revenues of approximately US\$2.7 billion.

In August 2015, we won the bid for Cameroon Mbalam – Nabeba Iron Ore Mine Supporting Railway and Port Project. We will be responsible for the construction of the railway and the iron ore transportation port. The total contractual amount of the project is US\$3.5 billion. The contract signing has not been scheduled yet and the construction phase of the project is expected to be 48 months.

The PRC and Hong Kong stock markets experienced significant volatility after the Track Record Period. As of August 31, 2015, we held equity securities listed in the PRC and Hong Kong of RMB2,178.2 million and RMB112.0 million, respectively, compared with RMB3,360.6 million and RMB192.9 million, respectively, as of May 31, 2015. We recognized other comprehensive expense from net fair value loss on available-for-sale financial assets of RMB1,436.9 million in the three months ended August 31, 2015. For a discussion of the market risk associated with the prices of available-for-sale financial assets, see “Risk Factors – Risks Relating to Our Business and Industry – Our results of operations are exposed to market risk.”

We had a net foreign exchange gain of RMB30.3 million in the eight months ended August 31, 2015, compared with a net foreign exchange loss of RMB41.2 million in the five months ended May 31, 2015. The recent significant depreciation of the Renminbi did not have a material impact on our results of operations. For a discussion of the market risk associated with foreign exchange rates, see “Risk Factors – Risks Relating to Our Business and Industry – We face risks associated with foreign exchange fluctuations.”

SUMMARY

The State Council issued the Opinions Regarding the Deepening of the Power Sector's Reform (《關於進一步深化電力體制改革的若干意見》) (the "Opinions") in March 2015. The Opinions aim to promote further systematic reform of power system and establish a safe, stable, market-oriented and efficient power industry in China. To achieve this goal, the Opinions seek to, among other matters, encourage competition through introducing private capital into the PRC power generation and sales market. The Opinions also envisage China further optimizing its energy mix, increasing the share of renewable energy in power generation, and encouraging retrofitting of coal-fired power plants and the development of distributive and clean energy construction.

Although such reform might further increase the competition among power suppliers and distributors, we believe that the Opinions would provide us with more opportunities for our business. The increasing participation by private capital will further stimulate the development of power projects and therefore expand the overall market size. We believe the efforts on cutting costs and improving efficiency by power suppliers and grid operators will drive them to turn to comprehensive solutions providers with better products, services or business models with comparative advantages of lower costs, shorter working periods and higher efficiency when considering project engineering and construction. With strong capacities in providing comprehensive solutions and a proven track record of completing numerous landmark projects, we believe we could further solidify our leading market position and grow our market shares in survey, design and consultancy, construction and contracting, equipment manufacturing and power investment businesses. In addition, as the leader in the construction of domestic coal-fired power plants, we believe we have the most advanced construction technologies to meet new and more stringent national emission standards, providing us with an early-mover advantage in the emerging and significant market for the retrofitting of coal-fired power plants.

In August 2015, we entered into an agreement to dispose of our 100% equity interest in a subsidiary, Wuzhou Guijiang Electric Power Co., Ltd. (梧州桂江電力有限公司), or Guijiang Company, through the China Beijing Equity Exchange (北京產權交易所), for a consideration of RMB658.3 million. In 2012, 2013 and 2014 and the five months ended May 31, 2015, the revenue of Guijiang Company accounted for 0.06%, 0.06%, 0.05% and 0.04% of our total revenue, respectively, and the net profit of Guijiang Company accounted for 0.77%, 0.99%, 0.68% and 0.35% of our net profit, respectively.

Our Directors confirm that, having performed sufficient due diligence, since May 31, 2015 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position and there has been no event that would materially affect our consolidated financial information included in the Accountants' Report set out in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

“AIIB”	Asian Infrastructure Investment Bank
“Anhui Institute”	China Energy Engineering Group Anhui Electric Power Design Institute Co., Ltd. (中國能源建設集團安徽省電力設計院有限公司), a limited liability company established in the PRC on January 3, 1990 and a wholly-owned subsidiary of our Company
“Anhui Power Construction 1 Company”	China Energy Engineering Group Anhui No. 1 Electric Power Construction Engineering Co., Ltd. (中國能源建設集團安徽電力建設第一工程有限公司), a limited liability company established in the PRC on December 11, 1982 and a wholly-owned subsidiary of our Company
“Anhui Power Construction 2 Company”	China Energy Engineering Group Anhui No. 2 Electric Power Construction Engineering Co., Ltd. (中國能源建設集團安徽電力建設第二工程有限公司), a limited liability company established in the PRC on November 9, 1952 and a wholly-owned subsidiary of our Company
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Applications Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix VII to this prospectus
“associate(s)” or “close associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

DEFINITIONS

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CEEEEC”	China Energy Engineering Group Equipment Co., Ltd. (中國能建集團裝備有限公司), a limited liability company established in the PRC on August 16, 2012 and a wholly-owned subsidiary of our Company
“CGGC”	China Gezhouba Group Stock Company Limited (中國葛洲壩集團股份有限公司), a joint stock company established in the PRC with limited liability on May 21, 1997, the shares of which are listed on the Shanghai Stock Exchange, and a subsidiary of our Company with 42.34% equity interest held by CGGC Group and 57.66% held by public shareholders as of September 30, 2015
“CGGC Group”	China Gezhouba Group Company Limited (中國葛洲壩集團有限公司), a limited liability company established in the PRC on June 10, 2003 and a wholly-owned subsidiary of our Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“CIETAC”	China International Economic and Trade Arbitration Commission

DEFINITIONS

“Companies (Winding up and Miscellaneous Provisions) Ordinance”	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company” or “Energy China”	China Energy Engineering Corporation Limited (中國能源建設股份有限公司), a joint stock company with limited liability established under the laws of the PRC on December 19, 2014
“Company Law” or “PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People’s Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time, which was further amended on December 28, 2013 to take effective on March 1, 2014
“completed contract value”	amounts payable to the construction contractors based on actual construction progress
“connected person(s)” or “core connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CPECC”	China Power Engineering Consulting Group Co., Ltd. (中國電力工程顧問集團有限公司), a limited liability company established in the PRC on August 12, 2003 and a wholly-owned subsidiary of our Company
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of our Company

DEFINITIONS

“Domestic Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“Energy China Group”	China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司), a wholly state-owned company with limited liability established in the PRC on September 28, 2011, the Controlling Shareholder and one of the promoters of our Company, and thus a connected person of our Company
“EPPE Company”	Electric Power Planning & Engineering Institute Co., Ltd. (電力規劃總院有限公司), a limited liability company established in the PRC on July 17, 2014 and a wholly-owned subsidiary of Energy China Group and one of the promoters of our Company, and thus a connected person of our Company
“E.U.”	European Union
“Exchange Participant(s)”	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc. Shanghai Branch Co., an independent consulting firm which provides market research and analysis across multiple industries
“Gansu Institute”	China Energy Engineering Group Gansu Electric Power Design Institute Co., Ltd. (中國能源建設集團甘肅省電力設計院有限公司), a limited liability company established in the PRC on April 12, 1990 and a wholly-owned subsidiary of our Company
“GDP”	gross domestic product

DEFINITIONS

“Gezhouba Cement Company”	China Gezhouba Group Cement Co., Ltd. (中國葛洲壩集團水泥有限公司), a limited liability company established in the PRC on December 23, 2011 and a subsidiary of our Company with 100% of its equity interest held by CGGC
“Gezhouba Electric Power Company”	Gezhouba Group Electric Power Co., Ltd. (葛洲壩集團電力有限責任公司), a limited liability company established in the PRC on March 6, 1996 and a subsidiary of our Company with 99% of its equity interest held by CGGC and 1% held by Gezhouba Engineering 1 Company
“Gezhouba Engineering 1 Company”	China Gezhouba Group No.1 Engineering Co., Ltd. (中國葛洲壩集團第一工程有限公司), a limited liability company established in the PRC on October 7, 1997 and a subsidiary of our Company with 99.1% of its equity interest held by CGGC and 0.9% held by Gezhouba Engineering 5 Company
“Gezhouba Engineering 2 Company”	China Gezhouba Group No.2 Engineering Co., Ltd. (中國葛洲壩集團第二工程有限公司), a limited liability company established in the PRC on October 24, 1997 and a subsidiary of our Company with 95.96% of its equity interest held by CGGC, 3.03% held by Gezhouba Electric Power Company and 1.01% equity interest held by CGGC Group
“Gezhouba Engineering 5 Company”	China Gezhouba Group No.5 Engineering Co., Ltd. (中國葛洲壩集團第五工程有限公司), a limited liability company established in the PRC on October 10, 1996 and a subsidiary of our Company with 99% of its equity interest held by CGGC and 1% held by Gezhouba Engineering 2 Company
“Gezhouba Engineering 6 Company”	China Gezhouba Group No.6 Engineering Co., Ltd. (中國葛洲壩集團第六工程有限公司), a limited liability company established in the PRC on December 5, 1996 and a subsidiary of our Company with 99% of its equity interest held by CGGC and 1% held by Gezhouba Electric Power Company

DEFINITIONS

- “Gezhouba Explosive Company” Gezhouba Explosive Stock Co., Ltd. (葛洲壩易普力股份有限公司), a limited liability company established in the PRC on March 18, 1998 and a subsidiary of our Company with 68.36% of its equity interest held by CGGC and Gezhouba Engineering 2 Company with 60.29% and 8.07%, respectively, and the remaining 31.64% held by Pangang Group Minerals Co., Ltd. (攀鋼集團礦業有限公司) and 93 individuals with 7.43% and 24.21%, respectively, all of which are Independent Third Parties
- “Gezhouba Finance Company” China Energy Engineering Group Gezhouba Finance Co., Ltd. (中國能源建設集團葛洲壩財務有限公司), a limited liability company established in the PRC on January 18, 1996 and a subsidiary of our Company with 50.01% of its equity interest held by CGGC, 21.8% held by CGGC Group, 12.68% held by our Company, 9.48% held by CPECC, 4.74% held by Guangdong Institute, 0.58% held by Gezhouba Engineering 5 Company, 0.18% held by Energy China Group, 0.15% held by Gezhouba Engineering 1 Company, 0.15% held by Gezhouba Mechanical Company, 0.12% held by Yichang City Gezhouba Hotel Co., Ltd. (宜昌市葛洲壩賓館有限公司), a wholly-owned subsidiary of CGGC Group, 0.07% held by Gezhouba Group Project Management Co., Ltd. (葛洲壩集團項目管理有限公司), a wholly-owned subsidiary of Gezhouba Engineering 6 Company, and 0.04% held by Gezhouba Engineering 6 Company
- “Gezhouba Foundation Company” China Gezhouba Group Foundation Engineering Co., Ltd. (中國葛洲壩集團基礎工程有限公司), a limited liability company established in the PRC on March 6, 1996 and a subsidiary of our Company with 85.43% of its equity interest held by CGGC and 14.57% held by Gezhouba Three Gorges Construction Company
- “Gezhouba International Company” China Gezhouba Group International Engineering Co., Ltd. (中國葛洲壩集團國際工程有限公司), a limited liability company established in the PRC on January 23, 2006 and a subsidiary of our Company with 100% of its equity interest held by CGGC

DEFINITIONS

“Gezhouba Machinery Ship Company”	China Gezhouba Group Machinery & Ship Co., Ltd. (中國葛洲壩集團機械船舶有限公司), a limited liability company established in the PRC on September 9, 1998 and a subsidiary of our Company with 99% of its equity interest held by CGGC and 1% held by Gezhouba Engineering 5 Company
“Gezhouba Mechanical Company”	China Gezhouba Group Mechanical and Power Construction Co., Ltd. (中國葛洲壩集團機電建設有限公司), a limited liability company established in the PRC on May 22, 1998 and a subsidiary of our Company with 81.45% of its equity interest held by CGGC and 18.55% held by Gezhouba Engineering 2 Company
“Gezhouba Real Estate Company”	China Gezhouba Group Real Estate Development Co., Ltd. (中國葛洲壩集團房地產開發有限公司), a limited liability company established in the PRC on March 15, 2004 and a subsidiary of our Company with 70% of its equity interest held by CGGC and CGGC Group with 69.4% and 0.6%, respectively, and the remaining 30% held by PingAn Trust Co., Ltd. (平安信託有限責任公司), which is an Independent Third Party
“Gezhouba Three Gorges Construction Company”	China Gezhouba Group Three Gorges Construction Engineering Co., Ltd. (中國葛洲壩集團三峽建設工程有限公司), a limited liability company established in the PRC on December 2, 1997 and a subsidiary of our Company with 96.67% of its equity interest held by CGGC and 3.33% held by Gezhouba Electric Power Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group,” “our Group,” “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)

DEFINITIONS

“Guangdong Institute”	China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd. (中國能源建設集團廣東省電力設計研究院有限公司), a limited liability company established in the PRC on November 8, 2001 and a wholly-owned subsidiary of our Company
“Guangdong Power Engineering”	China Energy Engineering Group Guangdong Electric Power Engineering Co., Ltd. (中國能源建設集團廣東電力工程局有限公司), a limited liability company established in the PRC on August 26, 1989 and a wholly-owned subsidiary of our Company
“Guangdong Thermal Power”	China Energy Engineering Group Guangdong Thermal Power Engineering Co., Ltd. (中國能源建設集團廣東火電工程有限公司), a limited liability company established in the PRC on May 12, 1986 and a wholly-owned subsidiary of our Company
“Guangxi Water & Power Group”	Guangxi Water Conservancy & Electric Power Construction Group Co., Ltd. (廣西水利電力建設集團有限公司), a limited liability company established in the PRC on November 3, 1995 and a wholly-owned subsidiary of our Company
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Heilongjiang Institute”	China Energy Engineering Group Heilongjiang Electric Power Design Institute Co. Ltd. (中國能源建設集團黑龍江省電力設計院有限公司), a limited liability company established in the PRC on April 24, 1993 and a wholly-owned subsidiary of our Company
“Heilongjiang Thermal Power 1 Company”	China Energy Engineering Group Heilongjiang No.1 Thermal Power Engineering Co., Ltd. (中國能源建設集團黑龍江省火電第一工程有限公司), a limited liability company established in the PRC on April 16, 1996 and a wholly-owned subsidiary of our Company

DEFINITIONS

“Heilongjiang Thermal Power 3 Company”	China Energy Engineering Group Heilongjiang No. 3 Thermal Power Engineering Co., Ltd. (中國能源建設集團黑龍江省火電第三工程有限公司), a limited liability company established in the PRC on January 1, 1962 and a wholly-owned subsidiary of our Company
“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“HKIAC”	Hong Kong International Arbitration Center
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Offer Shares”	the 440,000,000 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in “Structure of the Global Offering”) at the Offer Price plus brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, on and subject to the terms and conditions described in this prospectus and on the Application Forms as further described in “Structure of the Global Offering – Hong Kong Public Offering”
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

DEFINITIONS

“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting – Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement on or around November 25, 2015 relating to the Hong Kong Public Offering and entered into by, among others, our Company and the Hong Kong Underwriters, as further described in “Underwriting – Underwriting Arrangements and Expenses”
“Hunan Institute”	China Energy Engineering Group Hunan Electric Power Design Institute Co., Ltd. (中國能源建設集團湖南省電力設計院有限公司), a limited liability company established in the PRC on October 13, 1993 and a wholly-owned subsidiary of our Company
“Hunan Thermal Power”	China Energy Engineering Group Hunan Thermal Power Construction Co., Ltd. (中國能源建設集團湖南火電建設有限公司), a limited liability company established in the PRC on May 2, 1995 and a wholly-owned subsidiary of our Company
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	person(s) or company(ies) which is(are) not a connected person(s) (as defined in the Hong Kong Listing Rules) of our Company
“International Offer Shares”	the 8,360,000,000 H Shares initially offered by our Company and sold by the Selling Shareholders for subscription or purchase pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company and sold by the Selling Shareholders pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in “Structure of the Global Offering”)

DEFINITIONS

“International Offering”	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, and in the United States only to QIBs in reliance on Rule 144A or another available exemption from, or a transaction not subject to, registration under the U.S. Securities Act, as further described in “Structure of the Global Offering”
“International Underwriters”	the group of international underwriters, led by the Joint Representatives, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or around Thursday, December 3, 2015 by, among others, our Company (for itself and on behalf of the Selling Shareholders) and the International Underwriters in respect of the International Offering, as further described in “Underwriting – International Offering”
“Jiangsu Institute”	China Energy Engineering Group Jiangsu Electric Power Design Institute Co., Ltd. (中國能源建設集團江蘇省電力設計院有限公司), a limited liability company established in the PRC on September 21, 1990 and a wholly-owned subsidiary of our Company
“Jiangsu Power Construction 1 Company”	China Energy Engineering Group Jiangsu No. 1 Electric Power Construction Engineering Co., Ltd. (中國能源建設集團江蘇省電力建設第一工程有限公司), a limited liability company established in the PRC on July 17, 1991 and a wholly-owned subsidiary of our Company
“Jiangsu Power Construction 3 Company”	China Energy Engineering Group Jiangsu No. 3 Electric Power Construction Engineering Co., Ltd. (中國能源建設集團江蘇省電力建設第三工程有限公司), a limited liability company established in the PRC on September 10, 1987 and a wholly-owned subsidiary of our Company

DEFINITIONS

“Joint Bookrunners and Joint Lead Managers”	China International Capital Corporation Hong Kong Securities Limited, CLSA Limited, Morgan Stanley Asia Limited (<i>in relation to the Hong Kong Public Offering</i>), Morgan Stanley & Co. International plc (<i>in relation to the International Offering</i>), Goldman Sachs (Asia) L.L.C., CCB International Capital Limited, CMB International Capital Limited, The Hongkong and Shanghai Banking Corporation Limited and Nomura International (Hong Kong) Limited
“Joint Global Coordinators”	China International Capital Corporation Hong Kong Securities Limited, CLSA Limited, Morgan Stanley Asia Limited and Goldman Sachs (Asia) L.L.C.
“Joint Representatives”	China International Capital Corporation Hong Kong Securities Limited and CLSA Limited
“Joint Sponsors”	China International Capital Corporation Hong Kong Securities Limited and CITIC CLSA Capital Markets Limited
“Latest Practicable Date”	November 18, 2015, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Liaoning Institute”	China Energy Engineering Group Liaoning Electric Power Design Institute Co., Ltd. (中國能源建設集團遼寧電力勘測設計院有限公司), a limited liability company established in the PRC on March 29, 1990 and a wholly-owned subsidiary of our Company
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or around Thursday, December 10, 2015, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC

DEFINITIONS

“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
“Mandatory Provisions”	Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), as amended, supplemented or otherwise modified from time to time, for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas (including Hong Kong), which were promulgated by the former Securities Commission of the State Council (國務院證券委員會) and the former State Commission for Restructuring the Economic Systems (國家經濟體制改革委員會) on August 27, 1994
“Ministry of Finance” or “MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Ministry of Science and Technology”	Ministry of Science and Technology of the People’s Republic of China (中華人民共和國科學技術部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
“NEA”	National Energy Administration of the PRC (中華人民共和國國家能源局)
“Northeast Power 1 Company”	China Energy Engineering Group Northeast No. 1 Electric Power Engineering Co., Ltd. (中國能源建設集團東北電力第一工程有限公司), a limited liability company established in the PRC on September 16, 1951 and a wholly-owned subsidiary of our Company
“Northeast Power 2 Company”	China Energy Engineering Group Northeast No. 2 Electric Power Engineering Co., Ltd. (中國能源建設集團東北電力第二工程有限公司), a limited liability company established in the PRC on March 27, 1986 and a wholly-owned subsidiary of our Company

DEFINITIONS

“Northeast Power 3 Company”	China Energy Engineering Group Northeast No. 3 Electric Power Engineering Co., Ltd. (中國能源建設集團東北電力第三工程有限公司), a limited liability company established in the PRC on April 7, 1985 and a wholly-owned subsidiary of our Company
“Northwest Power Construction”	China Energy Engineering Group Northwest Electric Power Construction Engineering Co., Ltd. (中國能源建設集團西北電力建設工程有限公司), a limited liability company established in the PRC on April 13, 1994 and a wholly-owned subsidiary of our Company
“NSSF”	National Council for Social Security Fund of the PRC (中華人民共和國全國社會保障基金理事會)
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee, SFC transaction levy and Hong Kong Stock Exchange trading fee) of not more than HK\$1.73 and expected to be not less than HK\$1.59, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in “Structure of the Global Offering – Pricing and Allocation”
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company and the Selling Shareholders to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company and the Selling Shareholders may be required to allot, issue or sell up to an aggregate of 1,320,000,000 additional H Shares (for which our Company may be required to allot and issue up to an aggregate of 1,200,000,000 additional H Shares and the Selling Shareholders may be required to sell up to 120,000,000 H Shares) at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in “Structure of the Global Offering” in this prospectus

DEFINITIONS

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government”	Government of the People’s Republic of China
“Price Determination Agreement”	the agreement to be entered into by the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholders) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Thursday, December 3, 2015 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Representatives (on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholders) may agree, but in any event no later than Wednesday, December 9, 2015
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“QIB” or “Qualified Institutional Buyer”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization”	the reorganization undergone by our Group in preparation for the Listing as described in “History and Corporate Structure – Reorganization”
“Reorganization Agreement”	the reorganization agreement dated December 3, 2014 entered into between Energy China Group and our Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act

DEFINITIONS

“SAFE”	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“Sale Shares”	the 800,000,000 H Shares to be converted from an equal number of Domestic Shares held by the Selling Shareholders to be offered for sale by the Selling Shareholders as part of the Global Offering at the Offer Price and any additional H Shares which may be offered for sale by the Selling Shareholders pursuant to the exercise of the Over-allotment Option, and references to “Sale Shares” shall include, where the context requires, the Domestic Shares from which the Sale Shares are converted
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SAT”	State Administration of Taxation of the PRC (國家稅務總局)
“Santa Cruz Hydropower Station”	the Hydropower Station of the Santa Cruz River (President Dr. Nestor Carlos Kirchner and Gobernador Jorge Cepernic) in Argentina
“Securities Law”	Securities Law of the People’s Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“Selling Shareholders”	Energy China Group and EPPE Company
“SFC”	the Securities and Futures Commission of Hong Kong
“Shaanxi Institute”	China Energy Engineering Group Shaanxi Electric Power Design Institute Co., Ltd. (中國能源建設集團陝西省電力設計院有限公司), a limited liability company established in the PRC on November 18, 1989 and a wholly-owned subsidiary of our Company
“Shanxi Power Construction”	China Energy Engineering Group Shanxi Electric Power Construction Co. Ltd. (中國能源建設集團山西電力建設有限公司), a limited liability company established in the PRC on May 12, 1988 and a wholly-owned subsidiary of our Company

DEFINITIONS

“Shanxi Institute”	China Energy Engineering Group Shanxi Electric Power Design Institute Co., Ltd. (中國能源建設集團山西省電力勘測設計院有限公司), a limited liability company established in the PRC on July 31, 1986 and a wholly-owned subsidiary of our Company
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)
“Shareholders(s)”	holder(s) of the Share(s)
“Special Regulations”	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Sullivan Report”	an analysis of, and report on, the current status of and forecasts for the selected industries in which we operate in China and worldwide by Frost & Sullivan, an independent market researcher and consultant
“Supervisor(s)”	supervisor(s) of our Company
“Supervisory Committee”	the supervisory committee of our Company
“Tianjin Institute”	China Energy Engineering Group Tianjin Electric Power Design Institute Co., Ltd. (中國能源建設集團天津電力設計院有限公司), a limited liability company established in the PRC on March 15, 1985 and a wholly-owned subsidiary of our Company

DEFINITIONS

“Tianjin Power Construction”	China Energy Engineering Group Tianjin Electric Power Construction Co. Ltd. (中國能源建設集團天津電力建設有限公司), a limited liability company established in the PRC on December 15, 1980 and a wholly-owned subsidiary of our Company
“Track Record Period”	the period comprising the three years ended December 31, 2012, 2013 and 2014, and the five months ended May 31, 2015
“U.S.” or “United States”	the United States of America, its territories, its possessions and the states of the United States and the District of Columbia
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$,” “USD” or “U.S. dollars”	U.S. dollars, the lawful currency of the United States
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s own name
“ White Form eIPO ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“ White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Xinjiang Institute”	China Energy Engineering Group Xinjiang Electric Power Design Institute Co. Ltd. (中國能源建設集團新疆電力設計院有限公司), a limited liability company established in the PRC on August 3, 1989 and a wholly-owned subsidiary of our Company

DEFINITIONS

“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“Yunnan Institute”	China Energy Engineering Group Yunnan Electric Power Design Institute Co., Ltd. (中國能源建設集團雲南省電力設計院有限公司), a limited liability company established in the PRC on March 1, 1987 and a wholly-owned subsidiary of our Company
“Zhejiang Institute”	China Energy Engineering Group Zhejiang Electric Power Design Institute Co., Ltd. (中國能源建設集團浙江省電力設計院有限公司), a limited liability company established in the PRC on April 2, 1996 and a wholly-owned subsidiary of our Company
“Zhejiang Thermal Power”	China Energy Engineering Group Zhejiang Thermal Power Construction Co., Ltd. (中國能源建設集團浙江火電建設有限公司), a limited liability company established in the PRC on April 6, 1982 and a wholly-owned subsidiary of our Company
“%”	per cent

In this prospectus, the terms “associate,” “connected person,” “connected transaction,” “controlling shareholder” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

Unless specified otherwise, all market shares refer to the market share in China. All market share information related to the survey and design or the construction of fossil-fuel power plants and hydropower plants are formulated in terms of completed contract value; all market share information related to the survey and design or the construction of 330 kV-and-above power transmission lines and UHV transmission lines are formulated in terms of length; all market share information related to the survey, design and construction of conventional islands for nuclear power plants are formulated in terms of total installed capacity; all market share information related to civil explosives are formulated in terms of production volume; and all market share information related to cement are formulated in terms of production capacity.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“AC”	alternating current, being electricity which reverses its direction many times a second at regular intervals
“auxiliary power”	electricity consumed by a power project in the course of generation
“BOT”	Build-Operate-Transfer, a business model in which the proprietor grants the rights to a contracted enterprise by concession agreement to undertake the financing, design, construction, operation and maintenance of a project, which enterprise can charge users a fee during the concession period to cover its costs of investment, operations and maintenance as well as reasonable returns, and, upon expiration of the concession period, the relevant facilities will be transferred back to the proprietor
“BT”	Build-Transfer, a business model in which the contractor undertakes the financing of construction expenditures and transfers the project back to the proprietor upon completion and inspection for acceptance and the proprietor will pay the contractor for such construction expenditures, financing costs and return on project in installments pursuant to relevant agreements
“CAGR”	compound annual growth rate
“CCPP”	combined cycle power plant
“clean energy”	energy, that when generated, causes little or no harm to the environment, including natural gas and hydrocarbon energy generated using fuel efficient technologies that reduce pollutants
“cogen” or “cogeneration”	combined heat and power; cogeneration is the use of a heat engine or a power plant to simultaneously generate both electricity and heat

GLOSSARY OF TECHNICAL TERMS

“combined cycle”	a gas turbine generator generates electricity and the heat is used to make steam to generate additional electricity via a steam turbine, thereby increasing the efficiency of electricity generation
“construction contracting”	a method of contracting a part or the whole of the project, by which the contractor performs the construction work in accordance with the construction plan and design supplied by the customers and is generally only responsible for the construction work. The project owner is generally responsible for the procurement of raw materials and controls the project timetable
“consultancy”	the entire process of the provision of consultancy services, based on independent, scientific and equitable principles, applying multi-disciplinary knowledge and experience as well as modern technology and management, for the investment decisions and implementation of construction and works by government departments and investors
“conventional island”	collectively refers to the turbine and ancillary facilities and the plant they are located in the nuclear facilities. The role of the conventional island is to convert the steam heat produced by the nuclear island into mechanical energy of the steam turbine, which will then be converted into electrical energy through the power generator
“converter station”	the stations in the HVDC system established for converting the AC to DC or convert DC into AC and achieving security and stability and power quality requirements of the power system
“CSP”	concentrating solar power
“DC”	direct current, being electricity which flows in one direction through the conductor
“desulfurization”	chemical process, to remove sulfur dioxide (SO ₂) during fuel combustion

GLOSSARY OF TECHNICAL TERMS

“direct air-cooling”	a kind of technology where emission of the turbine is cooled by ambient air through heat exchange between air and steam in the radiator. The cooling air is usually provided by machinery ventilation. The turbine emission of this power generation technology is directly cooled and condensed by air in the radiator
“distributed energy station”	station in an integrated energy resource system distributed among end-users which can independently generate output of cooling and heat energy and electricity through distributing small, low-capacity and modular generators among users
“drum filter trial platform”	a platform currently used in trial operation of drum filter vertical assembly which collects operational data of the drum filter by simulating real operation. It is at present the first trial platform in the world and has been included in industry subcriteria. It is mainly comprised of systems of adjustment devices, driver devices and data monitoring and collection
“emulsion explosives”	water-in-oil emulsion explosives which are created by evenly dispersing the droplets of the saline solution of the oxidizing agent over the continuous oil medium of porous material by function of the emulsifier
“ENR”	Engineering News-Record
“EPC” or “engineering, procurement and construction”	a common form of contracting arrangement whereby the contractor is commissioned by the project owner to carry out such project work as design, procurement, construction and trial operations, or any combination of the above, either through the contractor’s own labor or by subcontracting part or all of the project work, and be responsible for the quality, safety, timely delivery and cost of the project
“EPC project”	engineering contracting project adopting EPC as the contracting arrangement
“excitation”	using an electric current to create a magnetic field
“expanded ammonium nitrate explosive”	mixed explosives which use expanded ammonium nitrate as a primary oxidant

GLOSSARY OF TECHNICAL TERMS

“flexible DC transmission”	a new technology for control DC transmission in a flexible and rapid manner developed by combined use of power electronic technology, micro-processing and microelectronics technology, telecommunication technology and control technology, which is able to enhance the stability of the DC network and reduce the cost of electricity transmission. The technology improves the transmission quality and efficiency by providing induction or reactive power to the power grid
“g”	metric gram
“GB/T”	Guobiao/Tuijian, Chinese National Standard, Recommended
“GFA”	gross floor area
“grid connected”	when a power plant or station is connected to the grid and is transmitting power
“GVA”	gigavolt ampere
“GW”	a measure of electric power equal to 1,000,000,000 watts, alternatively 1 GW equals to 1,000,000 KW
“HVDC”	high voltage direct current
“hydro” or “hydropower”	the production of power through the use of the gravitational force of falling or flowing water
“hydropower installed capacity”	total rated active power of generation units actually installed in a hydropower system
“indirect air-cooling”	a kind of technology similar to an ordinary wet cooling circulating water supply but different in that it uses dry cooling towers in its intercooling system instead of the wet ones and desalinated water instead of circulating water. The turbine emission of this power generation technology exchanges heat with water in the condenser and the heated water is cooled by air in the radiator

GLOSSARY OF TECHNICAL TERMS

“intelligent substation”	substations that use advanced, reliable, integrated and intelligent devices to automatically complete basic functions of information collection, measurement, control, protection, survey and testing for the basic requirements of electronic information, network communication platform, standardized information sharing of the whole station while having advanced features such as real-time automatic control of the power grids, smart regulation, online analysis and decision-making and collaborative interaction
“kW”	a measure of electric power equal to 1,000 watts
“kV”	kilovolt, or one thousand volts
“lifting capacity”	the rated load of a lifting device
“major safety incidents”	major safety incidents include the large safety incidents, serious safety incidents and especially serious safety incidents as set by the Regulations on the Reporting, Investigation and Disposition of Work Safety Incidents (《生產安全事故報告和調查處理條例》) issued by the State Council. Such incidents refer to the safety incidents that (i) result in fatalities of three persons or above; (ii) result in serious injuries of ten persons or above; or (iii) result in direct economic loss of RMB10 million or more
“MW”	a measure of electric power equal to 1,000,000 watts, alternatively 1 MW equals 1,000 kW
“MPa”	mega pascal, a measure of pressure equal to 1,000,000 Pa, alternatively 1 MPa equals 1,000,000 Pa
“MVA”	megavolt ampere
“nuclear island”	collectively, the nuclear reactor in the containment of a nuclear power plant and the nuclear steam generating systems in relation to the reactor. The main function of the nuclear island is to produce steam by utilization of nuclear fission

GLOSSARY OF TECHNICAL TERMS

“One Belt and One Road”	a development strategy and framework, proposed by the People’s Republic of China that focuses on connection and cooperation among countries primarily in Eurasia, which consists of two main components, the land-based “Silk Road Economic Belt” and oceangoing “Maritime Silk Road”
“on-grid installed capacity”	total rated active power of generation units actually installed in power plant that is connected to the grid
“overseas contracting”	a method of contracting whereby an international contractor with its own finance, expertise, labor, equipment, materials, management resources and concession rights conducts project construction or provides other commercial services for the developer at fees agreed on contract terms upon international bidding or tendering or through other negotiation channels
“PPP”	Public-Private-Partnership, a business model in which public infrastructure projects are financed, built and operated by way of partnership between the public sector and the private sector
“projects under construction”	projects for which the construction work has commenced, and the project company has received the project approval from the NDRC or provincial DRC
“pumped storage”	a method of using power at a period of low demand and/or low tariff to pump water back up to a high altitude storage reservoir so that it can be released to generate electricity at a period of peak demand and high tariff
“PWR”	pressurized water reactor
“SC”	supercritical
“SC generation unit”	the unit in which the main steam pressure exceeds the critical pressure of water (22.1 MPa) in its boiler. Specifically, the main steam pressure is normally at 24 MPa or above with its temperature lower than 593°C

GLOSSARY OF TECHNICAL TERMS

“seawater filter and cathode protection system”	a core component of the circulating water filter system of power plant and one of the essential parts of a nuclear power plant. A seawater filter and cathode protection system includes gates, the coarse bar screen and the chemicals duct, screen cleaning machine, drumscreen, drumscreen backwash pump, backwash filter, CPA cathode protection system, duct system and ancillary devices
“site area”	the area of a building site less streets and roadways
“sq.m.”or “m ² ”	square meters
“survey”	survey, explore, test, and undertake overall assessment on landscape, geology and water for planning, design, implementation, operations and integrated management of the project; provide feasibility assessment and required information on the exploration results for construction; carry out rock exploration, design, management and monitoring activities
“tonne”	metric tonne
“total installed capacity” or “installed capacity”	the intended full-load sustained output of power plant, usually denominated in MW or GW
“total power generated”	the gross power generated by a power plant during a specified period, including auxiliary power (electricity consumed by a power project in the course of generation)
“traditional power sources”	energy derived from traditional fossil-fuel sources such as coal, oil and hydro
“TWh”	a measure of electricity equivalent to the production or use of 1,000,000,000,000 watts of power over a period of one hour
“UHV”	ultra high voltage
“UHV AC transmission”	AC transmission with 1,000 kV and above voltage. Its advantages include bulk power transmission over long distance and less power consumption and land occupation

GLOSSARY OF TECHNICAL TERMS

“UHV DC transmission”	DC transmission with ± 800 kV (± 750 kV) and above voltage and related technologies. The UHV DC transmission features bulk power transmission over long distance with high voltage and can be used for asynchronous networking of power system
“ultra-low emission”	the emission concentration standard with the concentration of particulate matter, sulfur oxides and nitrogen oxides lower than 5 mg/Nm^3 , 35 mg/Nm^3 and 50 mg/Nm^3 , respectively
“USC”	ultra supercritical
“USC generation unit”	the unit whose main steam pressure in its boiler is higher than that of a SC generation unit. The main steam pressure is normally at 28 MPa or above with temperature higher than 600°C
“water turbine”	rotary engine that takes energy from moving water
“wind farm”	a power plant in which a group of wind turbine generators are installed to generate electricity using wind

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- our ability to implement our business plans and strategies successfully;
- future developments, trends and conditions in the industry and markets in which we operate;
- our capital expenditure and operational plans;
- the actions and developments of our competitors;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- general political and economic conditions;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- various business opportunities that we may pursue; and
- macroeconomic measures taken by the PRC Government to manage economic growth.

FORWARD-LOOKING STATEMENTS

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

You should carefully read all of the information in this prospectus including the risks and uncertainties described below before making an investment in our H Shares. Our business, financial position or results of operations could be materially and adversely affected by any of the risks mentioned in this section. The trading price of our H Shares could decline due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company incorporated in the PRC, our business is primarily located in China and we are governed by a legal and regulatory environment that may differ from that prevails in other countries and jurisdictions. For more information concerning China and certain related matters discussed below, see “Regulatory Environment,” “Appendix VI – Summary of Principal Legal and Regulatory Provisions” and “Appendix VII – Summary of Articles of Association” for further details.

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be categorized into: (i) risks relating to our business and industry; (ii) risks relating to our group structure; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Global Offering. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may develop and become material and could also materially and adversely affect our business, financial position and results of operations.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is affected by the general economy in the PRC and the world. A decrease in the general level of economic activities and a slowdown in the growth of the industries in which we operate could have a material and adverse effect on our business, financial position, and results of operations.

In managing our businesses, our performance is affected by the general economic conditions in the PRC and the world and the growth rate of the PRC and global power engineering and construction industries, which are affected by various general economic conditions beyond our control, including GDP growth rate, consumer confidence, levels of inflation, unemployment levels, and mortgage and interest rates. A downturn or expectation of a slowdown in economic activities in the PRC or globally could lead to a decrease or slower growth in power consumption, which in turn may result in less investment in the power industry and construction industry, and ultimately reduced demand for our services and products. This, in turn, could have a material adverse effect on our business, financial position and results of operations.

We derived approximately 88.5%, 88.8%, 87.7% and 87.8%, respectively, of our revenue from operations in the PRC in 2012, 2013 and 2014 and the five months ended May 31, 2015, respectively. Our major customers include major PRC power generation companies and power grid companies. The future growth of the infrastructure construction industry in China depends primarily upon the continued development of major infrastructure projects, which are affected

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by certain factors, including the government's power policy, government's priorities regarding different regional economies across the PRC, competition among, and expansion plans of, the power generation companies, local government budgets, regulation of the private sector's participation in the infrastructure sector and the general economic conditions and prospects of the PRC economy. A significant decrease in investment in infrastructure construction in China could reduce the number of construction projects available to us and, accordingly, reduce the market demand for our core businesses. This in turn could have a material adverse effect on our business, financial position and results of operations.

We face competition in certain markets in which we operate, which could adversely affect our businesses.

We face competition in the businesses of, among others, survey, design and consultancy, construction and contracting and equipment manufacturing. Some of our competitors may have advantages over us in terms of production capacity, access to capital and management experience, pricing and bidding for projects sponsored by local governments which may prefer to contract with locally based contractors. Maintaining our market position depends on our ability to anticipate and respond to various competitive factors, including pricing strategies adopted by competitors, changes in customer preferences, the availability of capital and financing resources and the introduction of new or improved products and services. Failure to set favorable prices, acquire resources necessary to compete, or develop new products could reduce our competitiveness to secure new projects, and have a material and adverse effect on our business, financial position and results of operations.

We are exposed to substantial potential risks and liabilities associated with our construction and contracting business and various manufacturing businesses.

We are exposed to substantial potential risks and liabilities associated with the businesses of construction and contracting, and various manufacturing businesses, which may be caused by one or several of the following factors: (i) aging, malfunctioning, inappropriate installation, control or operation of various equipment, systems and facilities; (ii) human error or misconduct or strikes by or disputes with our labor force; (iii) external attacks, such as terrorist attacks and other malicious acts by third parties; and (iv) natural disasters. Any of the above factors could cause significant disruptions or interruptions to our various businesses, materially and adversely affect our businesses or cause us to incur significant extra costs or expenses. These factors may also lead to accidents and other serious consequences, such as casualties or long-term illnesses to our employees and the general public in a large geographic area, and long-term environmental pollution. We handle certain hazardous materials such as explosives, flammable or radioactive materials, during the course of our business, which may cause personal injuries or deaths, property and equipment breakdown or damage or environmental destruction and pollution. Any of the above may cause delay of our projects or interruption of our business operations, and cause us to incur civil or criminal liability. We may also suffer from claims by project owners or third parties resulting from their ultimate use of the facilities, infrastructure and other projects on which we worked.

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In respect of occupational hazards, in 2012, 2013 and 2014 and the five months ended May 31, 2015, our death rates (without regard to the fatalities resulting from the safety incidents for which we are not responsible as determined by relevant authorities) were 0.158, 0.065, 0.098 and 0.030 per RMB1.0 billion revenue, respectively. From January 1, 2012 to September 30, 2015, there was an aggregate of eight major safety incidents (excluding those for which we are not responsible as determined by relevant authorities) resulting in the deaths of 35 persons. Given the nature of our business, we cannot assure you that any measures we may take will be sufficient to prevent or reduce work-related injuries or deaths, which may damage our reputation and corporate image, and accordingly have a material adverse effect on our construction qualification, business, financial position and results of operations.

We cannot assure you that the above risks and uncertainties will not affect our operations or lead to any accidents, thus causing harm to people or the environment, leading to suspension or termination of our projects, and resulting in significant liabilities to us. If any of these risks materializes, it could have a material and adverse effect on our business, financial position and results of operations.

Projects we construct may not be completed on time.

Several factors may lead to material construction delay or a cost overrun, such as:

- delivery delays caused by shortages of key equipment, materials or labor;
- increases in the cost of key equipment, materials or labor;
- quality problems with equipment;
- unexpected engineering, design, environmental or geological problems;
- failure to receive various regulatory approvals, licenses or permits from government agencies as scheduled; and
- failure to obtain sufficient bank loans or other financing on favorable terms, or at all.

In addition, construction of projects may generate public objection. For example, we engage in power plant construction projects, which may receive special attention from the authorities and local communities due to environmental concerns. We cannot assure you that we or the project owners will manage community relationships appropriately. Opposition from local community, political or environmental groups, as well as local government authorities, with respect to the construction of power projects at a particular site, could cause delays, interruptions or even cancelations of our development plans, adversely affect our reputation and hamper our ability to construct new power projects to grow our business.

We cannot assure you that the construction of our projects can be completed on time. Any failure or delay during the construction of a project could result in a delay or a reduction in payment by the project owners to us and have a material and adverse effect on our business, financial position and results of operations.

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If we are unable to accurately estimate the overall risks, revenues from or costs of our contracts, or if we fail to agree to the pricing of work done pursuant to change orders, our profitability may be adversely affected or we may incur losses on the contracts.

Certain of our contracts are either fixed price or fixed unit price in nature. The terms of these contracts require us to complete a project for a fixed price or on a fixed unit price basis and therefore expose ourselves to cost overruns. Cost overruns, whether due to inefficiency, inaccurate estimates or other factors, will result in a lower profit or a loss on a project. Unforeseen factors, such as changes in employment conditions, variations in labor and equipment productivity over the term of a contract and unexpected increases in costs of materials, may cause the revenue and gross profit realized from a fixed price or fixed unit price contract to be lower than our originally estimated amounts, despite any buffer we may have built into our bids for increases in costs of labor and materials costs.

In addition, our contracts in relation to infrastructure projects may be subject to government pricing oversight and control. Reference prices relating to infrastructure projects may be published by relevant government agencies. Any downward adjustment in these reference prices or failure to increase them sufficiently to offset rising raw material, labor or other costs, particularly as technical specifications increase and more advanced equipment is required, could reduce our profit margin and have a material and adverse effect on our business, financial position and results of operations. Our limited pricing power is also attributable to market dynamics and our dealing with a very limited number of customers for some of our businesses.

Some of our contracts contain an escalation formula to accommodate unexpected increases in raw materials costs. We typically are required to bear some portion of the increase, however, before we can make a claim under the escalation formula. If our estimates of the overall risks, revenues or costs prove inaccurate, or circumstances change, or if the escalation formula in our contracts does not fully cover the increase in costs, we may experience lower profits than anticipated or even losses on our contracts, which could materially and adversely affect our business, financial position and results of operations.

From time to time, we perform extra or “change order” work as directed by a customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process may result in disputes over whether the work performed is beyond the scope of the work included in the original contract and specifications or over the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may fund the cost of such work for a prolonged period of time until the change order is approved and funded by the customer. In addition, any delay caused by the extra work may adversely impact the timely scheduling of other project work and our ability to meet specified contract milestone dates. We cannot assure you that we will be able to invoice or recover the cost for the extra or change order work in full, or at all, which may lead to business disputes or may otherwise adversely affect our business, financial position, results of operations and prospects.

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Backlog is subject to unexpected adjustments and cancelations and, therefore, may not be indicative of our future results of operations.

Backlog in our major businesses represents our estimate of the contract value of work that remains to be completed as of a certain date. The contract value of a project represents the amount that we expect to receive under the terms of the contract, assuming the contract is performed in accordance with its terms. Backlog is not a measure defined by generally accepted accounting principles and may not be indicative of future results of operations. For further details, see “Business – Backlog and New Contract Value – Backlog.” As of May 31, 2015, our aggregate backlog for our survey, design and consultancy business, construction and contracting business, and equipment manufacturing business was approximately RMB674,305.3 million. However, this figure is based on the assumption that our relevant contracts will be performed in full in accordance with their terms. The termination or modification of any one or more major contracts may have a substantial and immediate effect on our backlog. However, we cannot guarantee that the amount estimated in our backlog will be realized in full, in a timely manner, or at all, or that, even if it is realized, that such backlog will result in profits as expected. As a result, you should not rely on our backlog information presented in this prospectus as an indicator of our future earnings.

We face risks associated with undertaking BOT, BT, PPP and other projects.

Our business involves participation in BOT, BT, PPP and other projects. Build-Operate-Transfer, or BOT, is a model in which government or local authorities grant the rights to us by concession agreement to undertake the financing, construction, operation and maintenance of a constructed project. Upon expiry of the concession period, the relevant facilities will be transferred back to the contracted government authority at nil consideration. Build-Transfer, or BT, is a variant of BOT in which we undertake the financing of construction expenditures and transfer the project back to our customer upon completion and inspection for acceptance. Public-private-partnership, or PPP, is a cooperation model established by government and private enterprise on specific projects in which parties to the projects jointly undertake responsibility and financing risks. For our BT projects, we undertake the financing of construction expenditures. As a result, should our customers delay, or be unable to make, payment upon completion of the project due to reasons beyond our control, we may not be able to satisfy our obligations under the relevant financing. For our BOT and PPP projects, we undertake, or jointly undertake with the government, the financing, construction, operation and maintenance of a constructed project. As a result, if we incorrectly forecast turnover to be derived from the use of the constructed facility at the bidding stage or are exposed to prolonged fluctuating economic conditions, our business, financial position and results of operations may be adversely affected.

In addition, growth in BOT and PPP infrastructure projects may require increased private sector participation. Investment by the private sector in these projects depends on the potential returns from these projects and is therefore linked to government policies relating to public-private participation and the sharing of risks and returns from these projects. Any changes in government policies that may lead to a reduction in capital investment in the infrastructure sector by the private sector could have a material and adverse effect on our business, financial position and results of operations.

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Our business is capital intensive and any failure to obtain the capital we need on acceptable terms may adversely affect our business, financial position and results of operations.

Our business is capital intensive. Under some of our contracts, we have to finance the purchase of materials and performance of survey and design, construction and other work on projects before we receive installments from customers in amounts sufficient to offset our expenditures. We therefore may have significant working capital requirements. Our working capital requirements may further increase if, in order to compete successfully for specific projects, we are required to give our customers more favorable payment terms, such as reduced advance payments from customers or payment schedules from customers that are less favorable to us.

Our capital expenditures may increase as a result of expansion of the scale of our operations and may in turn increase our borrowing needs. Our capital expenditures were RMB6,064.3 million, RMB6,178.1 million, RMB4,046.2 million and RMB2,731.9 million in 2012, 2013 and 2014 and the five months ended May 31, 2015, respectively. In the past, we have financed our working capital and capital expenditures through a combination of sources, including cash flow from our operations and external financing. However, our ability to obtain external financing on terms acceptable to us in the future is subject to a variety of factors, including: (i) obtaining the necessary PRC Government approvals to raise capital for projects; (ii) our future financial position, results of operations and cash flows; and (iii) the general condition of the global and domestic financial markets and changes in monetary policy, bank interest rates and lending policies. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional debt or equity financing (which may subject us to restrictive covenants or other restrictions), to delay ongoing projects or to defer planned expenditure. There can be no assurance that we will be able to raise the necessary capital to finance our planned capital expenditures on favorable or acceptable terms, or at all. If we are unable to obtain financing in a timely manner and at a reasonable cost, our expansion plans may be delayed, our projects may be hindered, and our growth, competitive position and future profitability may be adversely affected.

Our borrowing levels and significant interest payment obligations could limit our funds available for various business purposes.

As of May 31, 2015, we had total debts of approximately RMB67,043.1 million. Approximately 46.9% of total debts was due within one year, which arise primarily from our use of short-term loans from banks and other parties to satisfy our working capital needs. Due to the extent of our borrowings, our results of operations will be affected by the effective interest rate of these borrowings. For example, if interest rates had been 50 basis points higher or lower for floating rate corporate bonds and bank and other borrowings with all other variables held constant, our post-tax profit (net of interest capitalized) in the five months ended May 31, 2015 would decrease or increase by approximately RMB58.8 million.

In 2012, 2013 and 2014 and the five months ended May 31, 2015, the interest incurred from our interest-bearing debts was approximately RMB2,809.5 million, RMB2,938.0 million, RMB3,291.0 million and RMB1,362.9 million, respectively, which primarily consisted of

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payment of interest on bank and other borrowings, corporate bonds, short-term financing notes and finance lease payables. Our obligation to meet significant interest payment will reduce funds available for our working capital, capital expenditures, acquisitions and other business purposes. A shortage of funds could limit our ability to respond to changing market conditions or to expand through acquisitions, increase our vulnerability to adverse economic and industry conditions and place us at a competitive disadvantage compared to our competitors that have less indebtedness. We may not have sufficient funds available to pay all of our borrowings upon maturity.

In addition, we often have to provide performance bonds or bank guarantees in favor of clients to secure our obligations under contracts. Availability of performance bonds or bank guarantees depends on various factors, including our capitalization, working capital, our existing level of borrowings, our track record, management expertise and external factors such as the financial institutions' evaluation of our credit, overall market conditions and the overall financial capacity of financial institutions, some of which are beyond our control. If there is any deterioration of any of the foregoing, we may not be able to continue obtaining new performance bonds or bank guarantees in sufficient quantities to meet our business requirements. If our financial position deteriorates, we may also be required to provide cash collateral or other security to maintain existing performance bonds or bank guarantees. If this occurs, our ability to perform our projects may be adversely affected.

The assumptions used by us to make acquisition or investment decisions may not be appropriate or accurate.

Investments and acquisitions are important strategies for our future business expansion. We have acquired, and may in the future acquire, other businesses or assets, capabilities and strategies which we believe are complementary to and are likely to enhance or expand our business operations. Acquisitions and strategic investments involve numerous risks, including those relating to market conditions, policies and regulations of the PRC and other relevant jurisdictions, potential financing, difficulties in retaining and assimilating personnel and integrating the operations and corporate culture of the acquired business, diversion of management's attention and other resources, insufficient or lack of experience and knowledge in the industry and market in which the acquired business operates and availability of technology.

In deciding whether to invest in or acquire a particular asset or business in a particular location, we consider multiple factors, including the growth of the demand for power projects and related services in the place where the relevant asset or business is located, the availability of supply of similar services in that area, the competition and detailed information on local competitors, sources of raw material supply and the location of the local dispatch station. However, there can be no assurance that these factors and assumptions considered by us in performing our analysis are appropriate or accurate. If the projections we make for the projects we intend to acquire or invest in are significantly different from actual results, our business, financial position and results of operations may be materially and adversely affected.

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The businesses we acquire or projects in which we invest in the future may not be as profitable as we expect, or may be loss making, and may subject us to additional risks and liabilities.

The businesses that we acquire or invest in may not be as profitable as we expect, or may be loss making. Acquisitions or investments that we carry out in the future may cause us to incur liabilities, or result in the impairment of goodwill or other intangible assets or other related expenses. Business expansion carried out through acquisitions and investments could also expose us to successor liability and litigation resulting from the actions of the company we have acquired or in which we made an investment before or after the acquisition or investment. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the companies we have acquired or invested in may not be sufficient to protect us from, or compensate us for, actual liabilities that we incur. Any material liability associated with an acquisition and investment could adversely affect our reputation and reduce the benefits of the acquisition and investment. Any of the events mentioned above could have a material and adverse effect on our business, financial position, results of operations and prospects.

We may experience delays or defaults in accounts receivable, progress payments or the release of retention money by our customers.

We typically receive progress payments from our customers with reference to the value of work completed at specified milestone dates, and receive final payments upon completion of the entire project. Therefore, we generate accounts receivable not only after completion of a specific project, but also from time to time when the construction is in progress.

In addition, we usually secure a letter of credit issued by a licensed commercial bank or a portion of the contract value is usually withheld by the customer as retention money, normally 5%, to be paid or released after the warranty period (generally one to two years after completion of the relevant project). As of December 31, 2012, 2013 and 2014 and May 31, 2015, our retention money receivables were RMB4,306.5 million, RMB4,754.6 million, RMB4,955.3 million and RMB4,530.8 million.

The rate of guaranteed funding for our government-funded projects is generally high despite the possibility of late payment settlement resulting from changes in the government's estimates or delayed progress payments. The rate of guaranteed funding for the portion of privately funded projects we undertake is relatively low, which may lead to our inability to receive payment as scheduled. Such events may result in a large amount of trade and bills receivables and may impact our cash flow, particularly when we have to finance the advance for resources. As of December 31, 2012, 2013 and 2014 and May 31, 2015, the carrying amounts of our trade and bills receivables (including retention money receivable) and long-term receivables from build-transfer projects were RMB29,705.3 million, RMB39,951.1 million, RMB46,434.4 million and RMB50,178.3 million, respectively. Given that we are often required to commit resources to projects prior to receiving payments from customers, we are often required to maintain sufficient working capital to fund such projects.

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In the event that we encounter delays or defaults in the payments of our accounts receivable or progress payments by customers, we may have to increase our working capital to maintain our daily operations. We cannot assure you that the accounts receivable, progress payments or retention money will be remitted to us by our customers on a timely basis, or that delay or default in payment will not affect our business, financial position and results of operations.

We rely on third parties to complete some of our construction and contracting projects, which may be adversely affected by the sub-standard performance, delayed performance or non-performance of obligations by such third parties.

In order to maximize our cost-efficiency and flexibility, we sometimes engage third-party subcontractors to perform a portion of the work under our contracts. For details, see “Business – Subcontracting.” However, we may not be able to monitor the performance of these subcontractors as directly and efficiently as with our own staff. In addition, our inability to hire qualified subcontractors could hinder our ability to complete a project successfully. We may also suffer losses on contracts if the amounts we are required to pay to subcontractors exceed our original estimates. Outsourcing exposes us to risks associated with sub-standard performance, delayed performance, or non-performance of obligations by third parties such as subcontractors. As a result, we may experience deterioration in the quality or deferred delivery of our construction projects, incur additional costs due to the delays or higher prices in sourcing the services, equipment or supplies in default, or be subject to liability under the relevant contract for our subcontractors’ performance. Such events could adversely affect our business, financial position and results of operations.

Our failure to meet schedule requirements of our contracts could require us to pay liquidated damages.

Substantially all of our contracts are subject to specific completion schedule requirements with liquidated damages charged to us if we do not achieve the schedules. Liquidated damages are typically levied at an agreed rate for each day of delay that is deemed to be our responsibility. Any failure to meet the schedule requirements of our contracts could cause us to pay significant liquidated damages, which would reduce or eliminate our profit on the relevant contracts and could adversely affect our liquidity and cash flows and have a material and adverse effect on our business, financial position and results of operations.

We may be unable to continue to procure an adequate supply of construction equipment, machinery, raw materials and power supplies at acceptable prices and quality levels in a timely manner.

Our successful operations depend on our ability to obtain from our suppliers sufficient quantities of construction equipment, machinery, raw materials, power supplies and other commodities at acceptable prices and quality levels in a timely manner. We are exposed to the market risk of fluctuations in certain commodity prices for construction equipment, machinery, and raw materials utilized in our construction and contracting business as well as for steel and

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electronic parts utilized in our equipment manufacturing business. The price and availability of such construction equipment, machinery, and raw materials may vary significantly from year to year due to factors such as China's import restrictions, consumer demand, producer capacity, market conditions and costs of materials. In particular, steel and cement, which are critical to our operations, are subject to substantial pricing cyclicality and periodic shortages in China. We are also affected by increases in energy prices, including electricity and fuel prices, for the operation of our machinery and equipment.

We do not have long-term contracts with all of our suppliers or guarantees of supply. As such, we cannot assure you that we will be able to continue to obtain sufficient amounts of raw materials from our existing suppliers or from alternative sources at prevailing or acceptable prices, in a timely manner, or at all. We can give no assurance that we will not encounter difficulties in obtaining quality materials or shortages of raw materials, or that we will be able to absorb any increased raw materials prices or pass them on to our customers.

Our operations and growth prospects may be adversely affected by constraints in production capacity. In addition, we may be negatively affected if we fail to upgrade or procure new equipment at reasonable cost or maintain a sufficient skilled labor force.

The performance of our equipment manufacturing business, and civil explosives and cement production business, rely on, among other things, efficient production at our manufacturing facilities. The competitiveness of our business will also depend on our ability to optimize the product mix at each facility and increase the overall efficiency of each facility and its labor force. If we are unable to upgrade and expand our facilities, attract experienced personnel and purchase equipment effectively and in a timely manner, our growth plans may be adversely affected. In addition, we strive to ensure that our businesses are competitive in order to maintain and expand our market share. Our inability to maintain or improve our productivity to compete with other players in the industry may reduce our market shares and profitability.

We may not be able to maintain proper inventory levels for our operations.

We consider a number of factors when we manage the inventory levels for our construction and contracting and various manufacturing businesses, including inventory holding costs, our product portfolio, the preferences and purchasing trends of our customers, and the need to ensure prompt delivery and the requisite quality levels of our products in response to customers' requests. If we are unable to efficiently sell our products or fail to manage our inventory, we may be subject to inventory write-downs, expiration of products or increases in inventory holding costs. In addition, if we underestimate consumer demand for our products or if our suppliers fail to provide products in a timely manner, we may experience inventory shortages. Such inventory shortages might result in unfilled customer orders and have a negative impact on our customer relationships. There can be no assurance that we will be able to maintain proper inventory levels and such failure may have an adverse effect on our business, financial position and results of operations.

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We are exposed to potential risks associated with participation in government-directed projects.

Many of our contracts with government-directed companies are for large and high profile infrastructure projects, which can result in increased political and public scrutiny of our work. Changes in government budgets for infrastructure projects of related industries or factors such as public expenditures and policy considerations, changes in governmental officials or policy makers or other political factors could result in changes or delays to these projects because most of these projects are funded by the government, governmental authorities and public organizations.

In addition, disputes with the entities established or directed by the PRC or other governments could potentially lead to contract termination if unresolved or may take a considerably longer period of time to resolve than disputes with our private sector counterparties, and payments from such entities may be delayed as a result. Such entities may from time to time require the construction methods or equipment utilized to be changed, directing us to reconfigure our designs or purchase machinery and equipment for the relevant project, thereby subjecting us to additional costs. Changes to government budgets and policies relating to our projects could lead to delay in project completion, adverse changes to such projects or a withholding of, or delay in, payments to us. Government-directed companies generally exercise substantial bargaining power in the performance of their contracts with us. If a government-directed company terminates or fails to renew a contract with us, our backlog may be reduced. The occurrence of any of these risks may have an adverse effect on our business, financial position and results of operations.

Our business is subject to extensive laws and regulations governing the industries that we operate in, compliance with which may require significant capital, and there can be no assurance that we have obtained or will be able to obtain all necessary regulatory approvals, permits, licenses, qualifications and certificates.

Our business segments are subject to extensive laws and regulations of the PRC Government, and provincial and local government departments. We believe that our survey, design and consultancy business and construction and contracting business are in compliance with the requirements of existing laws and regulations in all material respects. However, there can be no assurance that we, at all times, will possess adequate certificates, authorizations, licenses, orders, consents, approvals and permits required by all applicable laws and regulations in the PRC. A breach of laws or regulations to which we are subject may result in serious consequences, including imposition of fines and penalties or suspension or termination of the projects. New or more stringent rules and requirements relating to the construction and other aspects of power plants or the power industry may be formulated by regulators in the future. Complying with new or more stringent rules and requirements may require us to make a substantial amount of additional investments and/or suspend, delay or terminate our existing construction projects, any of which could materially and adversely affect our business, financial position and results of operations. In addition, if we expand our business in overseas markets in the future, we will also need to comply with all applicable regulations in other countries and any changes thereto.

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Compliance with such laws and regulations, and any future laws and regulations, may require us to incur significant expenditures or may impose other obligations or liabilities which could impose a substantial financial burden on us. A failure to possess certain certificates, authorizations, licenses, orders, consents, approvals or permits may also affect our ability to transfer our assets in the event of any disposal.

We are required to obtain and maintain valid permits, licenses and certificates from various governmental authorities to conduct our business, including, among others, a business license for an enterprise as a legal person, tax registration certificates, organization code certificates, engineering contracting certificates, import and export licenses and tender agency qualification certificates inside and outside of the PRC. We must comply with the restrictions and conditions imposed by various levels of governmental agencies to maintain our permits, licenses, qualifications and certificates. For more details, see “Regulatory Environment – Overview” and “Business – Survey, Design and Consultancy Business – Qualifications” and “Business – Construction and Contracting Business – Qualifications”. If we fail to comply with any of the regulations or satisfy any of the conditions required for the maintenance of our permits, licenses, qualifications and certificates, our permits, licenses, qualifications and certificates could be temporarily suspended or even revoked, or the renewal thereof, upon expiry of their original terms, may be delayed or rejected, which could materially adversely impact our business, financial position and results of operations.

In order to ensure our compliance with the restrictions and conditions required for maintaining our permits, licenses, qualifications and certificates for our business and operations, the governmental authorities at various levels conduct routine or special inspections, examinations, inquiries and audits on us. We may be subject to suspension or revocation of the relevant permits, licenses or certificates, fines or other penalties due to any non-compliance uncovered as a result of such inspections, examinations, inquiries and audits. We cannot assure you that we will be able to maintain or renew our existing permits, licenses, qualifications and certificates or obtain future permits, licenses, qualifications and certificates required for our continued operations on a timely basis, or at all. In the event that we fail to comply with applicable laws and regulations or fail to maintain, renew or obtain the necessary permits, licenses, qualifications or certificates, our business, financial position and results of operations may be adversely affected.

We are required to comply with various environmental, safety and occupational health laws and regulations which are extensive and compliance with which may be onerous or expensive.

We are required to comply with various and extensive environmental as well as health and safety laws and regulations promulgated by the PRC Government and the governments of other overseas jurisdictions in which we operate. For example, we are subject to rules and regulations relating to occupational health, safety and environment under, amongst others, the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), the Occupational Disease Prevention Law of the People’s Republic of China (《中華人民共和國職業病防治法》), the Administrative Rules of Occupational Health Examination (《職業性健康檢查管理

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規定》), the Administrative Measures on Preventive Health Check (《預防性健康檢查管理辦法》), the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Regulations on the Reporting, Investigation and Disposition of Work Safety Incidents (《生產安全事故報告和調查處理條例》), the Administrative Regulations on Construction and Production Safety (《建設工程安全生產管理條例》), the Safe Production Permit Regulation (《安全生產許可證條例》), the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Noise Pollution Prevention Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》) and the Administrative Regulations on Environmental Protection for Construction Project (《建設項目環境保護管理條例》). If we fail to comply with these laws and regulations, we could be exposed to penalties, fines, suspension or revocation of our licenses or permits to conduct business, administrative proceedings and litigation. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. As these laws and regulations continue to evolve, there can be no assurance that the PRC Government or the governments of other overseas jurisdictions in which we have operations will not enact or impose additional or more onerous laws or regulations, compliance with which may cause us to incur significantly increased costs, which we may not be able to pass on to our customers. If we are unable to pass on such costs, this could have a material adverse effect on our business, financial position and results of operations.

The development and utilization of new technology may not always produce positive results.

We believe that research and development is critical to our strategy to establish ourselves as a leader in the industries in which we operate. We are committed to developing new products and processes, as well as improving existing products and processes. During the Track Record Period, our research and development expenses were RMB734.8 million, RMB1,357.7 million, RMB1,955.4 million and RMB406.2 million in 2012, 2013 and 2014 and the five months ended May 31, 2015, respectively. For a more detailed description of our research and development, see “Business – Research and Development and Technology.” However, there is no assurance that our efforts will be successful. We are often engaged to undertake large, complicated projects that require us to design and develop new technology and construction methods. However, the research and use of new technology and construction methods could also result in experimental failures and increased costs affecting the profitability of some of our projects. All these risks may have an adverse effect on our business, financial position and results of operations.

Accidents at nuclear power generation facilities in any country or region, regardless of the causes of such accidents, may lead the competent authorities to substantially tighten nuclear power plant construction requirements or to refuse to authorize the construction of new plants, and thus may have an adverse effect on our operations.

We participate in the construction of nuclear power plants. Accidents at nuclear power generation facilities in any country or region, especially those that result in serious radioactive contamination or irradiation, regardless of the causes of such accidents, may turn public opinion or the opinion of specific interest groups against nuclear power or lead the competent

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authorities to take various actions, including: (i) substantially tightening power plant construction requirements; (ii) suspending or canceling all the ongoing nuclear power plant construction projects; (iii) refusing to approve the construction of new power plants; (iv) amending the relevant laws or regulations; or (v) contemplating a full cessation of the use of nuclear power to generate electricity. The relevant authorities in the PRC may take such or similar decisions in the future, which may have a material and adverse effect on our business, financial position and results of operations.

Our civil explosives production business is subject to laws, regulations, and policy control.

Civil explosives production is a restricted industry in China subject to rules and regulations relating to industry entry requirements, production safety and environment under, amongst others, the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Safe Production Permit Regulation (《安全生產許可證條例》), the Fire Safety Law of the People's Republic of China (《中華人民共和國消防法》), the Civil Explosives Safety Management Regulations (《民用爆炸物品安全管理條例》), the Hazardous Chemicals Safety Management Regulations (《危險化學品安全管理條例》) and the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》). Compliance with these regulations can entail significant costs and burdens. Any material change in these policies and requirements in the future will impact our civil explosives manufacturing business and thus may have an adverse effect on our business, financial position and results of operations.

Our cement production business is subject to extensive policy control.

There is a general overcapacity in the cement industry in China, and as a result the cement industry is undergoing a structural overhaul. Relevant policies and regulations have been enacted in recent years to eliminate obsolete capacity in the industry. In addition, China will raise environmental standards for the cement production industry, which has high energy consumption and high emissions. At present, our cement production business is subject to rules and regulations relating to industry entry requirements, production safety and environment standards. See "Regulatory Environment – Relevant Regulatory Provisions – Regulations in Relation to the Cement Industry." Compliance with these regulations can result in substantial costs to our businesses. Any material change in these policies and requirements in the future will impact on our cement production business and thus may have an adverse effect on our business, financial position and results of operations.

We have international operations that are subject to foreign economic and political uncertainties.

We operate in foreign countries and regions and are subject to political and economic instability, especially in less developed regions. As of May 31, 2015, approximately 40.4% of our backlog consisted of products or services to be provided to overseas customers. Our business is therefore subject to changing international economic and political conditions that are beyond our control.

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Operating in the international marketplace exposes us to a number of risks including:

- expropriation and nationalization of our assets in foreign countries;
- civil unrest, acts of terrorism, force majeure, war, or other armed conflicts;
- natural disasters, including those related to earthquakes and flooding;
- inflation;
- currency fluctuations, devaluations and conversion restrictions;
- confiscatory taxation, other adverse tax policies and adjustments to foreign preferential tax treatment;
- government actions or policies that limit or disrupt markets, restrict payments or limit the movement of funds;
- government actions that may result in the deprivation of contract rights;
- lack of a well-developed legal system that makes it difficult to enforce our contractual rights; and
- government actions that may result in the inability to obtain or retain licenses required for operations.

In some of the high-risk locations where we have employees or operations, we may incur substantial security costs to maintain the safety and security of our personnel and assets, and our measures aimed at protecting our personnel and assets may not always be sufficient. Our level of exposure to these risks will vary from project to project, depending on the particular stage of each project. To the extent that our international business is affected by unexpected and adverse foreign economic and political conditions, we may experience project disruptions, losses of assets and personnel, and other losses that could significantly reduce our turnover and profits.

Real estate development operations are subject to the influence of macro-economic control measures and intense competition.

Social, political, economic, legal and other factors will continue to affect the development of the real estate sector in China. A significant downturn in China's economy could adversely affect demand in the real estate sector. The PRC Government from time to time implements macro-economic control measures to guide the orderly development of the real estate sector. Recently, the sector has been a key area of China's macro-economic control, with a large number of policy instruments involving the industry. The PRC Government has intervened in real estate development by increasing supply and reducing demand as a means of discouraging

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speculation in real estate investments and controlling increases in housing prices. From 2009 to 2014, over 20 real estate control policies have been implemented. The control measures implemented by the PRC Government will affect to a certain extent the operation of our real estate segment by making the development of real estate projects more difficult.

In addition, our real estate development operations are smaller in scale compared to our competitors in China, many of whom possess greater financial resources and experience and enjoy greater economies of scale and broader brand recognition. We cannot assure you that our strategy of developing our real estate development operations will be successful, considering the intensely competitive environment in China.

The success of our real estate development business is dependent, among other things, on whether the PRC real estate sector can sustain positive performance. Demand for private residential and commercial properties in China has grown rapidly in recent years but such growth is often coupled with volatility in market conditions and fluctuations in property prices. It is not possible to predict whether demand for real properties in China will continue to grow in the future, as many social, political, economic, legal and other factors may affect the development of the property market. In addition, interest rate increases in China implemented by the PBOC have a direct impact on the demand for property, and thus on the real estate development industry. A rise in interest rates could adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of our properties. As a result, the demand for our real estate development projects may be negatively affected.

We may not be able to obtain a sufficient number of land sites or retain land sites suitable for real estate developments.

With respect to our real estate development business, we derive revenue from the sale of properties that we have developed. To maintain or grow our real estate business in the future, we will be required to replenish our land reserve with suitable land sites for developments. Our ability to identify and acquire a sufficient number of suitable sites is subject to a number of factors that are beyond our control.

The PRC Government's land supply policies affect our ability to acquire land use rights for sites we identify and affect the costs of any acquisition. We are required to go through public tender, auction or listing-for-sale processes before we can acquire land use rights for desirable sites, which may result in higher land premiums than those we have paid in the past. The viability or growth of our real estate development business may not be sustainable if we are unable to obtain additional land sites for development at prices that allow us to achieve reasonable returns.

Under PRC laws and regulations, if a developer fails to develop land in accordance with the terms of a land grant contract (including those relating to the payment of fees, the designated use of the land and the time for commencement and completion of the development), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or confiscate the land. We cannot assure you that circumstances leading to

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confiscation of land or delays in the completion of a real estate development will not arise in the future. If our land is confiscated, we will be unable to continue our real estate development on the confiscated land or recover the costs incurred in the initial acquisition of the confiscated land or recover development costs and other costs incurred up to the date of confiscation.

We may not be able to complete real estate development projects on time or to applicable standards.

Real estate development is a long and complicated process, generally requiring large amounts of capital and involving numerous parties, including designers, construction material suppliers, contractors, developers and individual consumers. In addition, to develop and complete a real estate development, a real estate developer must obtain a number of permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of real estate development. The progress and costs of a real estate development project can be adversely affected by many factors, including delays in obtaining necessary licenses, permits, certificates or approvals from government agencies or authorities, shortages of materials, equipment, contractors and skilled labor, labor disputes, construction accidents, natural catastrophes, adverse weather conditions, and changes in government policies.

Construction delays or failure to complete construction of a property development project on schedule, to specifications and within budget as a result of any or all of the above factors may affect our business, financial position and results of operations and may also cause reputational damage. We cannot assure you that we will not experience any significant delays in completion or delivery of any of our real estate development projects or that we will not be subject to any liabilities for any such delays. Moreover, if the design or construction of a real estate development fails to meet applicable standards, our sales and brand name could be adversely affected. To the extent that such failure is found to interfere with normal use of the property, the purchaser would be entitled to terminate the contract. Claims that we have failed to produce real estate developments of sufficient quality could result in our involvement in legal disputes, which in turn could have a material adverse effect on our business, financial position and results of operations.

We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions.

The U.N., the United States, the E.U. and other jurisdictions (including Australia and Hong Kong) impose comprehensive or extensive economic sanctions on Sanctioned Countries, and also target Sanctioned Persons. Many such Sanctioned Persons are associated with or located in countries such as Albania, Belarus, Bulgaria, Bosnia-Herzegovina, Russia, Congo, Cote d'Ivoire, South Sudan, Zimbabwe and Iraq, although U.S. and E.U. sanctions do not seek to prevent all trade or business with such countries, but rather only business that involves Sanctioned Persons and/or that involves a specific prohibited activity for that jurisdiction. For details related to sanctions laws, see "Regulatory Environment – Descriptions of Sanctions Laws."

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During the Track Record Period, we operated businesses in a number of Sanctioned Countries and/or with Sanctioned Persons. In 2012, 2013 and 2014 and the five months ended May 31, 2015, the revenue from our contracts in Sanctioned Countries and/or with Sanctioned Persons accounted for approximately 0.8%, 0.9%, 0.6% and 0.7% of total revenue of the Group, respectively. We do not expect a significant increase in the revenue from such countries in 2015, 2016 and 2017. For details of the business operations in the Sanctioned Countries, see “Business – Business Operations in Countries and Regions Subject to Sanctions.” In relation to our business in these countries, we have not been notified that any sanctions will be imposed against us.

We have undertaken to the Hong Kong Stock Exchange that we will not use the proceeds from the Global Offering or any other funds raised through the Hong Kong Stock Exchange to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Sanctioned Country or any Sanctioned Persons (which for the avoidance of doubt shall not include activity or business that is not prohibited with entities targeted under E.U. and U.S. Russian sectoral sanctions); and if we think that our transactions entered into in Sanctioned Countries or with Sanctioned Persons may expose us or our investors and shareholders to sanction risk, we will make disclosure on the website of the Stock Exchange and our website and disclose the results of our monitoring of sanction risks to which our businesses are exposed, further operations in Sanctioned Countries or with Sanctioned Persons (if any) (which for the avoidance of doubt shall not include activities or business that is not prohibited with entities targeted under E.U. and U.S. Russian sectoral sanctions) and any intention regarding such businesses in our annual/interim reports. In addition, we have no present intention to undertake any future business that would cause us or the Relevant Persons to violate or become designated under sanctions of the U.N., the United States, the E.U., Australia or Hong Kong. We have also made an undertaking to the Hong Kong Stock Exchange that we will not enter into sanctionable transactions that would expose us or Relevant Persons to risks of being designated. If we breach any of these undertakings that we made to the Hong Kong Stock Exchange after the Listing, it is possible that the Hong Kong Stock Exchange may delist our H shares.

As a company incorporated and based in the PRC, we will comply with all PRC laws and applicable laws in the jurisdictions where we have operations. We will also seek to ensure that our transactions in relation to Sanctioned Countries or Sanctioned Persons will not violate the laws of the U.N., the United States, the E.U., Australia or Hong Kong.

We cannot predict the interpretation or implementation of government policy at the U.S. federal, state or local levels or any policy by the U.N., the E.U., Australia, Hong Kong and other applicable jurisdictions with respect to any past, current or future activities by us or our subsidiaries in Sanctioned Countries or with Sanctioned Persons (including historic transactions with Sanctioned Persons as described in “Business – Business Operations in Countries and Regions Subject to Sanctions”). We have no present intention to undertake any future business that would cause us, or the Relevant Persons, to violate or become designated under sanctions of the U.N., the United States, the E.U., Australia or Hong Kong. However, we can provide no assurances that our future business will be free of risk under sanctions

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implemented in these or other jurisdictions or that we will conform our business to the expectations and requirements of the U.S. authorities or the authorities of governments that do not have jurisdiction over our business but nevertheless assert the right to impose sanctions on an extraterritorial basis. The interpretation or implementation of government policy by the U.N., the United States, the E.U., Australia and Hong Kong with respect to any current or future activities by us or our affiliates in Sanctioned Countries or with Sanctioned Persons may not be favorable to us. Although our overall operations and activities in Sanctioned Countries or with Sanctioned Persons, represent only a small percentage of our consolidated assets, revenues and net income, such activities may have an adverse effect on your investment. It is possible that, as a result of activities by us or our affiliates in these countries or with Sanctioned Persons, we may be subject to negative media or investor attention, which may distract management's attention, consume internal resources and thus negatively impact our businesses and affect investors' perception of us. Moreover, our business and reputation could be adversely affected, and we could face a risk of an enforcement action, if the government of the United States, Australia or Hong Kong, or the E.U. or the U.N. Security Council ("UNSC"), or any other governmental entity were to determine that any of our past or present activities constituted a violation of sanctions or provided a basis for sanctions designation. Additionally, because many sanctions programs are evolving, new requirements or restrictions could come into effect which might increase scrutiny of our businesses or result in one or more of our business activities being deemed to have violated sanctions, or being sanctionable.

Furthermore, laws, regulations or licensing policies on economic sanctions or export controls could change in a way that could affect our business, exports, or sales in such countries, and/or could result in restrictions, penalties or fines. Although we believe that our business operations currently do not involve industries or sectors that are the subject of extraterritorial sanctions (but do involve limited activities with entities that could expose us to such risk), there is a possibility that the governments of Australia, Hong Kong or other jurisdictions, or the E.U. or the U.N. Security Council, may introduce more severe or restrictive sanctions in relation to these Sanctioned Countries or Sanctioned Persons and may expand to industries we are operating in. In such case, our businesses and our shareholders' interests could be impacted. Additionally, certain U.S. local governments and universities have restrictions on the investment of public funds or endowment funds, respectively, in companies that are members of corporate groups with activities in Sanctioned Countries or with Sanctioned Persons. As a result, concern about potential legal or reputational risk associated with our historical and on-going operations in Sanctioned Countries or with Sanctioned Persons could also reduce the marketability of the Offer Shares to particular investors, which could affect the price or after-market performance of our Shares and our liquidity, and may materially and adversely affect our ability to raise financing, despite our commitment not to direct the proceeds from this offering to dealings with Sanctioned Persons. In addition, international economic sanctions in effect against Sanctioned Countries or Sanctioned Persons may adversely affect our ability to receive payment for exports made to such countries or persons. Finally, in the unlikely but not impossible event that we are penalized under U.S. extraterritorial sanctions, and U.S. sanctions authorities impose blocking sanctions on us, (which are the most severe sanctions U.S. sanctions authorities may choose from a range of other potential penalties), certain investors may not be able to dispose of their holdings or

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receive distributions from us, to the extent such activity would involve U.S. persons or the U.S. financial system. Such designation would also impose limitations on our business and would prohibit U.S. persons (including the U.S. financial system) from providing services or goods to us. Such designation, however, would not have a retroactive effect. Any of these events could have an adverse effect on the value of your investment.

We may encounter unexpected difficulties in expanding into new markets.

To increase our competitiveness, we plan to grow our operations in industries and markets with potential for generating favorable returns, including the water utility market. Expansion into these markets carries with it many associated risks, including risks related to insufficient operating experience in such industries and markets, insufficiently experienced management and employees to staff such expansion and lack of synergies with our existing businesses. Expansion may also place excessive pressure on our financial, personnel and management resources that would be otherwise available for our current businesses. In addition, there are many established incumbent players in these markets which already enjoy significant market share, and it may be difficult or expensive for us to win market share from them. Some of the overseas markets that we are targeting may have high barriers of entry to us. There can be no assurance that our expansion plans into new industries or into new geographies will be successful.

We face risks relating to our relationship with our A Share listed subsidiary in China.

Part of our principal businesses in China is operated by CGGC, our A share listed subsidiary in China. CGGC must comply with various provisions in relation to the protection of minority shareholders under PRC laws and regulations, including connected transaction-related provisions. Pursuant to relevant PRC laws and regulations, connected persons of CGGC must abstain from voting in relation to major connected transactions. Therefore, subject to certain conditions, transactions under agreements entered into between CGGC and/or its subsidiaries and us and/or our subsidiaries (other than CGGC and its subsidiaries), and/or other connected persons require the approval of non-connected directors of CGGC and/or the approval of the minority shareholders of CGGC. In the event that our major operational decisions cannot be implemented due to a failure to obtain approval from the non-connected directors of CGGC and/or the minority shareholders of CGGC or, if applicable, waivers from the Shanghai Stock Exchange, our operations and the implementation of our strategies may be adversely affected.

Furthermore, Energy China Group, our Controlling Shareholder, issued a non-competition undertaking in November 2013 and a supplemental undertaking in April 2014, pursuant to which Energy China Group has undertaken to CGGC that it and its subsidiaries will refrain from competing with CGGC to a certain extent and eliminate any such competition within a specified period. Although we are not directly subject to these undertakings, as a subsidiary controlled by Energy China Group, the means by which we may implement our business strategies could be affected.

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We face risks associated with foreign exchange fluctuations.

We provide construction and contracting services and export products overseas. In addition, proceeds from the Global Offering will be deposited overseas in currencies other than Renminbi for use in purchases and other payments to be made in currencies other than Renminbi. We are therefore subject to risks associated with foreign currency fluctuations and changes in the value of foreign currencies could affect our results of operations. Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi turnover from, our foreign operations, or affect the Renminbi equivalent of prices of our exported products and the prices of our imported equipment and materials, any of which could adversely affect our results of operations. In 2012, 2013 and 2014 and the five months ended May 31, 2015, we recorded net foreign currency exchange gains of RMB39.7 million, gains of RMB41.9 million, losses of RMB47.4 million, and losses of RMB41.2 million, respectively.

The value of the Renminbi is subject to changes in governmental policies of the PRC and to factors including international economic developments, political conditions and supply and demand for currencies. The value of the Renminbi in international markets is determined by reference to a basket of currencies as part of a floating exchange rate policy. We cannot predict the future fluctuations of the Renminbi. The PRC Government may adopt a more flexible currency policy, which could lead to the Renminbi experiencing more substantial revaluation against the U.S. dollar, Euro or other currencies.

Changes in tax incentives may adversely affect our business, financial position and results of operations.

Our effective tax rate on assessable income depends on the availability of tax incentives, which may vary depending on the location or nature of our operations in China. Certain of our subsidiaries are taxed at preferential rates under the preferential policy of the development plan for the western part of China, and are currently exempted from certain taxes or taxed at preferential rates applicable to special types of enterprises, such as high and new technology enterprises. Certain of our subsidiaries currently enjoy various types of preferential tax treatment and our businesses enjoy other applicable taxes, such as land appreciation tax. We cannot assure you that the preferential tax rates we have enjoyed will be available after the expiration of the current preferential tax treatment periods, or that they will not be modified or revoked in the future. If the tax incentives are modified or revoked, our business, financial position and results of operations may be adversely affected.

We may not be able to monitor and deploy internal control measures with respect to our business operations in an effective and timely manner because of our large number of operating subsidiaries and their broad range of businesses.

The development of our management and internal control measures has been largely in line with the expansion of our businesses. Some of our internal control and coordinating measures relating to our operations may currently be insufficient because we have many subsidiaries, a broad range of businesses and multi-layered management. As a result,

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competition arises among our subsidiaries, particularly in the area of construction work. In addition, we conduct our overseas operations in many countries and jurisdictions, and may be governed by different laws, regulations and business practices and conventions. In the event of our unfamiliarity with these foreign laws and regulations or our inability to effectively manage the activities of our overseas subsidiaries, joint ventures or third parties, our overseas operations through these subsidiaries, joint ventures or third parties (such as local agencies) could expose us to legal risks and liabilities, including business corruption. Accordingly, as we integrate our various subsidiaries and operations, we aim to continue to strengthen our management and internal control mechanisms to address such integration issues, through measures such as the integrated management of our financial data, risk management, consolidation of internal resources, and a uniform information system. However, we cannot assure you that we will be able to implement internal control mechanisms that will promptly and adequately respond to our expanded scope of operations, nor can we guarantee that our employees will not, in their personal capacity, act in such a way that contravenes our internal control procedures.

Our businesses may be adversely affected if we are unable to secure and retain qualified management and technical personnel for our operations.

Our operations depend upon our ability to attract and retain experienced and qualified personnel, including executive officers and key technical personnel, who have the necessary and required experience, knowledge and expertise. Competition for qualified personnel is intense in the PRC. We may lose these personnel to those competitors who are able to offer more competitive packages, or we may have to significantly increase our related operating costs. We operate in diverse areas of business across different regions in the PRC and globally. The diversity of our businesses, both in terms of scope and geographic location, places significant pressure on our managerial and operational resources. Our expansion into new business areas and geographic markets may increase such pressure. Our future operating results will depend on our management's ability to maintain effective control over a large and diversified enterprise. To the extent that we are unable to recruit personnel with the necessary skills locally, the attention of our management could be diverted. If we cannot recruit and retain the employees necessary to execute our contracts or to perform necessary corporate activities, our business, financial position and results of operations may be adversely affected.

Our limited operating history as an independent entity could affect our operating efficiency and your ability to evaluate our business and prospects.

We were established on December 19, 2014 as a result of the Reorganization. Accordingly, we have a limited operating history as an independent operating entity, which may impact your ability to evaluate our business and prospectus. As a newly formed company, we lack extensive experience in integrating a large number of subsidiaries across a diverse range of businesses. We have included historical financial information in this prospectus that may not necessarily be indicative of our future financial position, results of operations and cash flows. We may also have difficulty managing our future operations and growth and the increased scale of our operations, as well as developing and maintaining financial, accounting,

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management and administrative systems, internal controls, resources and supporting infrastructure sufficient to effectively manage the operations of our subsidiaries and to keep pace with our planned growth or to handle the additional obligations of becoming a public company.

We may not be able to adequately protect our intellectual property rights, which could reduce our competitiveness, and may face claims for improperly using intellectual property owned by others or otherwise infringing their rights in intellectual property, which could damage our reputation or adversely affect our business, financial position and results of operations.

We own intellectual properties such as patents, trademarks, non-registered trade secrets, and proprietary technologies, procedures and processes. See “Business – Intellectual Property Rights” in this prospectus for further details. In the event that the steps that we have taken and the protection afforded by laws do not adequately safeguard our intellectual property rights, or we are not able to register or defend our intellectual property rights, or our competitors exploit our intellectual property in the manufacture and sale of competing products in the markets in which we operate, our business, financial position and results of operations would be materially and adversely affected.

Intellectual property laws in the PRC are still evolving and the level of protection and means of enforcement of intellectual property rights in the PRC differ from those in other jurisdictions. Enforcement of our intellectual property rights could be costly, and we may not be able to immediately detect unauthorized use of our intellectual properties and take the necessary steps to enforce our rights over such properties. In the event that the measures taken by us or the protection afforded by laws do not adequately safeguard our intellectual property rights, we could suffer losses in revenues and profits due to competing sales of products and services that exploit our intellectual properties.

We use intellectual property in our operations that may be owned by others and we also develop (independently or with other parties) intellectual property from such intellectual property for use in our operations or licensing to our clients. There can be no assurance that our use or licensing of any of such intellectual property, or of new intellectual property developed from such intellectual property, will not be challenged or that we would be able to successfully defend ourselves if challenged. If any such challenge by third parties is successful, we may not be able to use or license such intellectual property, which may have a material and adverse effect on our operations if such intellectual property involved is critical to our business.

We could also face claims or allegations by others that we are improperly using intellectual property owned by them or otherwise infringing their rights in intellectual property. Irrespective of the validity or the successful assertion of such claims or allegations, we could incur costs in either defending or settling any intellectual property infringement alleged. Adverse rulings in any litigation or proceeding could result in the loss of our intellectual property rights and subject us to significant liabilities or even business disruption. Any potential intellectual property litigation against us could also force us to cease selling the

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challenged products, develop non-infringing alternatives or obtain licenses from owner of the infringed intellectual property. We may not be successful in developing such alternatives or obtaining such licenses on reasonable terms or at all, which could damage our reputation and adversely affect our business, financial position and results of operations.

We face allegations by an international software developer for unauthorized use of licensed software.

One of our subsidiaries has received notices from an international software developer expressing suspicion of unauthorized use by this subsidiary of that developer's software. As of the Latest Practicable Date, to our knowledge, no legal proceedings had been initiated against this subsidiary or us regarding this allegation. However, if the allegation was not resolved, we might be subject to lengthy and expensive legal proceedings in addition to financial burden created by an adverse outcome of the proceedings. Such legal proceedings, with or without merit, could also divert the attention of management, attract negative publicity, harm our reputation and adversely affect our business prospects and results of operations.

We do not possess valid title or rights to certain properties that we occupy.

For some of the properties we occupy in the PRC, we, or our landlords, have not yet obtained sufficient title certificates that allow us to freely use or transfer the properties that we occupy or lease. As of May 31, 2015, a brief summary of property defects that we had is as follows:

- We had 25 parcels of allocated land with an aggregate site area of 1,011,554.21 sq.m. which are not in compliance with PRC regulations in relation to further utilization of these lands as retained allocated land and subject to relevant procedures for land transfers;
- We had not obtained the land use right certificates for 10 parcels of land with an aggregate site area of 444,156.74 sq.m. (the "Defective Owned Land"), accounting for approximately 1.3% of aggregate site area of parcels of land owned by us. Among the Defective Owned Land, eight parcels of land with an aggregate site area of 310,316.54 sq.m., accounting for approximately 0.9% of the aggregate site area of lands owned by us, are used for production purposes;
- We leased 17 parcels of land with an aggregate site area of 319,438.01 sq.m. from owners who have not obtained the land use certificates, accounting for approximately 49.0% of the aggregate site area of lands leased by us. These lands are primarily used for production and other ancillary purposes;
- We had not obtained the building ownership certificates for 416 buildings with an aggregate GFA of 389,297.80 sq.m., accounting for approximately 11.2% of the aggregate GFA of buildings owned by us (the "Defective Owned Building"). Among the Defective Owned Buildings, 309 buildings with an aggregated GFA of 306,550.69 sq.m., accounting for approximately 8.8% of the aggregate GFA of buildings owned by us are used for operational purposes, while the remaining 107 buildings with an aggregated GFA of 82,747.11 sq.m. are for non-operational purposes; and

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- We leased 225 buildings with aggregate GFA of 291,060.51 sq.m. from owners who have not obtained the building ownership certificate, accounting for approximately 37.2% of the aggregate GFA of buildings leased by us. These buildings are primarily used for production and other ancillary purposes.

We cannot predict how our rights as owner, lessee of these properties and our business, results of operations and financial condition may be materially and adversely affected as a result of the absence of legal title to these properties or rights to lease these properties. We cannot assure you that ownership disputes or claims will not occur or that third parties will not assert any claims against us for compensation in respect of any illegal and/or authorized use of their land.

We may be subject to design quality liability, construction quality liability and product liability which could harm our reputation and materially and adversely affect our business, financial position and results of operations.

Potential product liability claims can be filed if products that we manufacture or equipment and machinery we employ for our construction and contracting projects fail to perform as expected, or are proven to be defective, or if their use causes, results in, or is alleged to have caused or resulted in personal injuries, project delays or damages or other adverse effects. Any product liability claim, whether relating to personal injuries or project delays or damages, or related regulatory actions could, prove costly and time-consuming to defend and could potentially harm our reputation. If successful, product liability claims may require us to pay substantial damages which may not be sufficiently covered by the claims that we are entitled to against the manufacturers or suppliers. We did not experience any significant product liability claims during the Track Record Period and we currently do not maintain product liability insurance to cover potential product liability arising from the use of products that we manufacture or equipment and machinery that we employ for our construction and contracting projects. In the event we seek to obtain such insurance, we may be unable to obtain sufficient product liability insurance coverage on commercially reasonable terms, or at all.

Moreover, a material design, manufacturing or quality related failure or defect in products that we manufacture or equipment and machinery we employ for our construction and contracting projects, or other safety issues could lead to a request for repair or replacement, which may result in increased product liability claims. During the Track Record Period, we had not experienced any material request for repair or replacement that adversely affected our reputation, business, operation and financial position. If the local authorities decide that the products, equipment or machinery fail to conform to applicable quality and safety requirements and standards, we could be subject to regulatory actions. Violation of local laws and regulations relating to product quality and safety may subject us to fines, penalties and prohibition to market or trade. In case of defects, we may be required to repair or replace the defective products, equipment or machinery and effect any modification to render them safe before they can be distributed again on the market or employed in a project, which may also lead to significant expenses. Criminal liability can be triggered by violations of the general obligation to offer safe products or can arise from significant damages caused to the users of any defective products.

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Our results of operations are exposed to market risk.

Certain portion of our assets, such as part of our available-for-sale financial assets, are valued at market prices. If the values of available-for-sale financial assets decrease significantly and our management considers that the decrease is not temporary, impairment losses may be recognized. Such estimates are based on judgments which involve the assessment of various factors. For details, see “Financial Information – Critical Accounting Policies – Accounting Policies – Available-for-sale financial assets.” For example, in 2012, 2013 and 2014 and the five months ended May 31, 2015, we made provisions for impairment losses in relation to our available-for-sale financial assets amounting to RMB112.8 million, RMB91.5 million, RMB75.7 million and RMB104.4 million, respectively. Any recognition of asset impairment losses may have a material adverse impact on our results of operations.

We may not be able to detect and prevent bribery or other misconduct committed by our employees or third parties.

Bribery and other misconduct including, among others, acceptance of kickbacks, bribes or other illegal benefits or gains by our employees or third parties, such as our agents, suppliers or subcontractors, in our ordinary course of business may be difficult to detect and deter and could subject us to litigation or harm our reputation. Although we are increasing our efforts to detect and prevent the misconduct of employees and third parties, it is not always possible to detect or deter such activities, the precautions we take to detect and prevent these activities may not be effective in all cases, particularly as we expand into overseas jurisdictions, and our internal control system may not be effective in preventing the occurrence of corruption, bribery or other illegal activities. The interpretation of the PRC laws and regulations by the PRC regulatory authorities or the courts may differ from ours and such regulatory authorities may even adopt additional anti-corruption laws and regulations and we may need to make changes to our operations, which may increase our operation costs. We cannot assure you that any misconduct of employees or third parties, if any, whether involving past acts that have gone undetected or future acts, will not have a material adverse effect on our business, financial position and results of operations.

We are subject to the risks of litigation and legal proceedings.

In the ordinary course of business, claims involving project owners, customers, sub-contractors, environmental groups and the general public are brought against us and by us in connection with our contracts and power project operations. Claims brought against us include prolongation claims for alleged defective or incomplete work, liabilities for defective products, related personal injuries and death, damage to or destruction of property, breaches of warranty and late completion of the project work. The claims and prolongation claims can involve actual damages and contractually agreed upon liquidated sums. If we were found to be liable in respect of any of the claims against us, we would have to incur a charge against earnings to the extent that a reserve had not been established for the matter in our accounts, or to the extent that the claims were not sufficiently covered by our insurance coverage. Claims brought by us against project owners may include claims for additional costs incurred in excess of current contract provisions arising out of project delays and changes in the initial scope of work. Claims between us and our sub-contractors and suppliers may include claims similar to those described above.

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Both claims brought against us and by us, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realized from project claims by us could differ materially from the balances included in our financial statements, resulting in a charge against earnings to the extent that profit has already been accrued on a project contract basis. Charges associated with claims brought against us and write downs associated with claims brought by us could have a material adverse impact on our business, financial position and results of operations.

Insurance coverage or amount for our business, products, properties and staff may not be sufficient.

We purchase and maintain insurance policies in accordance with the needs of our business. However, we cannot guarantee that our insurance policies will provide adequate coverage should we face extraordinary occurrences that result in losses. At present, available policies covering potential loss in our business are limited in terms of number and type. For instance, liability insurance against intentional torts are not provided by any insurer as we need. Some insurers often exclude certain geographical regions or circumstances such as political risks in a particular area. There can be no assurance that we will always be able to maintain a level of insurance coverage at least equal to current insurance coverage levels and at the same cost. In any of these cases, uninsured losses could negatively affect our business, financial position and results of operations.

Accidents or natural disasters may also result in significant property damage, disruption of our operations and personal injuries or fatalities, and our insurance amount may be inadequate to cover such losses, and there can be no assurance that we will always be able to maintain a level of insurance coverage at least equal to current insurance coverage levels and at the same cost. In the event of an uninsured loss or a loss in excess of our insured limits, we could suffer damage to our reputation and/or lose all or a portion of our production capacity as well as future revenues expected to be generated by the relevant facilities. Any material loss not covered by our insurance could adversely affect our business, financial position and results of operations.

Our business operations expose us to inclement weather, acts of God, adverse work environments and acts of terrorism or war.

Our business operations, particularly our construction and contracting business, are mostly conducted outdoors, and are vulnerable to inclement weather. As a result of persistently unfavorable weather conditions, we may be prevented from performing work at our construction sites, and thereby fail to meet specified milestone dates. Should we be required to halt operations during such inclement weather, we may continue to incur operating expenses even while we experience reduced revenues. Moreover, natural disasters and other acts of God which are beyond our control may adversely affect the economy, infrastructure and communities in the countries and regions in which we have operations. We also operate in areas that are under the threat of floods, earthquakes, sandstorms or drought. In the event that any of these natural disasters occur, we may be forced to stop work on the affected project.

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In addition, we conduct our construction work under a variety of conditions, including on difficult terrain, under harsh site conditions, in busy urban centers where delivery of materials and availability of labor may be affected and on sites which may previously have been exposed to environmental hazards. Such conditions may result in personal injuries or fatalities or have a negative effect on our work performance and efficiency.

Acts of war and terrorist attacks, including those in foreign countries in which we have overseas operations, may cause damage or disruption to us, our employees, subcontractors, operations, equipment, and facilities, as well as to our markets, any of which could impact our public image, turnover and cost of sales. The potential for war or terrorist attacks may also create uncertainty and cause our business to suffer in ways that we cannot currently predict.

RISKS RELATING TO OUR GROUP STRUCTURE

Our Group has recently been restructured, our group structure is large and complicated, and we cannot assure you that our efforts to further integrate all our businesses and coordinate among different subsidiaries will be successful.

Pursuant to the Reorganization Agreement, Energy China Group has allocated to us core assets related to survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosive and cement production and investment management.

We formulated several initiatives to rationalize, integrate and consolidate the duplicated operations conducted by different subsidiaries to further realize the synergies within our Group following the Reorganization. Our proposed business integration initiatives may not be implemented effectively or on a timely basis and may be adversely affected by historical labor issues arising from an excessive number of employees, an inability to obtain sufficient financial resources, technical difficulties, constraints in terms of human or other resources, or other factors. Moreover, the implementation of these business integration initiatives may be more costly than originally estimated. Should cost overruns, changes in circumstances, negative reaction from our employees or other adverse developments occur, the operational efficiencies and business synergies, which these business integration initiatives were intended to achieve, may not materialize. Further, managing internal competition among our subsidiaries will present challenges to our management team, financial and management information systems and internal control measures which will require continuous improvement and development in order for us to operate more effectively and efficiently as an integrated entity. If we are not able to successfully implement our business integration initiatives, our business, financial position, results of operations and prospects may be adversely affected.

As some of our subsidiaries are not wholly owned by us, actions taken by such subsidiaries might not be in our best interests.

We have, and expect to have in the future, interests and management participation in non-wholly-owned subsidiaries (including listed companies) and joint venture entities in the normal course of our business operations. As a result of our less than 100% ownership interest in these subsidiaries and joint ventures, we may not have the ability to effectively control all of their actions.

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In particular, one of our subsidiaries, CGGC, is a public company listed on the Shanghai Stock Exchange. CGGC is therefore required to comply with the laws, regulations and listing rules applicable to public companies listed on the Shanghai Stock Exchange, including such measures designed to protect the interests of public and minority shareholders. We may not be able to ensure that the Group's strategies and policies are implemented effectively and consistently by a listed subsidiary.

Any restriction on the ability of our subsidiaries and investees to make distributions to us would adversely affect our businesses.

We conduct substantially all of our businesses through our operating subsidiaries. The ability of our subsidiaries and investees to make distributions to us is subject to applicable legal and other restrictions, including: the amount of their distributable earnings, their cash flow conditions, restrictions contained in their articles of association, applicable companies laws and other regulations of jurisdictions in which they operate and any relevant joint venture or shareholders' arrangements. These restrictions could reduce the amount of distributions that we would receive from our subsidiaries and investees, which in turn would adversely affect our ability to pay dividends to our shareholders.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The PRC economic, political and social conditions, as well as government policies, could adversely affect our business, financial position, results of operations and prospects.

Since most of our revenue comes from our operations conducted in the PRC, our business, financial position, results of operations and prospects can be, to a great extent, subject to PRC economic, political and legal developments. The PRC Government exerts substantial control over the growth of the domestic economy by means of resource allocation, setting policy on foreign exchange and payment of debts denominated in foreign currencies, setting monetary policy and giving preferential treatment to specific industries or companies. In recent years, the PRC Government has implemented market-oriented reforms. Such economic reform measures could be adjusted or revised and may differ between industries or various regions in the PRC. As such, we may not benefit from such measures.

China is one of the fastest-growing economies in the world in recent years, in terms of GDP. However, China may fail to sustain such growth rate, and growth rates in recent periods have been lower than in the past. In order to maintain economic growth in China, the PRC Government has taken, and may continue to implement, a range of monetary policies and other economic measures to expand the investment in infrastructure projects, increase the liquidity of the credit markets and encourage employment. There can be, however, no assurance that such monetary policies or economic measures will be successful. If there is reduced rate of growth or even a recession in the PRC economy, there may be fewer projects that we can acquire or invest in, the growth of power demand in the regions where we are located may be lower than expected or the demand may even decrease, our interest expenses may increase, or we may face reduced access to credit facilities. Such changes in the PRC economy and relevant markets in the future may adversely affect our business, financial position and results of operations.

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The interpretation and enforcement of the PRC laws and regulations involves significant uncertainties and the PRC laws differ from the laws of common law jurisdictions.

As we are a company incorporated under PRC law and most of our businesses are conducted in China, our operations are principally governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as references. Since 1979, the PRC Government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as many of these laws and regulations are relatively new, and due to the limited number of published cases and judicial interpretations and their lack of precedential force, interpretation and enforcement of these laws and regulations involve significant uncertainties. In particular, the PRC power generation industry is a highly regulated industry. Many aspects of our business, such as the construction requirements of various power generation projects, are subject to the PRC laws and regulations. As the laws and regulations on the PRC power generation (or the manner of their interpretation or enforcement) industry may change from time to time, we cannot assure you that such changes will not have a material and adverse effect on our business, financial position and results of operations.

Furthermore, certain important aspects of PRC corporate law are different from the corporate laws of common law jurisdictions such as Hong Kong and the United States, particularly with respect to investor protection, such as shareholder class-action suits and measures protecting non-controlling shareholders, restrictions on directors, disclosure requirements, different rights of classes of shareholders, general meeting procedures and disbursement of dividends. Our Articles of Association include provisions to decrease the discrepancy between PRC and Hong Kong corporate laws. However, such provisions have been included, we cannot assure you that no discrepancy exists between the protections given to our investors and those given to investors in companies formed in common law jurisdictions.

The PRC Government's control over foreign currency conversion may limit our foreign exchange transactions, including dividend payment to our H Shares holders.

Currently, the Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to the PRC foreign exchange regulations. There is no assurance that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licenses to conduct foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE.

Under the existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there is no assurance that

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these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy other foreign exchange requirements. If we fail to obtain approval from SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans and our business, operating results and financial position may be materially and adversely affected.

Holders of H Shares may experience difficulties in effecting service of legal process and enforcing judgments against us, our Directors, Supervisors or senior management and in taking action on the basis of violations of the Listing Rules. The interpretation and implementation of the PRC laws and regulations could limit the protections available to our H Share holders.

We are a company incorporated under the laws of the PRC and most of our assets and our subsidiaries are located in the PRC. Most of our Directors, Supervisors and senior management reside within the PRC. Most of the assets of these Directors, Supervisors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process outside of the PRC upon most of our Directors, Supervisors and senior management. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States, the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, in the PRC or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible in relation to any matter that is not subject to a binding arbitration provision. On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under this arrangement, where any designated People's Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement remain uncertain.

Our Articles of Association provide that disputes between holders of our H Shares and us, our Directors, Supervisors or senior management, arising out of our Articles of Association, the PRC Company Law and related regulations, concerning our affairs, are to be resolved through arbitration by the CIETAC or the HKIAC. Awards made by the PRC arbitral authorities recognized under the Hong Kong Arbitration Ordinance can be enforced in Hong Kong. Hong Kong arbitral awards are also enforceable in the PRC, subject to the satisfaction of certain PRC legal requirements. However, we are uncertain whether any action brought in the PRC to enforce an arbitral award made in favor of holders of H Shares would succeed.

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Foreign individual holders of our H Shares are subject to the PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises that are holders of our H Shares.

Under current PRC tax laws, regulations and rules, non-PRC resident individuals and Non-PRC Resident Enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate under China's Individual Income Tax Law (《中華人民共和國個人所得稅法》). Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, a withholding tax rate of 10% shall apply to the dividends paid by a company listed in Hong Kong to foreign individuals according to the treaties. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the applicable tax rate if the applicable tax rate is between 10% and 20%; and (c) withhold such foreign individual income tax at a rate of 20% if no double taxation treaty is applicable.

For Non-PRC Resident Enterprises that do not have establishments or premises in China, and for those which have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to PRC enterprise income tax at a 20% rate. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%, subject to a further reduction under a special arrangement or applicable treaty between China and the jurisdiction of the residence of the relevant Non-PRC Resident Enterprise.

Despite the arrangements mentioned above, there are significant uncertainties as to the interpretation and application of applicable PRC tax laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%.

In addition, there remains significant uncertainty as to the interpretation and application of applicable PRC tax laws and regulations by the PRC's tax authorities, including the taxation of capital gains by the non-PRC Resident Enterprises, individual income tax on dividends to non-PRC resident shareholders of our H Shares and on gains realized on sale or other disposition of our H Shares. The PRC's tax laws and regulations may also change. If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your investment in our H Shares may be materially affected.

RISK FACTORS

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares and their liquidity and market price may be volatile. If the price of the Shares declines or fluctuates, this could result in substantial losses for investors purchasing Shares in the Global Offering.

Prior to the Global Offering, there has been no public market for our H Shares. The initial Offer Price for our H Shares to the public will be agreed by us (for ourselves and on behalf of the Selling Shareholders) and the Underwriters, and the Offer Price may differ significantly from the market price of the H Shares following this Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained. In addition, the trading price and trading volume of the H Shares may be subject to significant volatility as a result of various factors, including:

- variations in our operating results or differences between our operating results and those expected by investors and analysts;
- changes in securities analysts' estimates of our financial performance;
- announcements made by us or our competitors;
- regulatory developments or market changes in the PRC affecting us or our industry;
- any business interruptions resulting from natural disasters or accidents;

RISK FACTORS

- investors' perception of us and of the investment environment in Asia, including Hong Kong and the PRC;
- announcements of or completions of acquisitions, strategic alliances, or joint ventures by us or our competitors;
- addition or departure of our key personnel;
- release or expiration of lock-up or other transfer restrictions on our Shares;
- liability claims brought against us;
- involvement in litigation; and
- general political, economic, financial, social development and stock market conditions and other factors.

Moreover, in recent years, stock markets in general, and the H shares issued by other issuers in the PRC and listed on the Hong Kong Stock Exchange, have both experienced price and volume fluctuations, some of which were unrelated or did not fully correspond to the operating performance of related companies. These broad market and industry fluctuations may adversely affect the market price of our H Shares in a similar manner.

There will be a time gap of several business days between pricing and trading of our H Shares offered under the Global Offering.

The Offer Price of our H Shares sold to the public under the Global Offering will be determined on the Price Determination Date. However, trading of our H Shares on the Hong Kong Stock Exchange will not commence until they are delivered, which is expected to be several business days after the Price Determination Date. During that period, investors of our H Shares may not be able to sell or otherwise deal in our H Shares. Accordingly, holders of our H Shares may be subject to the risk that our H Share trading price could fall before trading begins as a result of adverse market conditions or other unfavorable circumstances that may arise during the period between the Price Determination Date and the date on which the dealing begins.

Future sales or a major divestment of Shares by any of our Shareholders could materially and adversely affect the prevailing market price of our Shares.

The future sale of a significant number of our Shares in the public market after the Global Offering, or the possibility of such sales, by any one of our Shareholders could materially and adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares. Although the Controlling Shareholder and cornerstone investors have agreed to a lock-up on their Shares, any major disposal of our Shares by any of such Controlling Shareholder and cornerstone investors upon expiry of the relevant lock-up periods (or the perception that these disposals may occur) may cause the prevailing market price of our Shares to fall which could negatively impact our ability to raise equity capital in the future.

RISK FACTORS

Potential conversion of Domestic Shares into H Shares may result in an increase in the number of H Shares available in the market, which in turn may affect the price of H Shares.

Subject to approval by the CSRC, Domestic Shares may be listed or traded on an overseas securities exchange. Any listing or trading of the above-mentioned Shares on an overseas securities exchange shall also comply with the regulatory procedures, rules and requirements of the relevant overseas securities exchange. Unless otherwise required by the overseas securities exchange, there is no requirement for the listing and trading of the above-mentioned Shares to be approved in a class meeting of our Company. For details, see “Share Capital – Conversion of Our Unlisted Shares into H Shares.” Potential conversion of a substantial amount of Domestic Shares into H Shares could further increase the supply of H Shares in the market and could negatively impact the market price of H Shares.

Dividends distributed in the past may not be indicative of our dividend policy in the future.

A declaration of dividends is proposed by our Board of Directors and the amount of any dividends depends on various factors, including, without limitation, our results of operations, financial position, future prospects and other factors which our Board of Directors may deem important. Accordingly, our historical dividend distributions are not indicative of our future dividend distribution policy and potential investors should be aware that the amount of dividends paid previously should not be used as a reference or basis upon which future dividends are determined.

Facts and other statistics in this document derived from official government publications or public database sources may not be fully reliable.

This prospectus, particularly the “Industry Overview”, contains information and statistics, including, but not limited to, information and statistics relating to the PRC, the PRC economy and the infrastructure construction industry in the PRC. Such information and statistics have been derived from various official government publications and other publications and from a third party report commissioned by us. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Selling Shareholders, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. We cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy, as the case may be, as that in other jurisdictions. Therefore, you should not unduly rely upon the industry facts and statistics contained in this prospectus.

RISK FACTORS

The market price of our Shares when trading begins could be lower than the Offer Price as a result of, among other things, adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the fifth business day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

Investors will pay a price per Share that substantially exceeds the per Share value of the tangible assets after subtracting the total liabilities and will therefore experience immediate dilution when they purchase the Shares in the Global Offering. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the Global Offering, investors purchasing Shares in the Global Offering would receive less than they paid for their Shares. See “Appendix II – Unaudited Pro Forma Financial Information.”

You should read the entire prospectus carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

There has been coverage in the media regarding the Global Offering and our operations. We do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, prospective investors should not rely on any of the information in press articles or other media coverage.

Our H Shares may be subject to cancellation or disciplinary proceedings if there is a breach by us of the Hong Kong Listing Rules or any undertakings which may have been given in favor of the Hong Kong Stock Exchange.

Upon the Listing, we will be required to comply with applicable laws and regulations in Hong Kong (including the Hong Kong Listing Rules) and any other undertakings which have been given in favor of the Hong Kong Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of, or any circumstance which causes us to breach, the Hong Kong Listing Rules or such other undertakings which may have been given in favor of the Hong Kong Stock Exchange from time to time, the Listing Committee may instigate cancellation or disciplinary proceedings in accordance with the Hong Kong Listing Rules.

RISK FACTORS

Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

There has been coverage in the media regarding the Global Offering and our operations. We do not accept any responsibility for the accuracy or completeness of such media coverage or forward looking statements and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, prospective investors should not rely on any of the information in press articles or other media coverage.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, we have applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Since our principal business and operations, principal clients and assets are primarily located in the PRC, we do not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong, for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Currently, all of our executive Directors and senior management members reside in the PRC.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We have made arrangements to maintain effective communication between the Stock Exchange and us as follows:

- (i) both of our authorized representatives, Mr. Wang Jianping and Mr. Duan Qiurong, will act at all times as our principal channel of communication with the Stock Exchange and ensure our Company complies with the Listing Rules at all times. Although Mr. Wang and Mr. Duan reside in the PRC, they possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, our authorized representatives will be able to meet with the relevant members of the Stock Exchange on short notice;
- (ii) both of our authorized representatives have means of contacting all our Directors (including our independent non-executive Directors) and senior management members promptly at all times and when the Stock Exchange wishes to contact a Director or a senior management member for any reason;
- (iii) Ms. Yung Mei Yee, one of our joint company secretaries, who is a Hong Kong resident, will, among other things, act as our alternative channel of communication with the Stock Exchange and be able to answer enquiries from the Stock Exchange;
- (iv) each of our Directors has provided his mobile phone number, office phone number, fax number and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of office, he will provide the phone number of the place of his accommodation to the authorized representatives;
- (v) we will have at least one independent non-executive Director to be ordinarily resident in Hong Kong;
- (vi) each of our Directors who does not ordinarily reside in Hong Kong possesses valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time; and

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

- (vii) we have appointed Shenwan Hongyuan Capital (H.K.) Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules. The compliance adviser will, among other things and in addition to our Company's authorized representatives, act as an additional channel of communication of our Company with the Stock Exchange and be available to answer enquiries from the Stock Exchange. We will ensure that there are adequate and efficient means of communication among our Company, our Company's authorized representatives, Directors, other officers and the compliance adviser.

COMPANY SECRETARY

Rule 8.17

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules.

Rule 3.28

Pursuant to Rule 3.28 of the Listing Rules, the secretary of our Company must be a person who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance).

In assessing "relevant experience," the Stock Exchange will consider the individual's:

- (a) length of employment with the issuer and other issuers and the roles he played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Future Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Duan Qiurong as one of the joint company secretaries. Mr. Duan joined our Company in December 2014 and has served as the secretary to the Board since March 2015. He possesses extensive knowledge about and abundant experience in the business and operation of our Company. For further details, see "Directors, Supervisors and Senior Management."

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

Since Mr. Duan does not possess the acceptable professional or academic qualifications under Rule 3.28 of the Listing Rules, our Company has appointed Ms. Yung Mei Yee, a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom, who fully complies with the requirements under Rule 3.28 of the Listing Rules to act as the other joint company secretary. Over a period of three years from the Listing Date, we propose to implement the following measures to assist Mr. Duan to become a company secretary with the requisite qualifications or relevant experience as required under the Listing Rules:

- (i) Ms. Yung will be engaged as a joint company secretary of our Company for an initial period of three years from the Listing Date. She will also provide training and ongoing assistance to Mr. Duan by introducing him to the relevant provisions and requirements of the Listing Rules to enhance and improve Mr. Duan's knowledge of and familiarity with the requirements of the Listing Rules. We will further ensure that Mr. Duan has access to the relevant training and support that would enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. In addition, Mr. Duan will endeavor to familiarize himself with the Listing Rules during the three-year period from the Listing Date and will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules;
- (ii) we undertake to reapply to the Stock Exchange in the event that Ms. Yung ceases to meet the requirements under Rules 3.28 and 8.17 of the Listing Rules or otherwise ceases to serve as a joint company secretary of our Company; and
- (iii) upon expiry of Ms. Yung's initial term of appointment as the joint company secretary of our Company, we will re-evaluate the experience of Mr. Duan in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules, and whether the above joint company secretaries arrangement would still be necessary.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules. The waiver will be revoked immediately if Ms. Yung ceases to provide assistance and guidance to Mr. Duan. In the event that Mr. Duan has obtained relevant experience under Rule 3.28 of the Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement will no longer be required by our Company.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions which would constitute continuing connected transactions of our Company pursuant to Chapter 14A of the Listing Rules upon the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under the Listing Rules in relation to certain continuing connected transactions. For further details, see "Connected Transactions."

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels with respect to the Hong Kong Public Offering are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules.

See “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation” for further details.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENT OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in this prospectus materially misleading.

PRC REGULATORY APPROVALS

We have obtained the approval from CSRC on September 25, 2015 for the Global Offering and the making of the application to list the H Shares on the Hong Kong Stock Exchange. In granting such consent, CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered for subscription or sale solely on the basis of the information contained and representations made in this prospectus and related Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Selling Shareholders, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, advisors, agents or representatives or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see “Structure of the Global Offering” and “How to Apply for the Hong Kong Offer Shares” and the relevant Application Forms.

Neither the delivery of this prospectus nor any subscription or purchase made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it remains correct as of any subsequent time.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offering of initially 440,000,000 Hong Kong Offer Shares and the International Offering of initially 8,360,000,000 International Offer Shares (subject to, in each case, reallocation on the basis as described in “Structure of the Global Offering” in this prospectus) and, in case of the International Offering, any exercise of the Over-allotment Option.

The listing of our H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Global Offering is managed by the Joint Representatives. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters listed in “Underwriting,” subject to agreement on the Offer Price between us (for ourselves and on behalf of the Selling Shareholders) and the Joint Representatives (for themselves and on behalf of the Underwriters). The International Offering is expected to be fully underwritten by the International Underwriters. For further details about the Underwriters and the underwriting arrangements, see “Underwriting” in this prospectus.

If, for any reason, the Offer Price is not agreed between the Company (for itself and on behalf of the Selling Shareholders) and the Joint Representatives (for themselves and on behalf of the Underwriters) on or before Wednesday, December 9, 2015, or such later date or time as may be agreed between the Company (for itself and on behalf of the Selling Shareholders) and the Joint Representatives (for themselves and on behalf of the Underwriters), the Global Offering will not proceed. Further details of the Underwriters and the underwriting arrangements are set out in “Underwriting.”

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person subscribing for the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or by his/her subscription of Hong Kong Offer Shares be deemed to confirm, that he/she is aware of the restrictions on the offering and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the related Application Forms and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, no public offering or sale of H Shares is being made, directly or indirectly, in China or the United States.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

APPLICATION FOR LISTING OF THE SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, the Offer Shares to be issued or sold (including any additional Offer Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering.

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Thursday, December 10, 2015. Save as disclosed in the prospectus, no part of our Share is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, or dealing in our H Shares or exercising any rights attached to them, you should consult an expert. It is emphasized that none of us, the Selling Shareholders, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, advisors, agents or representatives nor any other person involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposing of, or dealing in our H Shares or exercising any rights attached to them.

STABILIZATION AND OVER-ALLOTMENT

For details of stabilization and the Over-allotment Option, see “Structure of the Global Offering” in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in “How to Apply for Hong Kong Offer Shares” of this prospectus and in the Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in Global Offering will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to the Hong Kong stamp duty.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- (i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Special Regulations and our Articles of Association;
- (ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- (iii) agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- (iv) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made by us for the H Shares to be admitted into CCASS.

CURRENCY TRANSLATIONS

Unless otherwise specified and for the purpose of illustration only, the translations of Renminbi into Hong Kong dollars, Renminbi into US dollars and Hong Kong dollars into US dollars have been made at the following rates:

HK\$1.0000: RMB0.82309 (set by the PBOC for foreign exchange transactions prevailing on November 18, 2015)

RMB6.3735: US\$1.0000 and HK\$7.7509: US\$1.0000 (the exchange rate in effect on November 13, 2015 set forth in the H.10 weekly statistical release of the Federal Reserve Board of the United States)

No representation is made that any amounts in RMB, US\$ or HK\$ can or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

ENTITY NAMES

If there is any inconsistency between the Chinese names of entities established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names of entities in Chinese or another language which are marked with “*” and the Chinese translation of names of entities in English which are marked with “*” is for identification purposes only.

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN
THE GLOBAL OFFERING**

DIRECTORS

Executive Directors

Name	Address	Nationality
Mr. Wang Jianping (汪建平)	002, Gate 3, Building 12 Liu Pu Kang Block One Xicheng District, Beijing PRC	Chinese
Mr. Ding Yanzhang (丁焰章)	65 An De Road Collective Registered Permanent Residence 1 Xicheng District, Beijing PRC	Chinese
Mr. Zhang Xianchong (張羨崇)	601, Gate 3 Building 2, Wen Hui Yuan Haidian District, Beijing PRC	Chinese

Non-executive Director

Name	Address	Nationality
Mr. Ma Chuanjing (馬傳景)	Floor 2, Grey Gate 2 Number Yi 2 Sha Tan North Street Dongcheng District, Beijing PRC	Chinese

Independent non-executive Directors

Name	Address	Nationality
Mr. Ding Yuanchen (丁原臣)	1413, Building 29 40 Fu Xing Road Haidian District, Beijing PRC	Chinese
Mr. Wang Bin (王斌)	804, Building 8 3 Dong Bin He Road Dongcheng District, Beijing PRC	Chinese

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN
THE GLOBAL OFFERING**

Mr. Zheng Qiyu (鄭起宇)	1 Jiao Chang Kou Xiao Wu Tiao Xuanwu District, Beijing PRC	Chinese
Mr. Cheung Yuk Ming (張鈺明)	Flat H, 26/F, Gold Peace Court Gold Lion Garden, Phase Two 1-3 Kak Tin St. Tai Wai New Territories Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Mr. Wang Baoguo (王保國)	1408, Building 27 An Xiang Li Chaoyang District, Beijing PRC	Chinese
Mr. Lian Yongjiu (連永久)	1006, Floor 13 24 Huang Si Street Xicheng District, Beijing PRC	Chinese
Mr. Mao Xiangqian (茅向前)	65 An De Road Collective Registered Permanent Residence 1 Xicheng District, Beijing PRC	Chinese
Mr. Wei Zhongxin (韋忠信)	502, Gate 1, Floor 6 9 Wan Shou West Road Haidian District, Beijing PRC	Chinese
Mr. Fu Dexiang (傅德祥)	Room 101, No. 12 Lane 25, He Ze Road Pudong New District, Shanghai PRC	Chinese

See “Directors, Supervisors and Senior Management” for further information of our Directors and Supervisors.

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN
THE GLOBAL OFFERING**

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

**China International Capital Corporation
Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

CITIC CLSA Capital Markets Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Joint Global Coordinators

**China International Capital Corporation
Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Morgan Stanley Asia Limited
Level 46, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN
THE GLOBAL OFFERING**

**Joint Bookrunners and Joint Lead
Managers**

**China International Capital Corporation
Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Morgan Stanley Asia Limited
*(in relation to the Hong Kong Public
Offering)*
Level 46, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Morgan Stanley & Co. International plc
(in relation to the International Offering)
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

CMB International Capital Limited
Units 1803-4, 18/F, Bank of America
12 Harcourt Road
Central
Hong Kong

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN
THE GLOBAL OFFERING**

**The Hongkong and Shanghai Banking
Corporation Limited**

1 Queen's Road Central
Hong Kong

**Nomura International (Hong Kong)
Limited**

30/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Legal advisers to our Company

As to Hong Kong and U.S. Laws

Clifford Chance

27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC Law

Dentons Law Offices

7/F, Building D
Parkview Green Fang Cao Di
No.9 Dongdaqiao Road
Chaoyang District, Beijing
PRC

Legal advisers to the Underwriters

As to Hong Kong and U.S. Laws

Freshfields Bruckhaus Deringer

11th Floor, Two Exchange Square
Central
Hong Kong

As to PRC Law

Jia Yuan Law Offices

F407, Ocean Plaza
158 Fuxing Men Nei Avenue
Beijing
PRC

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN
THE GLOBAL OFFERING**

Industry consultant	Frost & Sullivan (Beijing) Inc. Shanghai Branch Co. 28/F, Dawning Center 500 Hongbaoshi Road Changning District, Shanghai PRC
Property valuer	Jones Lang LaSalle Corporate Appraisal and Advisory Limited 6/F Three Pacific Place 1 Queen's Road East Hong Kong
Auditor and reporting accountants	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F, One Pacific Place 88 Queensway Hong Kong
Auditor of CGGC	BDO China Shu Lun Pan Certified Public Accountants LLP 4/F, No. 61 East Nanjing Road Shanghai PRC
Compliance adviser	Shenwan Hongyuan Capital (H.K.) Limited Level 19, 28 Hennessy Road Wanchai Hong Kong

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN
THE GLOBAL OFFERING**

Receiving banks

Bank of China (Hong Kong) Limited

1 Garden Road
Hong Kong

**Standard Chartered Bank (Hong Kong)
Limited**

15/F Standard Chartered Tower
388 Kwun Tong Road
Kowloon
Hong Kong

**Industrial and Commercial Bank of China
(Asia) Limited**

33/F, ICBC Tower
3 Garden Road
Central
Hong Kong

CORPORATE INFORMATION

Registered Office	Building 106, Lize Zhongyuan Chaoyang District, Beijing PRC
Head Office in the PRC	Building 1, No. 26 West Dawang Road Chaoyang District, Beijing PRC
Principal Place of Business in Hong Kong	36/F, Tower 2, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Company's Website	<u>www.ceec.net.cn</u> <i>(information contained on this website does not form part of this prospectus)</i>
Joint Company Secretaries	Mr. Duan Qiurong 65 An De Road Collective Registered Permanent Residence 1 Xicheng District, Beijing PRC Ms. Yung Mei Yee (<i>FCIS, FCS</i>) 36/F, Tower 2 Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Mr. Wang Jianping 002, Gate 3, Building 12 Liu Pu Kang Block One Xicheng District, Beijing PRC Mr. Duan Qiurong 65 An De Road Collective Registered Permanent Residence 1 Xicheng District, Beijing PRC
Strategy Committee	Mr. Wang Jianping (<i>Chairman</i>) Mr. Ding Yanzhang Mr. Ma Chuanjing

CORPORATE INFORMATION

Nomination Committee	Mr. Wang Jianping (<i>Chairman</i>) Mr. Wang Bin Mr. Cheung Yuk Ming
Remuneration and Assessment Committee	Mr. Zheng Qiyu (<i>Chairman</i>) Mr. Zhang Xianchong Mr. Wang Bin
Audit Committee	Mr. Ding Yuanchen (<i>Chairman</i>) Mr. Ma Chuanjing Mr. Cheung Yuk Ming
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Principal Bankers	China Construction Bank Beijing Jin'an Sub-branch No. 12 Fuxing Road Haidian District, Beijing PRC Bank of China Beijing Beichen West Road Sub-branch No. 7 Beitucheng West Road Chaoyang District, Beijing PRC China Everbright Bank Beijing Fengtai Sub-branch No. 5, Gate 2, Hengfu Street Science City Fengtai District, Beijing PRC

INDUSTRY OVERVIEW

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report commissioned by us and independently prepared by Frost & Sullivan, in connection with the Global Offering, or the Sullivan Report. In addition, certain information is based on, or derived or extracted from, among other sources, publications of government authorities and internal organizations, market data providers, communications with various PRC Government agencies or other independent third party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any fact has been omitted that would render such information and statistics false or misleading. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of the Sullivan Report which may qualify, contradict or adversely impact the quality of the information in this section. None of our Company, the Selling Shareholders, the Joint Representatives, the Joint Sponsors, the Joint Coordinators, the Joint Bookrunners, the Underwriters or any other party involved in the Global Offering or their respective directors, advisers and affiliates have independently verified such information and statistics and no representation has been given as to their accuracy. Accordingly, such information should not be unduly relied upon.

SOURCES OF INFORMATION

We have commissioned Frost & Sullivan to analyze and report on the current status of and forecasts for the selected industries in which we operate in China and worldwide. We agreed to pay Frost & Sullivan a fee of RMB800,000 for the preparation and use of the Sullivan Report. Unless otherwise indicated, market estimates or forecasts in this section represent Frost & Sullivan's view on the future development of the selected industries in China and worldwide.

In preparing the report, Frost & Sullivan has relied on the statistics and information obtained through primary and secondary research. Primary research includes interviewing industry insiders and recognized third-party industry associations, while secondary research includes reviewing corporate annual reports, databases of relevant official authorities including the U.S. Energy Information Association, China Electricity Council, China International Contractors Association, independent research reports or publications as well as the exclusive database established by Frost & Sullivan over the past decades. The forecasts were made by Frost & Sullivan based on the following assumptions:

- The domestic and global social, economic and political conditions currently discussed will remain stable during the forecast period;
- Domestic demand for power in China will continue to grow during the forecast period; and

INDUSTRY OVERVIEW

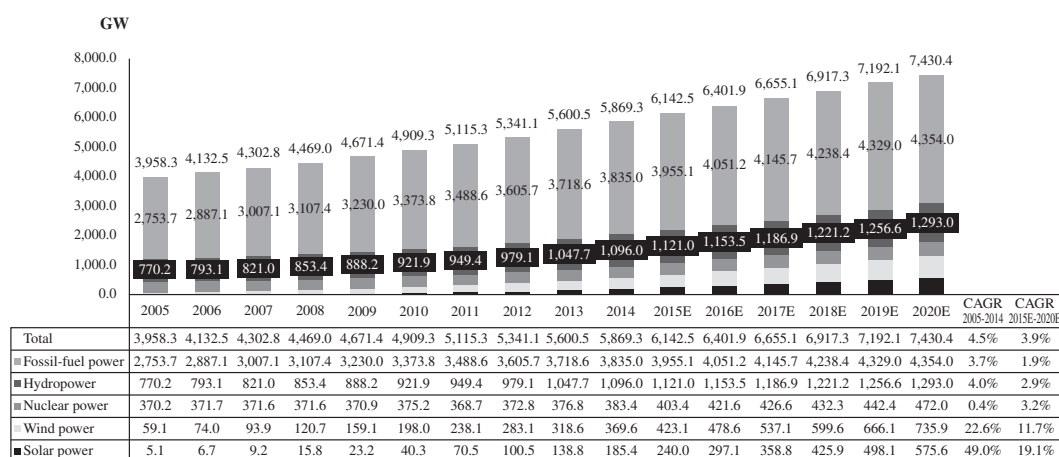
- Government policies in domestic power engineering and construction industry in China will remain unchanged during the forecast period.

The total installed capacity used in “Industry Overview” of this prospectus refers to the total installed capacity connected to the grid.

OVERVIEW OF THE GLOBAL POWER INDUSTRY

Global power consumption increased from 15,718.0 TWh in 2005 to 20,615.7 TWh in 2014, representing a CAGR of 3.1%. It is expected that the global power consumption will maintain stable growth and reach 23,907.9 TWh in 2020, representing a CAGR of 2.5% from 2015 to 2020. As of December 31, 2014, the total installed capacity of global power plants reached 5,869.3 GW, maintaining a CAGR of 4.5% over from 2005-2014:

The following diagram sets forth the total installed capacity globally from 2005 to 2020:



Source: the U.S. Energy Information Administration (EIA), the Sullivan Report

Overseas Market for PRC Power Engineering and Construction Enterprises

There is significant discrepancy in the development of power industry between developing countries and developed countries. The power construction sector in developing countries in Africa, Latin America and Asia still have significant growth potential. In 2014, the PRC Government formulated the “One Belt and One Road” initiative, with a committed capital of over US\$100 billion, including setting up the “Silk Road Fund” and actively promoting the establishment of AIIB creating opportunities for Chinese power construction enterprises to expand into the global power engineering and construction market.

Located at the “21st Century Maritime Silk Road Economic Belt,” Southeast Asia and Africa power construction are expected to grow rapidly driven by the investment brought by the “One Belt and One Road” initiative.

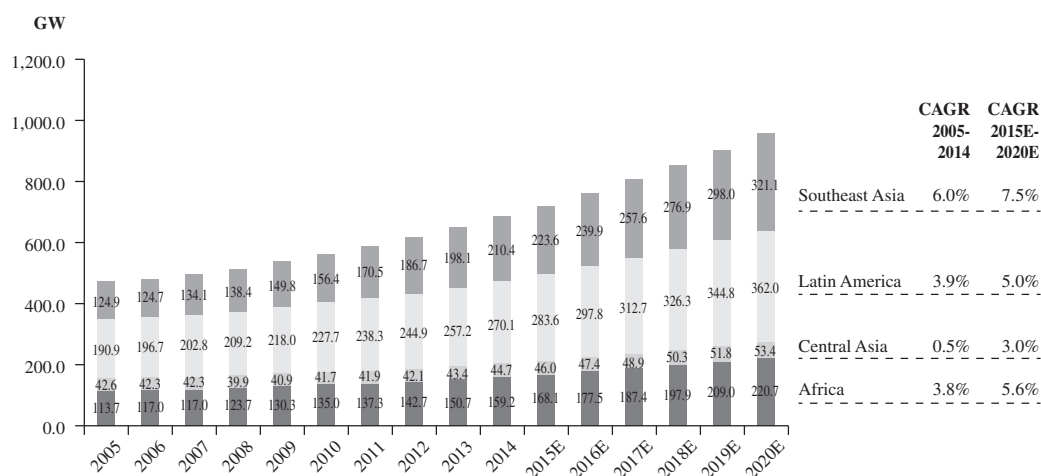
From 2005 to 2014, both the total installed capacity and annual power consumption in Southeast Asia maintained a CAGR of 6.0%. Due to lack of power supply for more than 20.0% of the population, this region has significant growth potential in power demand. From 2015 to

INDUSTRY OVERVIEW

2020, the total installed capacity in Southeast Asia is expected to maintain a CAGR of 7.5%. Coal-fired power is the major contributor to the growth of the installed capacity in Southeast Asia due to its significant coal reserves.

Compared with developed countries, per capita power consumption is relatively low in most areas in Africa, Latin America and Central Asia. With the continuing economic development and increasing standards of living, power demand is expected to increase in these countries. Following the further exploitation of hydropower resources in Latin America, the hydropower installed capacity will further increase while the efforts for diversification of power sources will also continue. The countries in Central Asia have a variety of rich power generation resources, such as coal, water and natural gas. Most of countries in Central Asia focus on energy export, which could indicate substantial potential for power station and cross-border power grid construction.

The following diagram sets forth the total installed capacity in Southeast Asia, Latin America, Central Asia and Africa from 2005 to 2020:



Source: the U.S. Energy Information Administration (EIA), the Sullivan Report

Competitive Landscape of International Power Construction Market

Major players in the international power construction market include comprehensive construction contractors, specialized power contractors and equipment manufacturers and trading companies in countries including China, South Korea, Spain, France and Brazil. According to ENR, in terms of international revenue in the power sector in 2014, our Company and Power China, Abeinsa from Spain, Hyundai Engineering & Construction from South Korea and Vinci from France are the five largest international contractors, which collectively accounted for 39.6% of the total international revenue generated by the top 250 global contractors, and our Company had a market share of approximately 5.1%. Due to the increasing scale and complexity of international power projects, large contractors have demonstrated their advantages and market concentration continues to rise.

In the Asian power construction market, markets in China, Japan, and South Korea are dominated by domestic players, but international contractors have a strong presence in the Southeast, South and West of Asia. The competition is intense as players from China, Japan,

INDUSTRY OVERVIEW

South Korea, Europe, US and India are active in these markets. Contractors from Japan, South Korea, Europe and US have a higher market share in West Asia, while Chinese contractors have a strong presence in South and Southeast Asia.

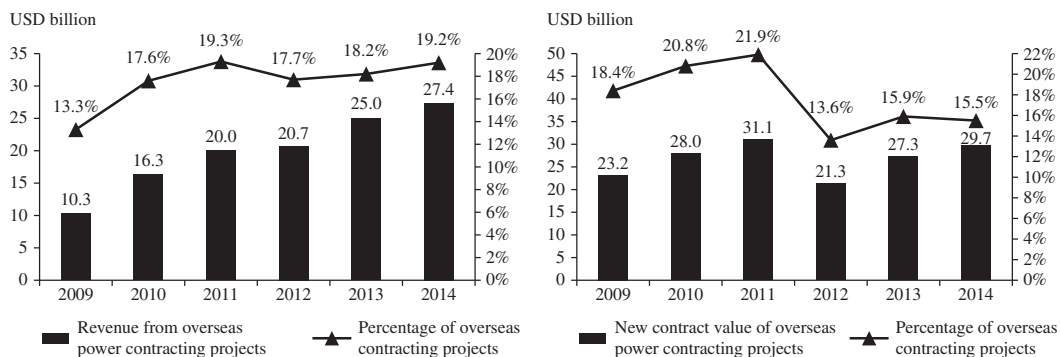
In the African market, due to the shortage of experience and capability of domestic contractors, international contractors play an important role in large power projects. China has historically provided a large amount of aid funds and export credit for power projects in Africa and, as a result, Chinese contractors, including our company and Power China, have a competitive edge and a strong position in the African market.

In Latin America, contractors from Spain and Brazil have established good track records. However, with strong technical and cost advantages in hydropower, transmission and distribution construction, Chinese contractors are expanding their market share rapidly, and have achieved a higher market share in countries such as Venezuela and Argentina.

There are several entry barriers to the international power construction market: (i) *Market access barriers*. In many countries, to gain market access, foreign contractors have to meet certain requirements, such as partnership with local enterprise and minimum local employment; (ii) *Capital barriers*. In Africa and Latin America where power demand is potentially high, local governments often lack funds for power construction; therefore, contractors have to be financially strong to win bids; and (iii) *Technical and management barriers*. Mature technical standards and engineering management mechanisms have been widely adopted by many current players in the international power market, entailing high costs of adaptation for new entrants.

Overseas Expansion of the PRC Power Construction Enterprises

The revenue of the PRC enterprises generated from overseas power contracting projects increased from USD10.3 billion in 2009 to USD27.4 billion in 2014, representing a CAGR of 21.6%. The following diagrams set forth the revenue and new contract value of the PRC overseas power contracting projects in absolute amounts and as percentages of the PRC total overseas contracting projects from 2009 to 2014:



Source: China International Contractors Association, the Sullivan Report

INDUSTRY OVERVIEW

In 2014, the top three power engineering and construction enterprises in China accounted for 66.5% of new contract value of overseas power contracting projects. Among the three enterprises mentioned above, Energy China ranked first, with a new contract value of USD10.6 billion and a market share of 35.6%. Companies ranked second and third had a market share of 25.1% and 5.9%, respectively.

OVERVIEW OF THE PRC POWER INDUSTRY

Total installed capacity in China has surpassed that in the United States and ranked first in the world. However, the installed capacity per capita in China is still lower than the average level of the developed countries. Therefore, there is still considerable growth potential in the future.

Power Supply and Demand

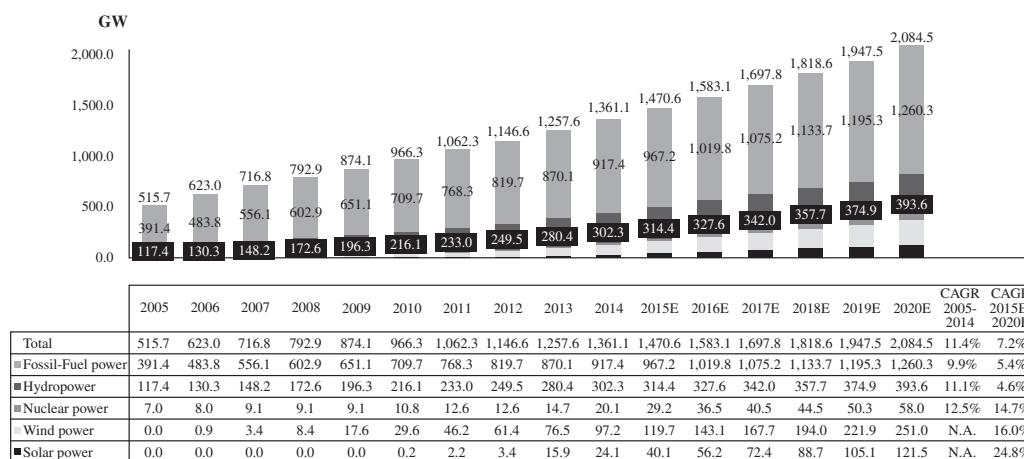
From 2005 to 2014, China's power consumption grew rapidly, maintaining a CAGR of 9.3%, and is expected to grow at a moderate CAGR of 5.5% during 2015 to 2020. Strong demand drove the growth of power supply from 2005 to 2014, which delivered a CAGR of 9.4%. In 2014, the total power supply reached 5,545.9 TWh. Power generated from fossil-fuel represented 75.2% of the PRC's total power output in 2014. Due to substantial demand for power in China, the potential growth of power supply is expected to increase in the future.

Power Installed Capacity

Driven by the rapid development of China's economy, the total installed capacity in China grew rapidly over the past decade, reaching 1,361.1 GW as of December 31, 2014, representing a CAGR of 11.4% from 2005 to 2014, ranking first in the world. China's investment in power is expected to grow at a CAGR of 7.2% from 2015 to 2020, with a projected average increase in installed capacity by 120.6 GW each year, which accounts for 46.3% of the projected average annual increase in installed capacity globally during this period, and is more than the aggregate existing installed capacity of the United Kingdom and Switzerland as of December 31, 2014.

INDUSTRY OVERVIEW

The following diagram sets forth the total installed capacity in China from 2005 to 2020:



Source: China Electricity Council, the Sullivan Report

China's fossil-fuel power total installed capacity grew steadily from 2005 to 2014, representing a CAGR of 9.9%. As of December 31, 2014, the total installed capacity reached 917.4 GW. The fossil-fuel power installed capacity is expected to grow by an annual average installed capacity of 58.6 GW from 2016 to 2020 in China. In 2014, the hydropower total installed capacity in the PRC exceeded 300 GW. Hydropower will continue to play an important role going forward, with an expected annual average increase in the installed capacity of 15.8 GW from 2016 to 2020. As of December 31, 2014, the nuclear power total installed capacity reached 20.1 GW, the wind power total installed capacity reached 97.2 GW and the solar power total installed capacity reached 24.1 GW in China. With the increasingly stringent environmental requirements, investment in clean energy continues to increase. It is expected that the installed capacity in nuclear power, wind power and solar power will exceed the PRC Government's planned target of 58.0 GW, 200.0 GW and 100.0 GW, respectively, by 2020.

Power Grids

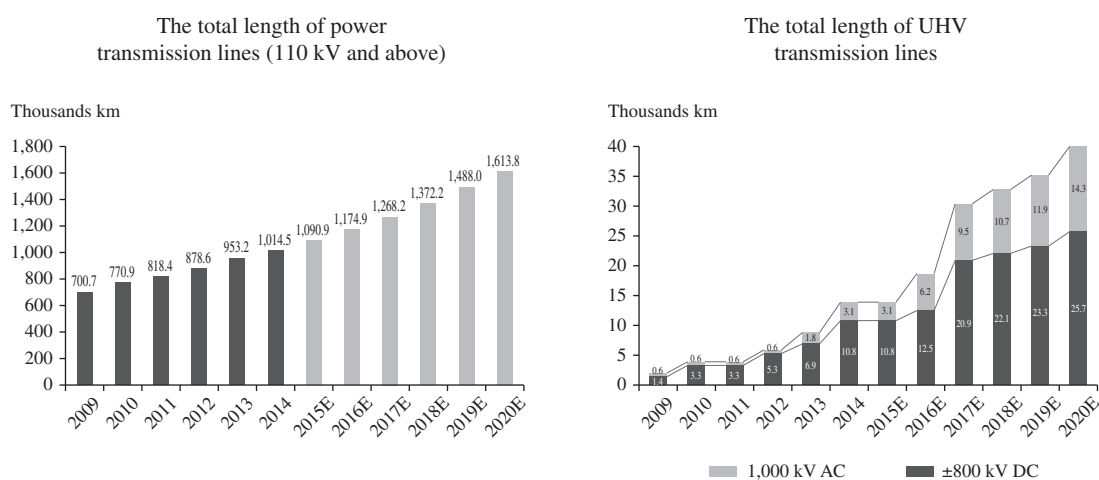
Investment in power grids continues to rise in China. The length of 110 kV-and-above power transmission lines in China increased from 700.7 thousand km at the end of 2009 to 1,014.5 thousand km at the end of 2014, representing a CAGR of 7.7%. It is expected to continue to grow at a CAGR of 8.1% from 2015 to 2020. The 110 kV-and-above power transformation capacity in China increased from 2,886.0 GVA at the end of 2009 to 4,817.7 GVA at the end of 2014, with a CAGR of 10.8%, and the CAGR from 2015 to 2020 is expected to be 9.1%.

In order to optimize the energy resources allocation between the east part and the west part of China and to alleviate the pressure of air pollution and deteriorating air quality in China, the PRC Government strongly supported the research and development of UHV transmission over the recent years. The Company completed construction and/or design of a total of nine UHV transmission lines in China (including three UHV AC transmission lines and six UHV DC

INDUSTRY OVERVIEW

transmission lines at the end of 2014). The total length of UHV transmission lines increased from 2.0 thousand km as of December 31, 2009 to 13.9 thousand km as of December 31, 2014, representing a CAGR of 47.2%. In addition, the power transformation capacity grew at a CAGR of 62.6% during the same period. In 2014, eight new UHV transmission lines were planned in the implementation proposal of the Air Pollution Prevention and Control Action Plan (《大氣污染防治行動計劃》) promulgated by the State Council. The total length of UHV transmission lines and the power transformation capacity from 2015 to 2020 are expected to grow at a CAGR of 23.4% and 23.1%, respectively.

The following diagrams set forth the total length of power transmission lines (110 kV and above) and UHV transmission lines in China from 2009 to 2020:



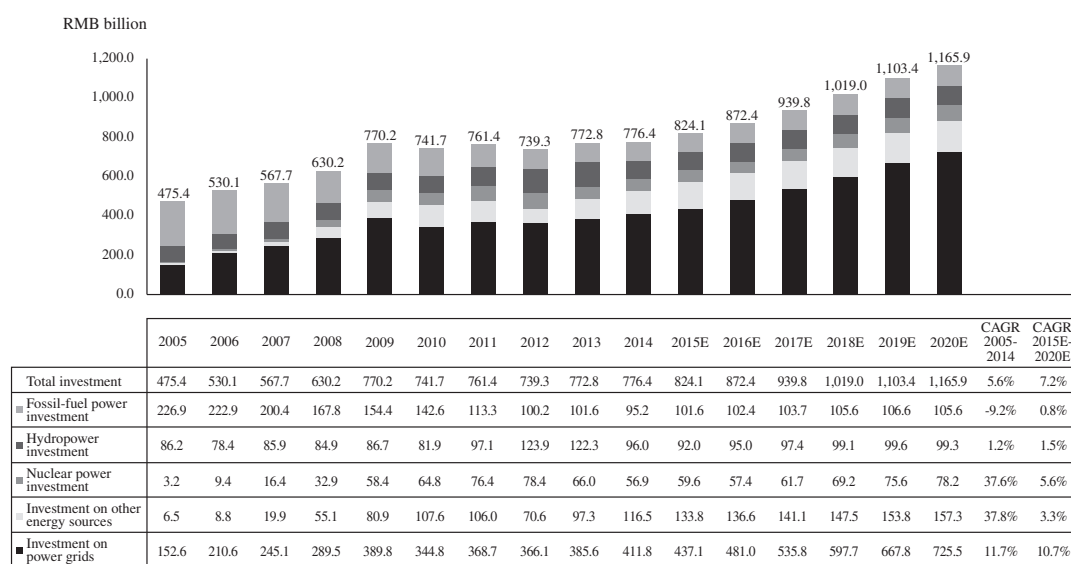
Source: China Electricity Council, the Sullivan Report

Power Investment for Newly Installed Capacity and Grids

In 2014, the PRC's total power investment for new capacity was RMB776.4 billion, including RMB411.8 billion on power grids and RMB364.6 billion on power generation. The total power investment maintained a stable growth from 2005 to 2014, at a CAGR of 5.6%. Since the NDRC and the NEA delegated approval authority regarding fossil-fuel power projects to local governments in the second half of 2014, a number of fossil-fuel power projects planned previously were approved and commenced construction, which is expected to drive the growth of fossil-fuel power in 2015. On August 31, 2015, the NEA announced the Power Distribution Network Construction and Reform Action Plan (2015 – 2020) (《配電網建設改造行動計劃(2015-2020年)》), setting out a plan to accelerate the modernization of China's power distribution network by investing no less than RMB2.0 trillion in network reconstruction from 2015 to 2020, in which RMB300.0 billion of investments are planned for 2015 and RMB1,700.0 billion of investments are planned for the period of the 13th five-year plan (2016 to 2020). Benefiting from the growth of power grid and clean energy investment as well as the stable investment in fossil-fuel power construction, the PRC's total power investment is expected to grow at a CAGR of 7.2% from 2015 to 2020.

INDUSTRY OVERVIEW

The following diagram sets forth China's total power investment from 2005 to 2020:



Source: China Electricity Council, the Sullivan Report

The following chart sets forth the breakdown of construction period and other relevant information of fossil-fuel power, hydropower, nuclear power plants, as well as power transmission lines.

	Fossil-fuel power	Hydropower	Nuclear power	Power transmission line	Substation
Investment	RMB2.5-4.5 per watt	RMB8.0-20.0 per watt	RMB15.0-25.0 per watt	RMB1,000.0-10,000.0 per meter	RMB0.2-0.4 per VA
Construction period (months)	18-32	24-120	60-120	6-36	8-24
Survey and design percentage	1%-2%	2%-3%	<1% (conventional island) 4%-5% (nuclear island)	2%-5%	3%-5%
Construction percentage	25%-45%	50%-70%	3%-10% (conventional island) 10%-20% (nuclear island)	5%-20%	10%-20%
Equipment procurement percentage	40%-65%	5%-20%	30%-60%	70%-90%	60%-90%
Other expenditure percentage	10%-15%	5%-20%	15%-30%	0%-10%	0%-10%

Source: the Sullivan Report

INDUSTRY OVERVIEW

Growth Drivers of the PRC's Power Engineering and Construction Market

Sustained economic development and growing power demand in China. Although the PRC's economic growth rate has slowed down in recent years, it is still expected to be higher than most parts of the world. According to the World Bank, the PRC's GDP growth rate is expected to be 7.1% in 2015, which drives the growing power demand.

Adjustments to power supply structure. As both the government and the public increasingly pay attention to environmental issues, China is accelerating the development of power supply from clean energy sources, including nuclear, wind and solar. Meanwhile, the PRC Government has been actively supporting the construction of cross-region UHV transmission lines in order to make better use of the rich energy resources in the west part of China.

Enhanced requirements on energy conservation and environmental protection. Though the traditional power sources, including fossil-fuel power and hydropower still account for the majority of power generation installed capacity in the PRC, with higher environmental protection and energy conservation standards, China is expected to phase out the power generation facilities with low efficiency and high pollution, and promote energy-efficient retrofitting and the construction of efficient new coal-fired power facilities.

Entry Barriers to the PRC Power Engineering and Construction Market

Qualification. Participants in the power engineering and construction market are required to have qualifications approved and issued by relevant authorities. The approval process of such qualifications is usually lengthy, and is subject to stringent inspections, which creates significant barriers for new entrants into the industry.

Technology. Power engineering and construction is a complex process requiring special expertise and sophisticated technologies, especially for fossil-fuel power, hydropower and nuclear power and UHV transmission projects.

Experience. Significant experience gained from prior projects is critical to the successful execution and quality of power projects and is one of the most important factors project owners focus on in selecting contractors.

Capital. A strong capital base is a prerequisite for obtaining the relevant industry qualifications. In addition, the operations of the power engineering and construction companies also require extensive working capital.

INDUSTRY OVERVIEW

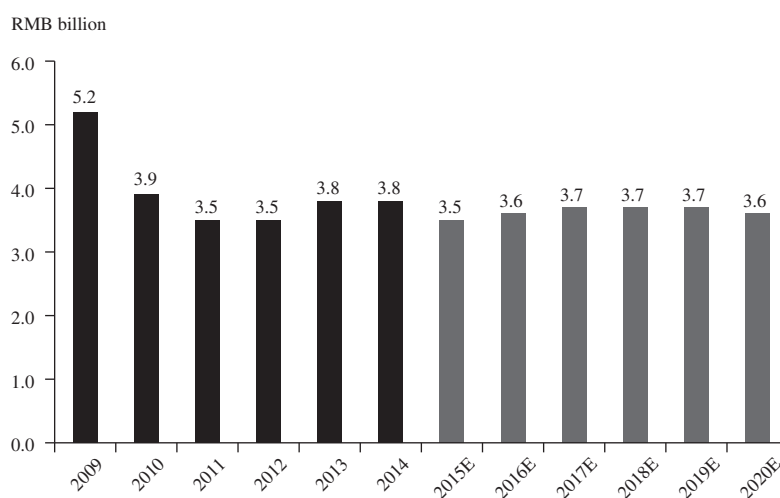
THE PRC POWER SURVEY AND DESIGN MARKET

Power survey and design service is a key part of power engineering and construction projects. Power survey and design service typically consists of preliminary and final feasibility studies, preliminary design and construction plan design. The demand for power survey and design services depends on the investment amount of the power investment market.

Market Size

Survey and design service as a percentage of total investment varies according to different types of power fuel sources.

With the stabilized fossil-fuel power demand, the market size for fossil-fuel power survey and design is expected to remain stable from 2015 to 2020. The following diagram sets forth the market size of the fossil-fuel power survey and design market in China from 2009 to 2020:



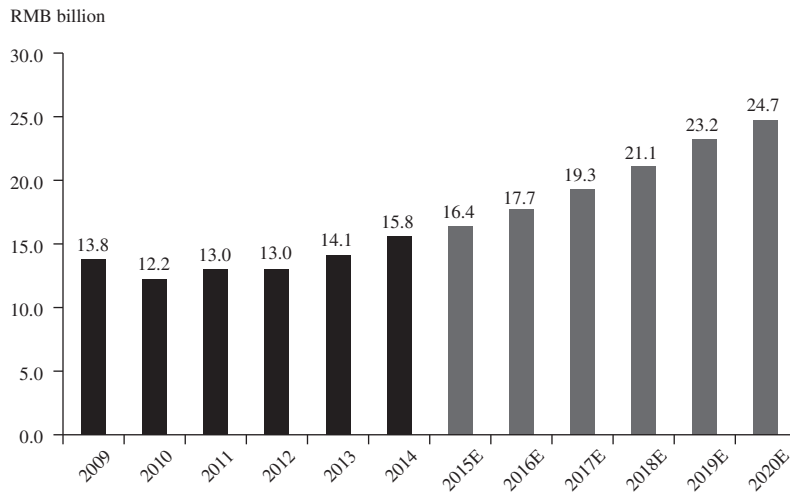
Source: the Sullivan Report

Following the resumption of nuclear power project approval in 2014, nuclear power construction is expected to grow from 2015 to 2020, resulting in the growth of the nuclear power survey and design market. It is expected that the total market size from nuclear power survey and design services will amount to more than RMB24.0 billion from 2015 to 2020, exceeding RMB4.0 billion annually.

The market size for power grid survey and design increased from RMB13.8 billion in 2009 to RMB15.8 billion in 2014, among which 330 kV and above power grid surveys and designs accounted for nearly 50% of the market share. Such market size is expected to reach RMB24.7 billion in 2020.

INDUSTRY OVERVIEW

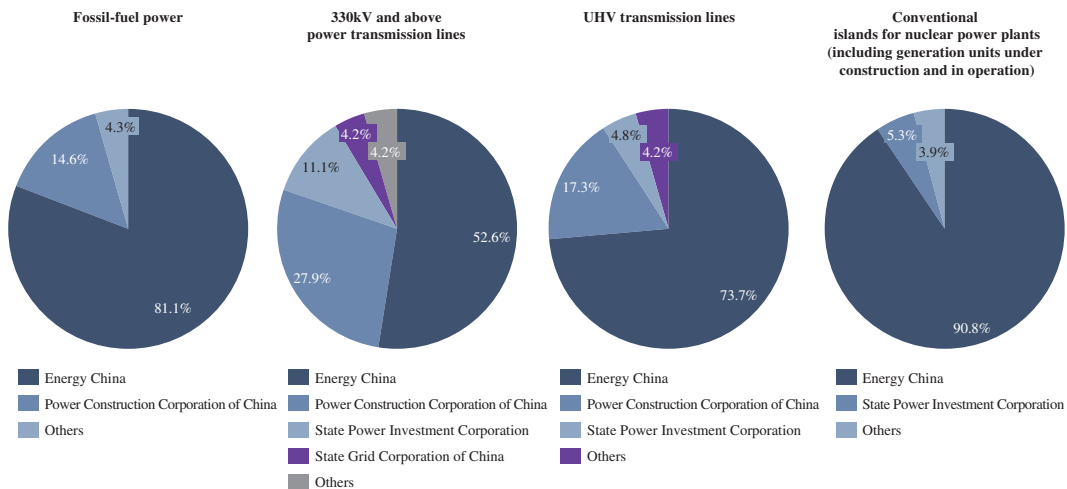
The following chart sets forth the size of the power grid survey and design market in China from 2009 to 2020:



Source: the Sullivan Report

Competition Landscape

The following charts set forth the market shares of major participants in the survey and design market in China for fossil-fuel power plants in terms of completed contract value in 2014; the survey and design of 330 kV and above power transmission lines and UHV transmission lines in China in terms of length installed in 2014 in China; and the survey and design market of conventional islands for nuclear power plants in China in terms of the total installed capacity of all units in operation or under construction as of March 31, 2015.



Source: the Sullivan Report

INDUSTRY OVERVIEW

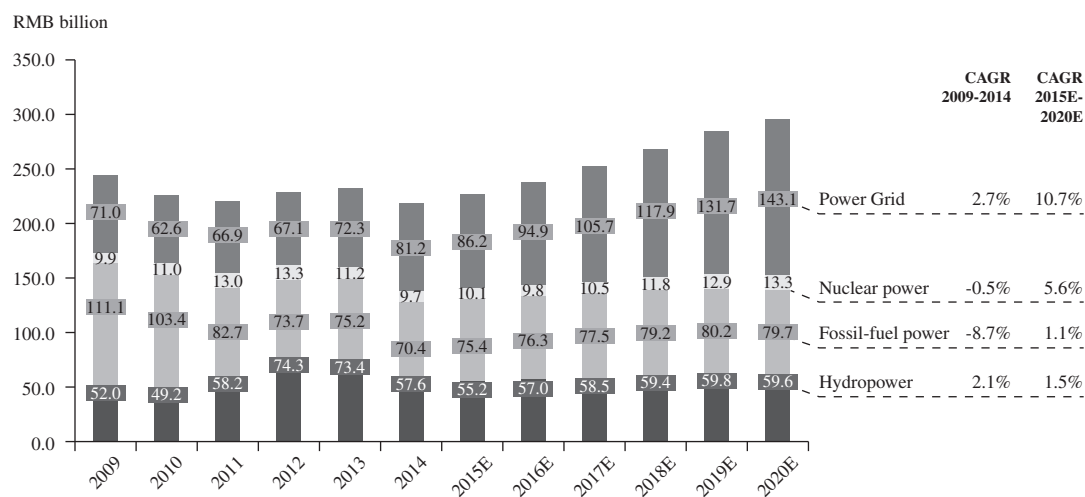
Development Trend

Along with the overall technology improvement in China, the power survey and design technologies have constantly improved. In addition, power survey and design is expected to transform from traditional design to premium and customized design. Lastly, the power survey and design enterprises in China are expected to proactively accelerate the implementation of its “going out” strategy under the “One Belt and One Road” initiative.

THE PRC POWER CONSTRUCTION MARKET

Market Size

The following diagram sets forth the size of the PRC’s power construction for power grid, nuclear power, fossil-fuel power and hydropower markets in the period from 2009 to 2020:

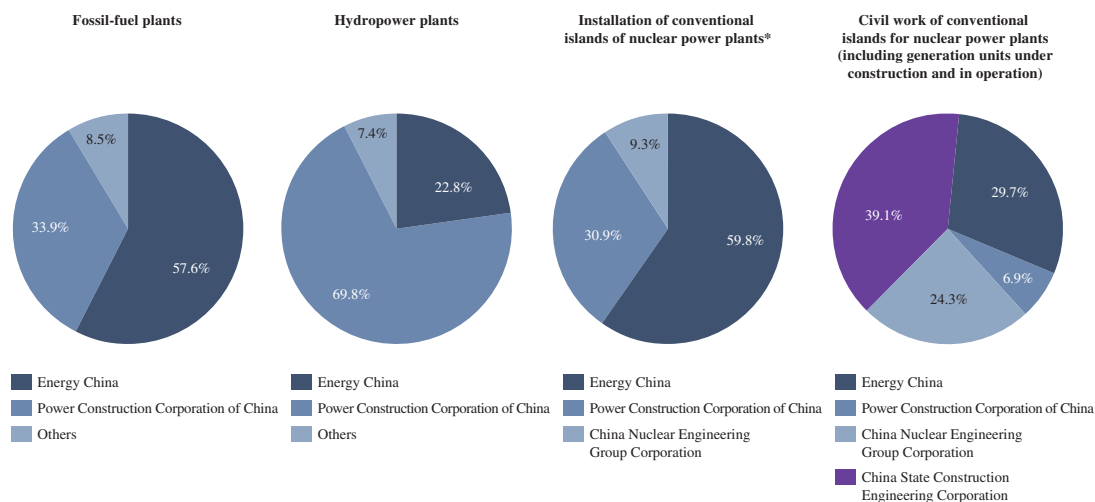


Source: the Sullivan Report

INDUSTRY OVERVIEW

Competition Landscape

The following charts set forth the market shares of major participants in the construction market in China for fossil-fuel power and hydropower plants in terms of completed contract value in 2014; and conventional islands (including both installation and civil works) for nuclear power plants in terms of installed capacity under construction and in operation as of March 31, 2015.



Source: the Sullivan Report

Energy China has a significant competitive advantage in the power construction market, especially in the fossil-fuel and nuclear power construction market, and the total installed capacity of the power plants constructed by Energy China from 2012 to 2014 exceeded 160 GW, ranking first in the world. In the field of fossil-fuel power, Energy China participated in the construction of 69 units out of the 75 fossil-fuel power generation units of 1000 MW in China. In the field of hydropower, Energy China participated in the construction of 27 power stations out of the 45 large-scale power stations of 1200 MW and above, accounting for 75.1% of the total installed capacity of those large-scale power stations in China as of the end of 2014. Energy China has accumulated extensive business experience in the power construction and relevant industries, and participated in the construction of power projects in all provinces, municipalities and autonomous regions of China.

In addition, Energy China is one of the only two group companies engaging in the installation of nuclear islands. As of March 31, 2015, Energy China had a market share of 4.3% in terms of the total installed capacity in operation and under construction and a market share of 8.3% in terms of the total installed capacity under construction in China.

INDUSTRY OVERVIEW

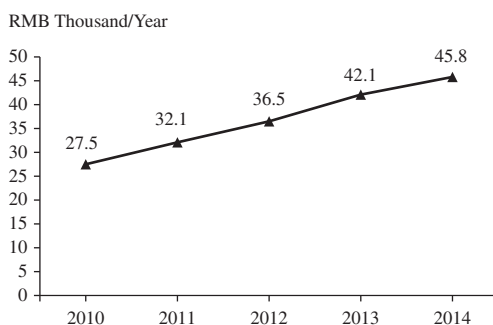
Development Trend

In light of the stringent environmental protection standards and application of new and complex technologies in the PRC power industry, power engineering and construction companies have to continue to improve their technological and operational capabilities to meet customers' evolving needs and capture new market opportunities. In addition, power construction enterprises are gradually diversifying the business models and vertically expanding their industrial chains. Lastly, the PRC power construction enterprises are participating closely in the overseas power construction market.

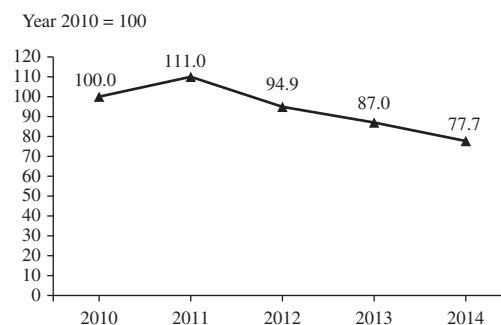
Historical Cost Analysis on Power Construction

Labor is a major cost for construction contractors. According to National Bureau of Statistics, the average annual wage of employees in the construction industry in China has increased from RMB27,500 in 2010 to RMB45,800 in 2014. Raw material including steel and cement is another major cost. The average price of steel and cement has been general falling since 2011. The tables below set forth the average annual wages of employees in the Chinese construction industry from 2010 to 2014, and the price index of steel in China over the same period.

**Average Wage of Employees,
China, 2010-2014**



Price Index of Steel, China, 2010-2014



Source: NBS, China Steel Industry Association, the Sullivan Report

OPERATION, MAINTENANCE AND RETROFITTING OF POWER PLANTS

Operation and Maintenance of Power Plants

The market size of the operation and maintenance of power plants in China increased from RMB16.7 billion in 2009 to RMB28.8 billion in 2014, representing a CAGR of 11.6%. It is expected to maintain a CAGR of 7.3% from 2015 to 2020, in line with the increase in the installed capacity.

INDUSTRY OVERVIEW

The following table sets forth the market size of the operation and maintenance of power plants in China from 2009 to 2020:

	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 2009- 2014	CAGR 2015E- 2020E
Total	16.7	18.9	21.5	23.6	26.5	28.8	30.9	33.2	35.5	38.1	40.9	44.0	11.6%	7.3%
Fossil-fuel power	8.4	9.4	10.7	11.7	12.8	13.8	14.8	15.9	17.1	18.4	19.8	21.3	10.5%	7.5%
Nuclear power	0.1	0.1	0.2	0.2	0.2	0.3	0.4	0.6	0.6	0.7	0.8	1.0	21.0%	17.0%
Hydropower	8.2	9.3	10.6	11.7	13.4	14.8	15.7	16.7	17.8	18.9	20.2	21.7	12.5%	6.7%

In addition, as large-scale power generation enterprises are increasingly concerned about operating costs, the operation and repair of domestic power plants is expected to be gradually separated from power generation enterprises to be undertaken by independent professional service providers. On the other hand, as the privately invested power plants lack the ability to carry out independent overhaul and maintenance, they will have stronger needs for professional operation and maintenance services after their entry into the power industry. Furthermore, along with the rapid global expansion of PRC power generation companies, domestic professional operation and maintenance services providers for power plants are expected to have a significant market opportunity.

Retrofitting of Coal-fired Power Plants

In response to the tightening environmental protection requirements, coal-fired power plants have gradually retrofitted the existing power plants in order to improve the thermal efficiency and/or lower the concentration of air pollutants discharged from existing coal-fired power generation units in operation. According to the Action plan for Upgrading of Coal Power Energy Conservation and Emission Reduction (2014-2020) (《煤電節能減排升級與改造行動計劃(2014-2020)》) issued by the NDRC in 2014, China will eliminate 10 GW of obsolete coal-fired power generation units, renovate 350 GW of power generation units for power conservation and more than 150 GW of power generation units for environmental improvement from 2016 to 2020. It is expected that the aggregate market size of the retrofitting of coal-fired power generation units will reach RMB95.0 billion or have an annual average market size of over RMB15.0 billion from 2015 to 2020.

AUXILIARY EQUIPMENT FOR POWER PLANTS AND POWER GRID EQUIPMENT MARKET

The auxiliary equipment for power plants typically consists of, among others, coal transport and grinding equipment, fuel and air guiding equipment, water treatment equipment and environmental protection equipment. Power grid equipment can be classified into primary equipment and secondary equipment. Primary equipment represents equipment that directly transmits and distributes power, including buses and cables, transformers, switches, reactors, capacitors, inductors and insulators, whereas secondary equipment represents equipment that used to monitor, measure, protect and control the primary equipment, including relay protectors, measuring instrument and automatic control equipment.

INDUSTRY OVERVIEW

The market size of auxiliary equipments for power plants is driven by the upgrading and development of China's equipment manufacturing industry, which will be promoted by the China Production for 2025 (中國製造2025) issued by the State Council, as well as the sustained development in the construction of power plants, which is expected to be driven by technology development, operation efficiency upgrades and energy conservation policy stimulus.

CIVIL EXPLOSIVES MARKET

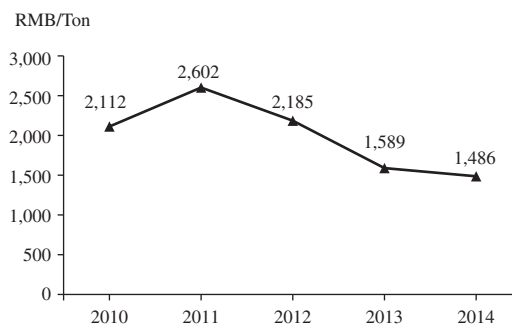
Civil explosives materials refer to a variety of relevant products including industrial explosives and manufactured goods, detonating devices and industrial pyrotechnics for civilian blasting, which are widely used in many fields including mining, metallurgy, transportation, water conservation, electricity, construction and petroleum, and which play an indispensable role in the construction of power and infrastructure industries. Driven by a strong growth in infrastructure construction, the annual output of PRC's industrial explosives increased from 3.0 million tonnes in 2009 to 4.3 million tonnes in 2014, representing a CAGR of 7.9%, and is expected to grow at a CAGR of 1.2% from 2015 to 2020.

In the next few years, the demand for civil explosive products from the eastern coastal regions of China, will lessen gradually, while such demand from the western region of China is expected to increase significantly. Therefore, the transfer of production capacity from the eastern coastal regions to the central and western regions of China is expected to accelerate accordingly.

The barrier for entry into the civil explosive industry is relatively high. China has implemented the license system on civil explosive manufacturers and imposed strict controls on their production capacity. The industrial concentration of civil explosive products is relatively low. The top five manufacturers had an aggregate market share of 26.2% in 2014 in terms of industrial explosive volume. The top three manufacturers are Yunnan Civil Explosive Group Co., Ltd. (雲南民爆集團有限責任公司), Poly Permanent Union Holding Group Limited (保利久聯控股集團有限責任公司) and Anhui Jiangnan Chemicals Industry Co., Ltd. (安徽江南化工股份有限公司). Our subsidiary, Gezhouba Explosive Company, had a market share of 4.6%, ranking fourth in China.

The raw material of civil explosive products is ammonium nitrate. The price of ammonium nitrate has been falling since 2011, from RMB2,602 per ton to RMB1,486 per ton in 2014.

Price of Ammonium Nitrate, China, 2010-2014



Source: the Sullivan Report

INDUSTRY OVERVIEW

CEMENT MARKET

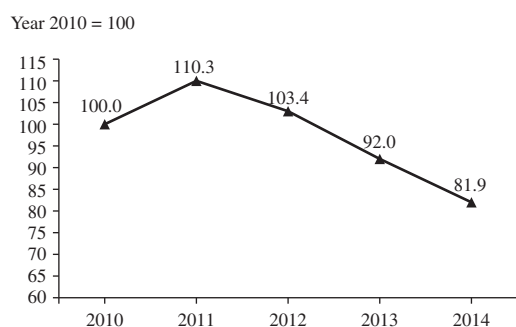
Benefiting from rapid growth in PRC infrastructure investment, the annual output of domestic cement clinker increased from 1,032.1 million tonnes in 2009 to 1,232.2 million tonnes in 2014, representing a CAGR of 3.6%. The annual output of cement clinker in Hubei Province increased from 41.8 million tonnes in 2009 to 54.3 million tonnes in 2014, representing a CAGR of 5.4%. It is expected that the annual output of the PRC cement clinker will increase slowly to have a CAGR of 2.1% for the period from 2015 to 2020, among which, the CAGR of the annual cement output in Hubei Province is expected to reach 3.1%. The PRC cement industry faces overcapacity as a whole. China is currently pushing forward large-scale restructuring and industrial upgrading of the cement industry. However, there is still a large shortage of specialty cement.

With the growing concern about environmental issues, China is expected to accelerate industry restructuring, and raise the environmental standards for the cement production industry which is characterized by high energy consumption and high emissions, in an effort to reduce inefficient production capacity. In addition, driven by the “One Belt and One Road” initiative, the PRC’s cement enterprises are proactively exploring overseas markets, and more cement enterprises will expand into overseas markets in the future.

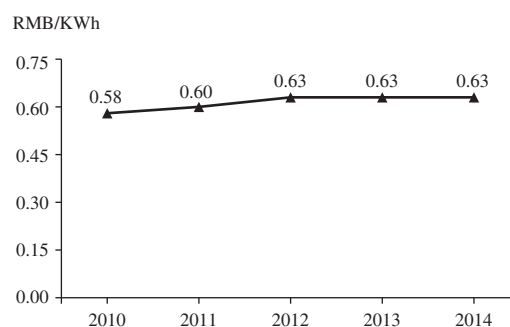
Due to high transportation costs, there are mainly regional participants in the cement production industry. In Hubei Province, the major cement manufacturers include Huaxin Cement Co., Ltd. (華新水泥股份有限公司), Gezhouba Cement Company under Energy China, Hubei Yadong Cement Co., Ltd. (湖北亞東水泥有限公司), Hubei Jinglan Cement Group Co., Ltd. (湖北京蘭水泥集團有限公司) and Shi Ji Xin Feng Cement (Group) Co., Ltd. (世紀新峰水泥(集團)有限公司). The top five cement manufacturers in Hubei Province had an aggregate market share of 78.3% in terms of the production capacity of cement clinker as of December 31, 2014, among which Gezhouba Cement Company ranked second with a market share of 21.4%.

The major production cost of cement comes from energy (such as coal and electricity) and raw materials including limestone and slag. Energy represents the largest component of production cost. The price of coal has declined since 2011. Regulated by the NDRC, the price of industrial electricity in China was stable from 2010 to 2014.

Price Index of Coal, China, 2010-2014



Average Price of Industrial Electricity, China, 2010-2014



Source: China National Coal Association, the Sullivan Report

REGULATORY ENVIRONMENT

OVERVIEW

Many of the industries that we engage in, including the survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production and investment and other businesses, are subject to the supervision and administration of relevant governmental authorities in the PRC.

We are principally subject to the supervision of, and regulations promulgated by, the following authorities of the PRC Government:

- The National Development and Reform Commission is responsible for the centralized management of reviewing, approving and issuing the certificates of project management qualifications to national engineering consultancy enterprises, covering fields such as planning consultation, evaluation consultation, project design, construction project management, preparation of project proposals, feasibility study reports, project application reports and funds application reports, whole-process planning of construction projects and preparatory phase management.
- The NEA and its local administration are responsible for reviewing and approving the installation of power construction projects and issuing the permits to carry out power businesses and engage electric power equipment. National Administration of Surveying, Mapping and Geoinformation and its local administration are in charge of the review and approval of Certificate of Surveying and Mapping Qualification in respect of control survey, topographic survey, building construction survey, transport line and tunnels survey and under-ground pipeline survey.
- The Ministry of Housing and Urban-Rural Development is responsible for the supervision and administration of qualifications, tender and bidding, construction, survey, design, supervision, inspection and certification of the completion of engineering works in various construction industries and for the administration of safety in survey, design and construction of various kinds of engineering works. It is also responsible for the supervision and administration of qualifications of real estate development enterprises and the supervision and administration of real estate development in China.
- The MOFCOM is responsible for the supervision and administration of overseas construction projects and overseas cooperative labor arrangements, as well as for the issuance of the relevant business permits. Enterprises and institutions engaging in overseas construction projects and overseas cooperative labor arrangements must apply to the MOFCOM for appropriate qualification certificates.
- The State Administration of Work Safety is responsible for supervising and administering national production safety in a comprehensive manner. The authority in charge of production safety of local governments at county level or above is responsible for the comprehensive supervision and administration of production safety work within their respective jurisdictions.

REGULATORY ENVIRONMENT

- The Ministry of Industry and Information Technology is responsible for the review, approval and issuance of national civil explosives production licenses. The Ministry of Public Security and its local administration are in charge of the supervision of the demolition operation units and the review, approval and issuance of their operation licenses.
- The Ministry of Environmental Protection is responsible for supervising and controlling the environmental protection activities and monitoring the nationwide environmental systems.
- The Ministry of Land and Resources is responsible for protection and rational utilization of such natural resources as land, mineral and marine resources; regulating land and resources management and market orders of the country; regulating the ownership of land and resources; and formulating policies and measures governing participation of the land and mineral resources in economic controls.
- The National Nuclear Safety Administration implements centralized supervision of the nationwide nuclear safety and exercises nuclear safety supervision authority independently. Competent departments in charge of nuclear infrastructure are responsible for the safety administration of the nuclear facilities on which they have a duty.
- The Certification and Accreditation Administration is an agency established and authorized by the State Council to perform administrative functions. It is the administrative department for united administration, supervision and comprehensive coordination of certification and accreditation activities across the country. Its roles include research, drafting and implementing the laws, regulations and rules governing national certification and accreditation, safety quality license, hygiene registration and conformity assessment, and formulating, releasing and implementing supervisory and administrative systems and regulations in relation to certification and accreditation and conformity assessment.

RELEVANT REGULATORY PROVISIONS

Regulations in Relation to Survey, Design and Consultancy Industry

Survey & Design

According to the *Regulation on the Administration of Survey and Design of Construction Projects* (《建設工程勘察設計管理條例》), the *Provisions on the Administration of Qualifications of Construction Survey and Design* (《建設工程勘察設計資質管理規定》) and other applicable laws and regulations, enterprises providing survey, design and consultancy services are subject to industry-specific supervision and regulation, and all enterprises are required to engage in business activities within the scope permitted by their respective qualifications as approved by the competent regulatory authorities.

REGULATORY ENVIRONMENT

Construction survey and design qualifications are classified into survey qualifications and design qualifications.

The survey qualifications are further classified into three categories: the general qualification; the specialized qualification; and the labor service qualification. The general qualification only contains one category that is Grade A. Enterprises holding such qualification certificates may undertake any and all survey projects (excluding marine engineering survey projects). The specialized qualification is classified into Grade A, Grade B and Grade C based on the nature and technical specifications of the kind of projects. There is no grading system for the labor service qualification. Enterprises having obtained the specialized qualification can provide specialized survey services allowed by its qualification class, while those having obtained the labor service qualification can provide surveying labor services for geotechnical works, exploration drilling, and well-digging.

The design qualifications are further classified into four categories: the general qualification, the sector qualification, the special qualification and the specific qualification. The general qualification only contains one classification, Grade A, while the sector, special and specific qualifications contain both Grade A and Grade B. Certain sector qualification, special qualification and specific qualifications can also contain a Grade C, while the special qualification for construction can include a Grade D based on the nature and technical specifications of a project. There is no limitation on the type of design projects undertaken by enterprises with the general qualification. Enterprises with the sector qualification can undertake design projects at the corresponding rating within the corresponding sector or special or specific design projects (excluding the projects which require the integrated qualifications of both design and construction) at the corresponding rating within the corresponding sector. Enterprises with the special qualification can undertake special design projects at the corresponding rating or specific design projects (excluding the projects which require the integrated qualifications of both design and construction) at the corresponding rating within the corresponding specialized sector. Enterprises with the specific qualification can undertake specific design projects at the corresponding rating.

As required by the *Regulation on the Administration of Survey and Design of Construction Projects* (《建設工程勘察設計管理條例》), survey and design documents of construction projects are prepared based on:

- approved documents of the project;
- urban and rural planning;
- mandatory construction standards; and
- requirements by the State on the scope of the project regarding the survey and design of construction projects.

The survey and design documents of specialized construction projects such as railway, transportation and water resources projects must also be based on the requirements of professional planning. Technical indicators such as specification, type and performance of selected materials, components and settings and equipment must be specified in design documents, and their quality must conform to the standards prescribed by the State.

REGULATORY ENVIRONMENT

Consultancy

Pursuant to the *Provisions on the Administration of Qualifications of Project Supervising Enterprises* (《工程監理企業資質管理規定》), qualifications of consultancy enterprises are classified into three categories: the general qualification, the specialized qualification and the firm-level qualification. The specialized qualification is divided into a number of project types depending on the nature and technical character of the projects. No ratings are set under the general qualification and the firm-level qualification. The specialized qualification contains Class A and Class B, and Class C can be set for specialties including building construction, water resources and hydropower, roads and municipal public utilities.

According to the *Construction Law of the People's Republic of China* (《中華人民共和國建築法》), the State Council may stipulate the scope of construction projects subject to mandatory consultancy. Construction projects subject to mandatory consultancy are overseen by consultancy entities with appropriate qualifications authorized by project owners. The project owners and the authorized supervising entities enter into written contracts with respect to the consultancy. Prior to the commencement of the consultancy of construction projects, the project owners informs the construction enterprises in written form of the consultancy entities authorized, contents for consultancy and the scope for the consultancy.

The consultancy entities are required to carry out supervision of the quality of the construction work on behalf of project owners, as well as adhere to the proposed timetable for the construction project, use of construction funds pursuant to laws, administrative regulations, applicable technical standards, design documents and contracts for project contracting. When the consultants believe that the construction is not in line with the design requirements of the project, technical standards for construction and the terms of the contracts, they are entitled to demand corrections from the construction entities. When the consultants and that the project design is not in conformity with quality standards for construction projects or the quality requirements agreed to in the contracts, they may report to the project owners who may then demand corrections from the designing entities.

Regulations in Relation to Project Contracting Industry

According to the *Construction Law of the People's Republic of China* (《中華人民共和國建築法》), the *Provisions on the Administration of Qualifications of Enterprises in Construction Industry* (《建築業企業資質管理規定》) and other applicable laws and regulations, an enterprise engaging in construction and other relevant construction projects may only carry out construction activities within the scope of their respective qualifications.

Prior to the start of construction projects, project owners must, in accordance with relevant provisions of the State, apply to competent construction administrations at or above the county level for construction permits, except for small projects below a value set by the competent construction administration of the State Council. Construction projects approved in accordance with authorities and procedures stipulated by the State Council are exempted from obtaining construction permits.

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The qualifications of construction enterprises can be divided into three categories, namely general contracting, specialized contracting and construction labor service. General contracting and specialized contracting are further divided into various qualification ratings depending on the nature and technical specifications of the project. Each of these qualification ratings is then further subdivided into certain classes based on prescribed conditions. Construction labor service has no rating system.

A project owner must be legally licensed prior to the start of construction. Construction engineering enterprises, surveying entities, designing entities and supervising entities engaging in construction activities must be equipped with corresponding professional qualifications. Contract awarding and the contracting of construction projects must be legally carried out. The construction supervising entity with appropriate qualifications must, on behalf of the project owner, supervise the contracting entity in accordance with the laws, administrative regulations, technical standards, designing documents and agreements of the project contract. The survey, design and construction engineering must comply with the relevant national safety standards on construction projects. The project owner, the surveying entity, the designing entity and the construction engineering entity of a construction project will, through the performance of their respective functions, ensure the quality of the project.

Construction projects must be contracted through tender and bidding, except for those projects unsuitable for tender and bidding, which can be directly awarded. The tender and bidding of construction projects must abide by the principles of transparency, impartiality and fair competition, and the most qualified and competitive contractors should be selected.

For construction projects subject to tender and bidding, contract awarding entities shall, in compliance with legal procedures and methods, publish bidding invitations and provide tendering documents containing the major technical requirements of the target construction project, key terms of the contract, the standards which will be used to evaluate bids as well as procedures for the opening, evaluating and awarding the bids.

In addition, according to the *Bidding Law of the People's Republic of China* (《中華人民共和國招標投標法》), tender is required for the survey, design, construction and consultancy of projects in China, including projects involving large-scale infrastructure and public utility relating to public interest and security, projects entirely or partially financed by state-owned funds or loans by the State and projects financed by loans and financial aid from international organizations or foreign governments.

According to *Regulation on the Quality Management of Construction Projects* (《建設工程質量管理條例》), the construction project owners, survey entities, design entities, construction entities and construction project supervision entities shall be responsible for the quality of construction projects. Those engaging activities of construction project shall strictly comply with the fundamental construction procedures and shall stick to the principle of surveying first, then designing and then constructing. A system of quality repair guarantee shall be adopted for construction projects. If any quality problem occurs, which falls within the scope of repair guarantee, within the period of repair guarantee, the construction entity shall

REGULATORY ENVIRONMENT

perform the obligation of repair guarantee and shall be liable for compensating for the losses. The state shall adopt a system of supervision and administration of the quality of construction projects. The construction administrative department of the State Council shall supervise and administer the quality of construction projects throughout the country in a centralized manner. The relevant departments of railways, communications and water resources of the State Council shall, under their respective functions, be responsible for supervising and administering the quality of the relevant special construction projects of the whole country. The construction administrative departments of local people's governments at the county level or above shall supervise and administer the quality of the construction projects within their respective administrative area. The relevant departments of communications and water resources shall, within their respective functions, be responsible for supervising and administering the quality of the special construction projects within their respective administrative area.

Pursuant to the *Foreign Trade Law of the People's Republic of China* (《中華人民共和國對外貿易法》), the *Regulations on Contracting Foreign Projects* (《對外承包工程管理條例》), the *Administrative Measures for the Qualification for Contracting Foreign Projects* (《對外承包工程資格管理辦法》) and the requirements of the relevant laws and regulations, any entity engaging in overseas construction projects or an overseas labor cooperative arrangement must possess corresponding eligibilities or qualifications. Central enterprises and other entities under management of the central government shall apply to the MOFCOM, and the entities other than the foregoing entities shall apply to the provincial commerce authorities where they were registered, for qualifications for contracting overseas projects.

Pursuant to the *Administrative Measures for the Qualification for Contracting Foreign Projects* (《對外承包工程資格管理辦法》), entities engaging in overseas project contracting whose application for undertaking overseas project contracting has been approved should obtain the *Qualification Certificate for Contracting Overseas Projects of the People's Republic of China* (《中華人民共和國對外承包工程資格證書》) from provincial commerce authorities where they were registered and pay reserve funds for labor services. Provincial commerce authorities should simultaneously report to the Ministry of Commerce for filing via On-line Management System in respect of the *Qualification Certificate for Contracting Overseas Projects of the People's Republic of China* (《中華人民共和國對外承包工程資格證書》) issued by them.

The MOFCOM is responsible for setting up and maintaining the On-line Management System for qualifications for contracting overseas projects, strengthening the supervision and regulation on qualifications for contracting overseas projects nationwide.

According to the *Measures for the Administration of Operational Qualifications for Overseas Cooperative Labor Arrangements* (《對外勞務合作經營資格管理辦法》), enterprises may not enter into overseas cooperative labor arrangements until relevant permissions are granted by the MOFCOM. Enterprises are required to obtain the appropriate operational qualification for overseas cooperative labor arrangements and the Operational Qualification Certificate of the People's Republic of China for Overseas Cooperative Labor Arrangements (《中華人民共和國對外勞務合作經營資格證書》) pursuant to the measures. In addition, overseas enterprises, natural persons or foreign institutions may not directly recruit labor employees within the territory of China.

REGULATORY ENVIRONMENT

Enterprises with the operational qualification for overseas construction projects as approved by the MOFCOM may dispatch labor workers for overseas projects on an as needed basis.

Regulations in Relation to Civil Explosives Industry

According to the *Regulations on Production Safety Licence* (《安全生產許可證條例》), administrative departments in charge of civil explosives industry of People's Government of provinces, autonomous regions and municipalities are responsible for issuance and administration of civil explosives manufacturers' Production Safety Licence, subject to supervision of the administrative department in charge of the civil explosives industry of the State Council.

According to the *Measures for Implementation of Civil Explosives Production Safety Licence*, (《民用爆炸物品安全生產許可實施辦法》) enterprises having obtained Civil Explosives Production License (《民用爆炸物品生產許可證》) shall apply for Civil Explosives Production Safety License in accordance with these Measures when the construction is substantially completed. Enterprises having not obtained Civil Explosives Production Safety License 《民用爆炸物品安全生產許可證》 are not allowed to manufacture civil explosives. The Ministry of Industry and Information Technology is responsible for supervising the approval and administration of Production Safety Licence for civil explosives manufacturers throughout China. Administrative departments in charge of civil explosives industry of provinces, autonomous regions and municipalities are responsible for approval and administration of Production Safety Licence for civil explosives manufacturers. Administrative departments in charge of the civil explosives industry of cities governing certain prefectures and the People's Government of a county shall exercise supervision and administration on the production safety of civil explosives within their respective duties according to laws. For the convenience of applicants, provincial administrative departments in charge of the civil explosives industry may appoint an administrative department in charge of the civil explosives industry of cities governing certain prefectures and the People's Government of a county to accept and conduct preliminary review of applications for Production Safety Licence submitted by civil explosives manufacturers within their jurisdiction.

The production safety of civil explosives manufacturing workplaces is governed by the jurisdiction within which the workplace is located. The production safety of civil explosives manufacturing workplaces (including the workplace for on-site mixing and packaging) are subject to supervision and administration of the administrative department in charge of civil explosives of the jurisdiction where the manufacturing workplace is located.

According to the *Regulations on Safety of Civil Explosives* (《民用爆炸物品安全管理條例》), manufacturing, sale, purchase, import and export and transportation of, demolition operation and storage of civil explosives, and sales and purchase of ammonium nitrate are subject to restrictions. The government implements a licensing system for manufacturing, sale, purchase, transportation and demolition operation of civil explosives. No individual or entity is allowed to manufacture, sell, purchase, transport civil explosives or engage in demolition operations without a license. Transfer, lending, mortgage, giving as a present, possession in private or illegally of civil explosives are forbidden.

Regulations in Relation to the Cement Industry

According to the *Notice of the General Office of the State Council on Transmitting Several Opinions of State Development and Reform Commission and Other Departments concerning Preventing the Haphazard Investment in Steel, Electrolytic Aluminum and Cement Industries* (《國務院辦公廳轉發發展改革委等部門關於制止鋼鐵電解鋁水泥行業盲目投資若干意見的通知》), *Notice of the General Office of the State Council on Transmitting Several Opinions of State Development and Reform Commission, the Ministry of Finance, the Ministry of Land and Resources, People's Bank of China and State Environmental Protection Administration concerning Curbing Overcapacity in Some Industries and Guiding Healthy Development of the Industry through Repeat Construction* (《國務院批轉發展改革委等部門關於抑制部分行業產能過剩和重複建設引導產業健康發展若干意見的通知》), *Guiding Opinions of the People's Bank of China, China Banking Regulatory Commission, China Securities Regulatory Commission and China Insurance Regulatory Commission on Further Doing a Good Job in Supporting the Restructuring and Revitalization of Key Industries and Curbing Overcapacity in Some Industries through Financial Services* (《中國人民銀行、銀監會、證監會、保監會關於進一步做好金融服務支持重點產業調整振興和抑制部分行業產能過剩的指導意見》), and *Guiding Opinions of the General Office of the State Council on Supporting Economic Structural Adjustment and Transformation and Upgrading through Finance* (《國務院辦公廳關於金融支持經濟結構調整和轉型升級的指導意見》), *Guiding Opinions of the State Council on Resolving Serious Production Overcapacity Conflicts* (《國務院關於化解產能嚴重過剩矛盾的指導意見》), cement industry belongs to overcapacity industry, shall be subject to stringent control.

According to the *Regulations of Cement Industry (2015)* (《水泥行業規範條件(2015年本)》), cement construction projects (including cement clinker and cement grinding) should meet the requirements laid down in the Plan for Major Function Division, national industrial plan and policies and local structural adjustment plan for cement industry. Construction land shall also comply with urban and rural planning, a general land development plan and land use standards. New cement projects are not forbidden in famous scenic places, natural reserves, designated zones for preserving the sources of drinking water, the areas under the prevention and cure measures against atmospheric pollution and susceptible to air pollution, non-industrial development zones and other places that need protection from environmental pollution. As for cement clinker projects, the principles of replacement with equal or less capacity should always be followed, so the overcapacity from these out-of-date projects could be curbed. At the same time, developing special types of cement (including cement for specific purposes) should also be encouraged among active cement manufacturers so that production quality and efficiency will be improved. When commencing new cement projects, a recycling industrial chain shall be taken into consideration. Meanwhile, newly-built cement clinker projects shall consider how to deal with residential and industrial solid wastes from the cities and its industries. New cement grinding projects shall be able to consume local solid wastes that are suitable to be converted into mixed raw materials. Cement construction projects shall meet these requirements. Investment and financing, land supply, evaluation of environmental protection, energy-efficiency assessment, safety supervision, production permit and shutting down of old plants relating to cement projects shall be handled according to these requirements.

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Local authorities under the Ministry of Industry and Information Technology of the People's Republic of China should urge the cement production companies in their administrative jurisdiction to comply with these requirements. The Ministry of Industry and Information Technology shall announce the names of enterprises and production lines that satisfy these requirements based on an enterprise's application, and implements dynamic administration, encouraging enterprises to declare that their production and operations satisfy these requirements. Relevant associations and intermediaries shall promote and supervise the implementation of these requirements in a cooperative manner.

According to the Notice of the Ministry of Industry and Information Technology on Issuing the Measures for Capacity Replacement in Certain Industries with Severe Overcapacity, capacity replacement indicators used for transaction in cement (clinker) industry shall be confirmed and publicized by the provincial People's Government after reporting to it by the provincial competent department of Industry and Information Technology of the transferor of such indicators, and shall be reported to the Ministry of Industry and Information Technology for registration and be released on the supply and demand information platform of national capacity replacement indicators. The provincial competent departments of Industry and Information Technology shall report the capacity replacement scheme and verification and confirmation opinions of cement (clinker) industry to the their respective provincial People's Government for confirmation and publication, and concurrently to report it to the Ministry of Industry and Information Technology for release on the supply and demand information platform of national capacity replacement indicators. The provincial competent departments of Industry and Information Technology shall list all eliminated projects for replacement in annual backward production capacity enterprise list, and organize the demolition of main equipments (production line) to disable them to resume production, pursuant to the capacity replacement scheme reported to the public by the provincial People's Government as well as the Notice on Issuing the Work Assessment and Implementation Scheme on Elimination of Backward Production Capacities. The Ministry of Industry and Information Technology shall organize the coordination member units between the work departments of elimination of backward production capacities to conduct supervision and examination on elimination of backward production and excessive capacities for capacity replacement and publicize the examination results.

Regulation in Relation to Equipment Manufacturing Industry

Primary regulation on equipment manufacturing include *Regulation of the People's Republic of China on Production License for Industrial Products* (《中華人民共和國工業產品生產許可證管理條例》), *Measures for the Implementation of the Regulation of the People's Republic of China on Production License for Industrial Products* (《中華人民共和國工業產品生產許可證管理條例實施辦法》), *Regulation on Supervision of the Safety of Special Equipment* (《特種設備安全監察條例》), *Regulation on Supervision of the Quality and Safety of Special Equipment* (《特種設備質量監督與安全監察規定》), *Measures for the Supervision and Management of Personnel Operating Special Equipment* (《特種設備作業人員監督管理辦法》) and *Technical Guidance on Steel Structure Residence Construction Industrialization* (《鋼結構住宅建築產業化技術導則》). Such laws and regulations have provisions on qualification, quality and safety management of equipment manufacturing and the design, construction and development of steel structured residential properties with no more than 12 storeys.

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Pursuant to the *Measures for the Administration of Production License for Industrial Products* (《中華人民共和國工業產品生產許可證管理條例》) and *Measures for the Implementation of the Regulation of the People's Republic of China* (《中華人民共和國工業產品生產許可證管理條例實施辦法》) on the Administration of Production License for Industrial Products, China has implemented a production permit system for key industrial products. The Catalogue of Industrial Products which is subject to the system of production license by the State Council shall be formulated by the competent department of production license for industrial products of the State Council together with the relevant departments of the State Council after soliciting opinions from consumers' associations and other relevant industry associations and be promulgated to the public after an approval is granted by the State Council. The competent department of production license for industrial products of the State Council is responsible for the work of the unified management of the national industrial products production license, whereas the competent departments of production license for industrial products at county level or above are responsible for the administration of production licenses for industrial products within their own jurisdictions. For national industrial products subject to the system of production license for industrial products, the unified product catalog, unified examination, unified certification mark, and unified supervision and management shall be implemented.

Under the *Regulation on Supervision of the Safety of Special Equipment* (《特種設備安全監察條例》) and *Regulation on Supervision of the Quality and Safety of Special Equipment* (《特種設備質量監督與安全監察規定》), boilers, pressure vessels, elevators, cranes and other special equipment may be manufactured only after the relevant manufacturer has obtained the permission from the State Council's supervisory and administrative department of special equipment safety. With respect to the special equipment not subject to the production permit administrative system, a safety approval system shall be implemented.

The *Regulation on Supervision of the Quality and Safety of Special Equipment* (《特種設備質量監督與安全監察規定》) and *Regulation on Supervision of the Safety of Special Equipment* (《特種設備安全監察條例》) provide that any entity using a special equipment shall be responsible for the safety during its use and operation of the special equipment and it shall only use the special equipment with the production permit or the safety approval certificate.

OPERATION OF INVESTMENTS AND OTHER BUSINESS-RELATED REQUIREMENTS

Power Investment and Business Operation

According to the *Electric Power Law of the PRC* (《中華人民共和國電力法》), the development of power industry should meet the needs of economic and social development, and achieve advanced growth in an appropriate manner. The State encourages and introduces domestic and foreign economic organizations or individuals to invest in the development of power resources according to law and the establishment of power generation enterprises.

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It is a principle that the investors shall benefit from their investments in power industry. Investors in power industry shall enjoy the legal rights in electricity generated through their investments. Investors have priority in using electricity from grid-connected power generation and have the discretion regarding the use of electricity generated from private power plants not connected to the power grids.

The electric power administration department under the State Council is responsible for the supervision and administration of national electric power utilities, and the relevant authorities under the State Council are responsible for the supervision and administration of electric power utilities based on their specific areas of responsibilities. The general economic authorities under local people's governments at and above the county level are the competent authorities governing the administration of such jurisdictions' electric power responsible for the supervision and administration of local electric power utilities, and the relevant authorities under local people's governments at and above the county level are responsible for the supervision and administration of local electric power utilities based on their specific areas of responsibilities.

The construction, generation, supply and consumption of electric power shall comply with relevant laws to protect the environment and be applied with new technologies to minimize the discharge of hazardous substances, so as to prevent and control pollution and other public hazards. The state encourages and supports the use of renewable energy and clean energy to generate electric power.

According to the *Measures on Supervision and Administration of the Work Safety of Electricity Industry* (《電力安全生產監督管理辦法》), the main persons of electric power enterprises shall take full responsibility for the production safety work of such enterprises. Meanwhile, the employees of electric power enterprises shall fulfill their obligations on production safety according to the laws.

The electric power enterprises shall complete relevant safety registration for the dams of the hydropower stations in accordance with the relevant requirements, and conduct periodic dam safety inspections and information technology construction work. The electric power enterprises shall also complete relevant safety registration for the ash storage yards of the coal-fired power plants and conduct safety patrols and periodic safety evaluation work.

The power construction units shall take full responsibility for the administration of construction safety and engineering quality and safety of the power construction engineering, perform their functions on engineering organization, coordination and supervision, complete production safety registration for the power engineering projects with local offices in accordance with the relevant requirements and apply for quality supervision registration of the engineering projects with the relevant quality supervisory authorities governing power engineering.

The NEA is responsible for the supervision and administration of national electric power production safety. The local offices assigned by the NEA (the "Local Offices") are responsible for the supervision and administration of local electric power production safety by adopting the localized management model.

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For the supervision and administration of inter-regional electric power production safety, the NEA shall be responsible for or assist in electing the competent regional Local Office. For the supervision and administration of inter-provincial electric power production safety in the same region, the regional Local Office shall be responsible for or assist in electing the competent provincial Local Office.

For small hydropower station with a capacity of less than 50 MW, the supervision and administration of electric power production safety shall be implemented in accordance with the relevant requirements, and the grid safety of such station shall be supervised and administrated by the Local Office.

Pursuant to the *Regulations of the People's Republic of China on Control of Nuclear Dual-Use Items and Related Technologies Export* (《中華人民共和國核兩用品及相關技術出口管制條例》), the PRC shall tightly control the export of nuclear dual-use items and related technologies and strictly perform its international obligations with respect to non-proliferation of nuclear weapons. The export of nuclear dual-use items and related technologies shall comply with the provisions of the relevant laws and administrative regulations of the State as well as these Regulations, and shall not jeopardize national security and public interests. The State shall practice a licensing control system on the export of nuclear dual-use items and related technologies.

Pursuant to the *Regulations of the People's Republic of China on Nuclear Materials Control* (《中華人民共和國核材料管制條例》), nuclear materials are subject to permits in the PRC.

Pursuant to the *Regulations of the People's Republic of China on Supervision and Administration of Civil Nuclear Facilities' Security* (《中華人民共和國民用核設施安全監督管理條例》), the National Nuclear Safety Administration of the PRC exercises unified supervision under its independent nuclear security supervision rights over nuclear facilities in the PRC, which are subject to security administration of departmental authorities under supervision of the National Nuclear Safety Administration. Operators of the nuclear facilities are directly responsible for the security of such facilities. The PRC employs a security permits system with respect to such facilities, under which the above administration is responsible for formulating requirements on and the issue of security permits, which include: (I) construction permits; (II) operation permits; (III) operating technician licenses; and (IV) other necessary approvals. Prior to construction thereof, the operators must submit a construction application and preliminary security analysis report together with other information to the said administration, and the construction may not commence before obtaining the construction permit. The construction is subject to conditions on such permit.

Pursuant to the *Regulations on the Emergency Management of Nuclear Accidents of Nuclear Power Plants* (《核電廠核事故應急管理條例》), emergency management of nuclear accidents in the PRC are to be undertaken by departments assigned by the State Council and, if necessary, to be led, organized and coordinated by the State Council.

Emergency management of nuclear accidents in the administrative region are to be undertaken by departments assigned by the government of the province, autonomous region or municipality directly under the Central Government in where the plant is situated and, if necessary, to be led, organized and coordinated by such government.

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Property Development

Under the *Provisions on Administration of Qualifications of Property Development Enterprises* (2000) (《房地產開發企業資質管理規定(2000)》), a property development enterprise shall apply for classification of its qualifications, and shall not engage in real estate development without a qualification classification certificate for real estate development. According to such provisions, based on their specific conditions, property development enterprises are subject to four classes of qualifications classification: the first class, the second class, the third class and the fourth class. Enterprises with different classes of qualifications shall conduct their respective property development businesses within the stipulated business scope and may not undertake any property development businesses and assignments that are reserved for higher qualifications classes.

Pursuant to the *Regulations on the Administration of Urban Property Development and Operations* (《城市房地產開發經營管理條例》), the competent real estate development authorities shall examine the qualification class of real estate developers, by considering their assets, professional technicians as well as development and business achievements. A real estate developer shall engage in property development projects in compliance with its approved qualification. Relevant specific rules shall be formulated by the competent administrative department of construction of the State Council.

Under the *Law on Land Administration* (《中華人民共和國土地管理法》) and the *Regulations on the Assignment of State-Owned Construction Land Use Rights through Bidding, Auction and Listing* (《招標拍賣掛牌出讓國有建設用地使用權規定》), with an exception of the land use rights of the land for government offices, military facilities, urban infrastructure facilities and public facilities, which may be obtained through allocation, land to be used for industrial (including warehousing and storage, but excluding mining), commercial, tourism, entertainment and commercial residential housing purposes shall be transferred through bidding, auction or listing. The land development entity which has obtained the state-owned land use rights through grant or other compensatory fee-paying methods must pay such compensatory land use fees as the premium for obtaining land use rights as well as other fees before using such land.

According to the *PRC City Property Administration Law* (《中華人民共和國城市房地產管理法》), property development must be in strict compliance with the requirements of the relevant urban plan and design. A property development project, land use rights of which have been obtained through grant, must be developed in accordance with such terms as the usage and the deadlines for commencement and development of the land that are stipulated in the relevant land use rights grant agreement.

Under the *Law of Urban and Rural Planning of the PRC* (《中華人民共和國城鄉規劃法》), after its execution of the land use rights grant agreement for state-owned land, the land development entity shall apply for the construction land planning permit and the construction work planning permit in accordance with the relevant laws and regulations. Failing to obtain the construction work planning permit or develop the land in compliance with the requirements

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set forth in such permit will result in such administrative penalties as suspension of construction, rectification within a stipulated time period, demolition of structures before a stipulated deadline, confiscation of tangible assets or illegal income, or fine that the relevant administrative authority for urban and rural planning shall impose based on the particular nature of non-compliance.

In accordance with such regulations as the *Administrative Rules on the Development and Operation of Urban Properties* (《城市房地產開發經營管理條例》) and the *Administrative Measures for Construction Permits of Building Projects* (《建築工程施工許可管理辦法》), development and construction of any real estate project by a property development enterprise shall comply with all relevant laws and regulations, the quality requirements for the project construction, safety standards and technical criteria for the survey, design and construction of the construction project as well as relevant contractual terms. Furthermore, before the commencement of the property development project, the construction work commencement permit shall be obtained as required under applicable laws. Once the property development construction project is completed, it can only be utilized after inspection and meeting qualification for delivery, and no project that has not been so inspected or is determined to be unqualified upon such inspection may be utilized.

Under such regulations as the *Administrative Rules on the Development and Operation of Urban Property*, the *Administrative Measures for the Sale of Commercial Residential Properties* and the *Administrative Measure for the Pre-Sale of Urban Commercial Residential Properties*, property project owners may sell commercial residential housing through pre-sale, but shall first apply to local administrative authority for property development for the registration of such pre-sale and to obtain a commercial residential housing pre-sale permit. For qualified completed commercial residential housing, the property developer may file relevant proof documents with the local administrative authority for property development and obtain a commercial residential housing sales permit.

QUALITY AND SAFETY PRODUCTION

According to the *Product Quality Law of the People's Republic of China* (《中華人民共和國產品質量法》), the product quality supervision and administration departments of the State Council are responsible for the supervision and administration of the quality of products of the whole country. All relevant departments of the State Council shall be responsible for the supervision of product quality within their own functions and duties. Local administrations for the supervision of product quality at the county level and above are responsible for the supervision of product quality within their own administrative jurisdictions. The relevant departments of the local people's governments at the county level and above are responsible for the product quality within their respective functions and duties. If there are different provisions concerning the supervision departments of product quality, such provisions shall be applied.

According to the *Safety Production Law of the People's Republic of China* (《中華人民共和國安全生產法》), production entities must be strictly in compliance with the Safety Production Law and other laws and regulations in relation to safety production. Moreover, they should enhance safety production management, establish and optimize their safety production responsible systems and improve safety production condition, thereby ensuring the safety of production.

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In accordance with the *Safety Production Law* and rules under other applicable laws and administrative regulations, relevant authorities under the State Council are responsible for the supervision and administration of relevant safety production works within their respective terms of reference. In accordance with the *Safety Production Law* and rules under other applicable laws and administrative regulations, local governmental authorities are responsible for the supervision and administration of relevant safety production works within their respective terms of reference.

According to the “Notice to Further Strengthen Work Safety by Enterprise” (《國務院關於進一步加強企業安全生產工作的通知》) issued by the State Council, if an enterprise experiences serious and especially serious safety incidents involving production safety responsibility or catches more than two large safety incidents involving production safety responsibility within one year and has to take primary responsibility, or an enterprise doesn't conduct a rectification for its hidden risks, the safety regulators at provincial level or above, together with related competent authorities will issue an announcement to the public and report to the departments of investment, land resources, construction, banking and securities which will strictly restrict the additional project approval, land planning permit and security financing submitted by the enterprise involved within one year, which will serve as a major benchmark for obtaining bank loans.

ENVIRONMENTAL PROTECTION

The *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Prevention and Control of Atmospheric Pollution Law of the People's Republic of China* (《中華人民共和國大氣污染防治法》), the *Prevention and Control of Water Pollution Law of the People's Republic of China* (《中華人民共和國水污染防治法》), the *Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China* (《中華人民共和國固體廢棄物污染環境防治法》), the *Construction Law of the People's Republic of China* (《中華人民共和國建築法》), the *Environmental Effect Appraisal Law of the People's Republic of China* (《中華人民共和國環境影響評價法》), the *Regulation on the Administration of Environmental Protection of Construction Projects* (《建設項目環境保護管理條例》) and other relevant laws and regulations contain provisions concerning environmental protection during the course of construction projects.

Construction entities must, in accordance with laws and regulations concerning environmental protection and work safety, adopt measures to control environmental pollution and harm resulting from dust, waste gas, waste water, solid waste materials, noise and vibration at construction sites. The State Environmental Protection Administration and local governmental authorities in charge of environmental protection are responsible for the supervision and administration of environmental protection during the course of construction.

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The sanctions imposed for entities in breach of environmental protection laws vary in accordance with the extent of the pollution and the circumstances of the breach. These sanctions include warnings, fines, and remedial actions within prescribed timelines, suspension or cessation of operations. Entities in breach will also be liable to indemnify entities who have suffered losses as a result of the pollution. Breach of the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》) will be subject to criminal liability according to law if it constitutes a crime.

INTELLECTUAL PROPERTY RIGHTS

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and its Implementation Rules, the State provides patent protection to three categories of patents, namely invention, utility model and design. An invention or utility model for which a patent is to be granted shall be novel, inventive and practically applicable. Any design for which a patent is granted shall not be attributed to the existing design, and no entity or individual has, before the date of application, filed an application with the patent administrative department of the State Council on the identical design and recorded it in the patent documents published after the date of application. The duration of an invention patent shall be twenty years and the duration of the patent for a utility model or design shall be ten years, all from the date of application.

According to the Trademark Law of the PRC (《中華人民共和國商標法》) and its Implementation Rules, registered trademarks are those that have been approved and registered by the Trademark Office, including commodity trademarks, service trademarks, collective marks and certification marks. Trademark registrants shall be entitled to the right to exclusive use of their trademarks and shall be protected by law. The period of validity of a registered trademark shall be ten years from the day the registration is approved. If a registrant needs to continue to use the registered trademark after the period of validity expires, an application for renewal of registration shall be made within 12 months before the expiration. If the registrant fails to make such an application within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be ten years after expiry of the previous valid term.

LABOR WORK AND PERSONNEL

The Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Law of People's Republic of China on Employment Contract (《中華人民共和國勞動合同法》) and the Rules for Implementation of Labor contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) are to regulate the labor relations to be established between employers and laborers, entering into, execution, performance, modification and cancelation or termination of labor contract by them, perfect labor contract systems, specify the rights and obligations of both parties to a labor contract and protect the legitimate rights and interests of employers and laborers.

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According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and Provisions for Implementation of the Social Insurance Law of the People's Republic of China (《實施〈中華人民共和國社會保險法〉若干規定》), the State shall establish a social insurance system including basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to guarantee the rights of citizens to legally obtain financial assistance from the state and society when they become old, ill, suffer from work-related injuries, become unemployed and give birth to a child. Employers and individuals within the territory of the People's Republic of China shall pay social insurance premiums in accordance with the law.

According to the Regulation on Management of Housing Provident Fund (《住房公積金管理條例》), the employer shall register for contribution to the housing provident fund at a housing fund management center and open a housing provident fund account with an entrusted bank for its staff after approval by the housing fund management center. An employer who has decided to recruit a person shall, within 30 days from the date of recruitment register with the housing fund management center for contribution and deposit procedures, and go through procedures at the entrusted bank for establishing or transferring housing provident fund account for the recruited employee with the approval documents issued by the housing fund management center for both employees and employers, the payment rate for housing provident fund shall not be less than 5% of the average monthly salary of the employees in the previous year. The payment rate may be raised for most prosperous cities. Specific payment rates shall be worked out by the Housing Fund Management Committee, and submitted to the People's Government of the provinces, autonomous regions and municipalities for approval after it is examined by the People's Government of immediate jurisdiction.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS ACTIVITIES OVERSEAS

We have complied with all relevant regulations in relation to our business activities overseas in all material respects. As the revenue generated from our business activities overseas is relatively lower than that generated from our business activities in the PRC and given the large number of overseas countries in which we operate, this prospectus does not include a description of the regulatory authorities and the regulatory requirements relating to our business activities overseas.

INDUSTRIAL POLICIES FOR FOREIGN INVESTMENT

Pursuant to the Industrial Guidance Catalogue for Foreign Investment (2015 Revision) (《外商投資產業指導目錄(2015年修訂)》), within small power grids, the construction and operation of coal-fired power or condensing steam plants with a single unit installed capacity of 300 MW or below or coal-fired condensing-extraction cogen plants with a single unit installed capacity of 100 MW or below fall within the category of industries in which foreign investment is restricted; within big power grids, construction and operation of coal-fired power or condensing steam plants with a single unit installed capacity of below 300 MW or coal-fired condensing-extraction cogen plants with a single unit installed capacity of 200 MW or below fall within the category of industries in which foreign investment is prohibited.

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Although it is possible that the coal-fired power plant operation within our existing business scope falls within the category of industries in which foreign investment is restricted and prohibited by the State, no majority-owned coal-fired power projects currently are under operation. If such projects will be put into operation in future, we undertake that we will comply with the approval procedures in relation to such restricted foreign-investment projects and not be engaged in the prohibited foreign-investment projects.

DESCRIPTIONS OF SANCTIONS LAWS

United States

U.S. statutes, Executive Orders, and regulations impose economic sanctions against certain countries and territories, including Iran, Sudan, Cuba, Crimea, Syria and North Korea, as well as entities and individuals specifically designated for sanctions by the United States. In addition, the United States has imposed limited sanctions targeting certain sectors of the economy and certain entities and individuals in Russia and Ukraine and certain entities and individuals in Iraq or associated with the former Iraqi government. Such statutes, Executive Orders and regulations, primarily administered by OFAC, generally apply to “U.S. Persons” (defined to include U.S. citizens and permanent residents, entities established in the United States and their non-U.S. branch offices, any individual located in the territory of the United States, and, in the case of Cuba and Iran sanctions, any entities owned or controlled by the foregoing) and activities conducted in the United States or otherwise subject to U.S. jurisdiction. U.S. Persons are prohibited from engaging in most direct or indirect commercial activities or transactions with Sanctioned Countries and Sanctioned Persons (including individuals or entities), and are also prohibited from facilitating such activities or transactions. U.S. sanctions and related export control laws and regulations also prohibit (with certain limited exceptions) the export and re-export of U.S. origin items from the United States or third countries to Iran, Sudan, Cuba, Crimea, North Korea and Syria.

U.S. statutes, Executive Orders, and regulations also target the activities of non-U.S. companies doing business with Iran in certain sectors or with respect to certain activities. The Iran Sanctions Act of 1996 (the “ISA”) as amended by the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (“CISADA”), the Iran Threat Reduction and Syria Human Rights Act of 2012 (the “ITRA”), Executive Order 13590 and other laws, among other things, authorize the U.S. Department of State and the U.S. Department of the Treasury to impose sanctions on non-U.S. companies that undertake certain investments in, or provide certain goods, services or technology to, the Iranian petroleum and petrochemical sectors or specified entities or individuals in Iran.

Executive Order 13599, effective February 6, 2012, requires U.S. persons to block all property and interests in property of the Government of Iran and Iranian financial institutions and all persons (including individuals or entities) determined by the U.S. Department of the Treasury to be owned by, controlled by, or acting for or on behalf of any of those parties.

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Executive Order 13622, effective July 31, 2012, authorizes the U.S. Department of the Treasury to block all property and interest in property of any person determined to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of certain specified Iranian entities designated as Specially Designated Nationals (“SDNs”). OFAC’s designation of Iranian and other entities and individuals under certain of these and other sanctions programs prohibits U.S. persons from any dealings directly or indirectly with these designated parties. Imposition of sanctions under these measures can have severe repercussions for non-U.S. companies, including prohibitions on transactions involving U.S. financial institutions, other U.S. persons, or any property subject to U.S. jurisdiction anywhere in the world. The U.S. authorities have imposed sanctions on non-U.S. companies under the U.S. sanctions laws described above.

The Iran Freedom and Counter-Proliferation Act of 2012 (“IFCA”), which became U.S. law in January 2013, among other things, generally targets persons (including individuals or entities) who sell, supply, or transfer to or from Iran: (i) significant goods or services used in connection with Iran’s energy, shipping or shipbuilding sectors; and (ii) precious metals, or certain other metals if used in connection with certain targeted sectors or parties. Under the IFCA, the President must impose five or more of the twelve available ISA sanctions where a determination is made that entities have engaged in sanctionable activities. Additionally, persons involved in Iran’s energy, shipping or shipbuilding sectors, as well as persons who knowingly provide significant support to persons in connection with Iran’s energy sector, or engage in other sanctionable activity may become blocked under the US sanction laws.

Executive Order 13645, effective June 3, 2013, authorizes the U.S. Department of the Treasury to block the property and interests in property of persons determined to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of Government of Iran or other Iranian parties that are designated on OFAC’s SDN list, or to or in connection with the automotive sector of Iran.

Executive Order 13382, effective June 29, 2005, authorizes the designation on OFAC’s SDN List and consequently freezing of assets of entities or individuals designated as proliferators of weapons of mass destruction, as well as the designation of those who provide material assistance to already designated parties. OFAC has designated numerous parties under Executive Order 13382 for supporting the Iran’s Revolutionary Guard Corps (“IRGC”) or its affiliates.

On January 20, 2014, OFAC issued guidance (the “OFAC Guidance”) implementing the agreement reached by the United States, United Kingdom, Germany, France, Russia, and the PRC (“P5+1”) and Iran under the Joint Plan of Action (the “Joint Plan”). Under the Joint Plan, in return for Iran’s commitment to place meaningful limits on its nuclear program, the P5+1 committed to provide Iran with limited, targeted, and reversible sanctions relief for a six-month period, that commenced on January 20, 2014 and was extended several times, with the latest extension until June 30, 2015. The sanctions relief covers specified activities undertaken by non-U.S. persons engaged in transactions related to Iran. On April 2, 2015, the P5+1 group and Iran announced a Joint Comprehensive Plan of Action (“JCPOA”). According to OFAC

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Guidance, the JCPOA provides “a path for sanctions on Iran to be suspended and eventually terminated in exchange for IAEA (“International Atomic Energy Agency”) verified implementation by Iran of its key nuclear commitments.” However, the OFAC Guidance makes clear that the JCPOA does not immediately relieve, suspend or terminate any sanctions on Iran and OFAC will continue to vigorously enforce its sanctions against Iran, including taking action against persons who seek to evade U.S. sanctions. In addition, the U.S. Government retains the authority to revoke this limited sanctions relief at any time if Iran fails to meet its commitments under the JCPOA.

A significant number of the 50 U.S. states and some U.S. municipalities have laws or policies targeting Sanctioned Countries. These state and local laws generally require that state or local funds divest from or do not invest in companies that are identified as doing business with one or more Sanctioned Countries. CISADA authorized such divestment by U.S. states and municipalities. U.S. state and municipal investors may be restricted from investing in the Company as a result of its business dealings with Sanctioned Countries during the Track Record Period.

European Union

The E.U. also imposes economic sanctions against certain countries including, but not limited to, Iran, Iraq, Libya, Russia, Sudan and Syria. E.U. sanctions apply: (i) within the territory of the E.U., including its airspace; (ii) on board any aircraft or any vessel under the jurisdiction of an E.U. Member State; (iii) to any person inside or outside the territory of the E.U. who is a national of a Member State; (iv) to any legal person, entity or body, inside or outside the territory of the E.U., which is incorporated or constituted under the law of a Member State; and (v) to any legal person, entity or body in respect of any business done in whole or in part within the E.U.. Persons and entities to whom E.U. sanctions apply are referred to hereafter as “E.U. Persons.”

Under the E.U.’s Common Foreign and Security Policy, the E.U. may introduce sanctions either on an autonomous basis (to implement an E.U. Council Decision which defines the E.U.’s approach to a particular matter, such as the imposition of restrictions against a country or group), or to implement sanctions imposed by the UNSC uniformly across all Member States. E.U. sanctions are imposed through Council and Commission regulations, which are directly applicable in the 28 Member States of the E.U., and do not require further implementing legislation.

Under the E.U.’s sanctions regimes, certain activities are either prohibited or require approval from the competent authority of a Member State. E.U. sanctions typically comprise restrictions on dealings in certain industrial sectors and trade in certain goods and services, embargoes on arms and related technology, asset freezes, and prohibitions on making funds or economic resources available, directly or indirectly, to or for the benefit of listed individuals and entities.

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E.U. sanctions may also prohibit the provision of technical assistance, brokering services and/or financing or financial assistance in support of certain prohibited activities. In addition, E.U. sanctions may include anti-circumvention provisions, which prohibit E.U. Persons from participating, knowingly and intentionally, in activities which have the object or effect of circumventing the E.U. prohibitions. The terms “knowingly” and “intentionally” imply cumulative requirements of “knowledge” and “intent” which are met when the person participating in an activity which frustrates the E.U. prohibition deliberately seeks that object or effect or is aware that his participation may have that object or that effect and accepts that possibility.

In some cases, “grandfathering” provisions may apply under E.U. sanctions, which allow the fulfilment of certain obligations which would otherwise be prohibited, where those obligations arise under an agreement or contract that was concluded before the entry into force of the E.U. sanctions or before a specific date as specified by the relevant E.U. regulation. Notification to or approval by competent authorities in the Member States may be required.

Whilst E.U. regulations are directly applicable, each Member State sets the penalties for breaches of E.U. sanctions, generally through national legislation. In some Member States, national legislation creates criminal offenses and may further elaborate on activities which will be regarded as being contrary to the E.U. regulations. In the UK, for example, breaches of E.U. sanctions prohibitions will generally be criminal offenses; in addition, the circumvention of a prohibition in the E.U. regulations will also be a criminal offense, as will participating in activities which “enable” or “facilitate” a contravention.

In order to fully assess E.U. sanctions risk, it is necessary to consider the effect of E.U. regulations, the domestic legislation in each Member State governing penalties for breaches of E.U. sanctions, and applicable Member State legislation which may be engaged by the particular circumstances of a proposed investment. Only E.U. regulations are discussed in this prospectus.

E.U. sanctions relating to Iran are set out in Council Regulation (E.U.) No. 359/2011 of April 12, 2011 (as amended), which is directed at perpetrators of human rights abuses; and Council Regulation (E.U.) No. 267/2012 of March 23, 2012 (as amended), which is directed at preventing nuclear proliferation. The E.U. sanctions targeting Iran include, inter alia: (i) asset freezes and prohibitions on the making available of funds and economic resources, directly or indirectly, to or for the benefit of listed natural and legal persons; (ii) restrictions on the sale, supply, transfer or export, directly or indirectly, of listed goods and technology (including dual-use goods and technology), whether or not originating in the E.U., to any Iranian person, entity or body or for use in Iran; (iii) a prohibition on the sale, supply, transfer or export of graphite and listed raw or semi-finished metals, directly or indirectly, to any Iranian person, entity or body, or for use in Iran; (iv) prohibitions on the import into the E.U. and the purchase of crude oil and petroleum products located in, originating in, or exported from Iran; and (v) subject to certain exemptions, restrictions on transfers of funds to or from Iranian persons, entities or bodies. There are also prohibitions on the provision of technical assistance, brokering services, financing and financial assistance in support of certain

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prohibited activities. Pursuant to the Joint Plan, the E.U. suspended a limited number of restrictive measures with effect from January 20, 2014, including the prohibition on the transport of crude oil or petroleum products that originate in Iran, or are being exported from Iran to any other country.

E.U. sanctions relating to Ukraine and Russia are set out in Council Regulation (E.U.) No. 208/2014 of March 5, 2014 (as amended), relating to the misappropriation of state funds and violations of human rights; Council Regulation (E.U.) No. 269/2014 of March 17, 2014 (as amended), relating to the territorial integrity, sovereignty and independence of Ukraine; Council Regulation (E.U.) No. 692/2014 of June 23, 2014 (as amended), relating to the annexation of Crimea and Sevastopol; and Council Regulation (E.U.) No. 833/2014 of July 31, 2014 (as amended), relating to Russia. The E.U. sanctions include, inter alia: (i) asset freezes and prohibitions on making available funds and economic resources, directly or indirectly, to or for the benefit of listed natural and legal persons; (ii) restrictions on access to the capital markets for listed Russian financial institutions and military and energy companies; (iii) a prohibition on the provision of certain new loans or credit to listed Russian financial institutions and military and energy companies; (iv) restrictions on the sale, supply, transfer or export, directly or indirectly, of listed items relating to the oil industry, whether or not originating in the E.U., to any natural or legal person, entity or body in Russia or in any other state, if the items are for use in Russia; (v) a prohibition on the sale, supply, transfer or export, directly or indirectly, of dual-use goods and technology, whether or not originating in the E.U., to any listed natural or legal person, entity or body in Russia for any purpose, as well as to any non-listed natural or legal person, entity or body in Russia or for use in Russia, if the items are or may be intended, in their entirety or in part, for military use or for a military end-user; and (vi) restrictions on the provision, directly or indirectly, of certain services related to the supply of arms and military equipment to any natural or legal person, entity or body in Russia or for use in Russia. There are also prohibitions on the provision of technical assistance, brokering services, financing and financial assistance in support of certain prohibited activities.

E.U. sanctions relating to Iraq are set out in Council Regulation (E.C.) No. 1210/2003 of July 7, 2003 (as amended). The E.U. sanctions include, inter alia, asset freezes and prohibitions on making available funds and economic resources, directly or indirectly, to or for the benefit of listed natural and legal persons.

E.U. sanctions relating to Libya are set out in Council Regulation (E.U.) No. 204/2011 of March 2, 2011 (as amended). The E.U. sanctions include, inter alia: (i) an asset freeze on funds or economic resources belonging to, owned, held or controlled by, listed natural and legal persons; (ii) an asset freeze on all funds or economic resources belonging to, owned, held or controlled by specified entities on September 16, 2011 and located outside Libya on that date; (iii) a prohibition on making funds or economic resources available, directly or indirectly, to or for the benefit of listed natural and legal persons; (iv) a prohibition on the provision of military items and items for internal repression; and (v) restrictions on the provision of services to certain specified vessels, including the loading, transport or discharge of crude oil from Libya aboard such vessels.

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E.U. sanctions relating to Sudan are set out in Council Regulation (E.U.) No. 747/2014 of July 10, 2014 (as amended). The E.U. sanctions include, inter alia: (i) an asset freeze on funds or economic resources belonging to, owned, held or controlled by, listed natural and legal persons; (ii) a prohibition on making funds or economic resources available, directly or indirectly, to or for the benefit of listed natural and legal persons; and (iii) a prohibition on the provision of technical assistance, brokering services, financing and financial assistance relating to military activities.

E.U. sanctions relating to Syria are set out in Council Regulation (E.U.) No. 36/2012 of January 18, 2012 (as amended). The E.U. sanctions include, inter alia: (i) a prohibition on the sale, supply, transfer or export of listed equipment and technology to be used in the construction or installation in Syria of new power plants for electricity production; (ii) a prohibition on the provision, directly or indirectly, of technical assistance, financing or financial assistance in relation to any project to construct or install in Syria new power plants for electricity production; (iii) a prohibition on granting any financial loan or credit to any Syrian person, entity or body engaged in the construction or installation of new power plants for electricity production, as well as acquiring or extending a participation in such a Syrian person, or creating a joint venture with them; (iv) an asset freeze on all funds and economic resources belonging to, owned, held or controlled by, listed natural and legal persons; and (v) a prohibition on making funds or economic resources available, directly or indirectly, to or for the benefit of listed natural and legal persons.

The E.U. also maintains sanctions relating to (amongst other jurisdictions) Belarus, Côte d'Ivoire, Democratic Republic of the Congo, Myanmar and South Sudan.

Australia

In Australia, sanctions laws are implemented through two related regimes: the UNSC sanctions regimes (“U.N. sanctions”) and Australian autonomous sanctions regimes (“autonomous sanctions”). The relevant Australian legislation which underpins the sanctions are as follows: (a) U.N. sanctions are implemented primarily under the Charter of the United Nations Act 1945 (Cth) and its set of regulations; and (b) autonomous sanctions are implemented primarily under the Autonomous Sanctions Act 2011 (Cth) and the Autonomous Sanctions Regulations 2011 (Cth).

The autonomous sanctions regimes can either operate separate to or in addition to the UNSC sanctions regimes. For example, and as is extrapolated below in greater detail, both the U.N. sanctions and Australian autonomous sanctions apply to Iran, whereas only the U.N. sanctions apply to Iraq.

Australian sanctions have extraterritorial reach and apply to: (a) Australian citizens; (b) persons incorporated in Australia and persons controlled by a person incorporated in Australia; (c) persons located in Australia; and (d) activities conducted in or through Australia.

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Breaches of controls on trade in sanctioned goods and services, or dealings with sanctions-designated individuals and entities, are criminal offenses under the Autonomous Sanctions Act 2011 (Cth). It is possible to obtain a “sanctions permit” authorizing otherwise restricted or prohibited activities, although an application must be made to the Minister for Foreign Affairs.

In relation to Iran, Australia has implemented the UNSC sanctions regime and also drafted an autonomous sanctions regime. The autonomous sanctions regime has been imposed against Iran since October 18, 2008 and has been amended several times, most recently on December 19, 2013. In summary, the sanctions regimes prohibit or restrict:

- (a) the export or supply of goods, such as: (i) direct or indirect supply of “export sanctioned goods.” What constitutes export sanctioned goods is broad and wide-ranging; and (ii) supply, sale or transfer to the Government of Iran (related public bodies, corporations or agencies, or persons or entities acting on behalf of the Government) of gold, precious metals or diamonds.
- (b) the export or provision of services, including: (i) technical advice, assistance or training; (ii) financial assistance; (iii) a financial service; or (iv) another service, if the provision of that service: (i) assists with the supply, sale or transfer of “export sanctioned goods”; (ii) is in respect of an oil tanker or cargo vessel flying the flag of the Islamic Republic of Iran, or is owned, chartered or operated by an Iranian person, entity or body; (iii) assists with or is provided in relation to the Government of Iran (related public bodies, corporations or agencies, or persons or entities acting on behalf of the Government); or (iv) assists with an activity involving an item of gold, precious metals or diamonds.
- (c) the import, procurement, purchase or transport of goods including: (i) “import sanctioned goods” if the goods originate in, or are exported from Iran (such as crude oil and petroleum); and (ii) imports or purchase from the Government of Iran (related public bodies, corporations or agencies, or persons or entities acting on behalf of the Government).
- (d) commercial activities: broadly, the sanctions regime restricts commercial activities relating to investment in the oil and gas industry in Iran, and Iranian investment in Australia’s oil and gas industry.
- (e) financial sanctions: the use or dealing with an asset (defined broadly to include intangible, tangible, movable or immovable property) owned or controlled by a “designated person or entity” for Iran, or making an asset available for the benefit of a “designated person or entity.”
- (f) travel bans: “declared person(s)” prohibited from traveling to, entering or remaining in Australia (unless prohibition waived).

In relation to Iraq, Australia has not legislated an autonomous sanctions regime. However, Australia fully implements the UNSC sanctions regime that relates to Iraq.

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In relation to Russia, the UNSC is constrained in issuing sanctions against Russia due to its veto power as a permanent member of the UNSC. Accordingly, sanctions against Russia must stem from the Australian Government issuing autonomous sanctions. On March 31, 2015, the Autonomous Sanctions Regulation 2011 was amended so as to impose autonomous sanctions in relation to Russia. The following restrictions and prohibitions apply:

- (a) the direct or indirect supply, sale or transfer to Russia, for use in Russia, or for the benefit of Russia, of the following goods: (i) “arms or related material”; and (ii) items suited to certain categories of exploration and production projects in Russia;
- (b) the import, procurement, purchase or transport of “arms or related material” for Russia if the goods originate in, or are exported from Russia;
- (c) the export or provision of services, such as: (i) the provision to Russia, or a person for use in Russia, of technical advice, assistance or training, or financial assistance, or financial service, or another service, if it assists with, or is provided in relation to (A) a military activity and (B) the manufacture, maintenance or use of “arms or related material”; (ii) the provision to Russia, or to a person, entity or body for use in Russia, the following services necessary for certain categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf; and
- (d) restrictions on commercial activities, including: (i) the direct or indirect purchase or sale of, or any other dealing with, bonds, equity, transferable securities, money market instruments or other similar financial instruments, if the financial instrument (A) is issued by Russian state-owned banks, entities involved in military supplies and services and entities selling or transporting crude oil and petroleum products, and (B) has a maturity period exceeding thirty days; and (ii) directly or indirectly making, or being part of any arrangement to make loans or credit if the loan or credit (A) is made by an entity specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015 and (B) has a maturity period specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015 for the financial instrument and the entity, without a sanctions permit. There are certain exceptions to the above prohibitions.

In addition to the sanctions outlined above, there are sanctions relating to the Crimea, Sevastopol and Ukraine.

United Nations

Under Chapter VII of the U.N. Charter, the UNSC may impose sanctions through U.N. Security Council resolutions. Resolutions are addressed to U.N. Member States, who are required under the U.N. Charter to give effect to the provisions of the resolution. The manner in which resolutions are given effect in a particular jurisdiction depends on the constitutional position in that jurisdiction. In some instances, national legislation is required before the requirements of a resolution will become binding on private parties in the jurisdiction. Accordingly, the means of implementation, the interpretation and the enforcement of U.N. sanctions may differ among U.N. Member States.

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The UNSC has imposed sanctions relating to Côte d'Ivoire, which are provided for in UNSC resolutions 1572 (2004), 1643 (2005), 1842 (2008), 1946 (2010), 1975 (2011), 1980 (2011), 2045 (2012), 2101 (2013) and 2153 (2014). The resolutions require U.N. Member States to, *inter alia*: (i) take necessary measures to prevent the direct or indirect supply, sale or transfer to Côte d'Ivoire, from their territories or by their nationals, or using their flag vessels or aircraft, of arms or any related materiel, equipment and vehicles for security forces, whether or not originating in their territories, as well as the provision of any assistance, advice or training related to military activities; and (ii) freeze funds, other financial assets and economic resources which are on their territories and which are owned or controlled, directly or indirectly, by designated persons, or that are held by entities owned or controlled directly or indirectly by any persons acting on their behalf or at their direction; and ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any persons within their territories, to or for the benefit of designated persons or entities.

The UNSC has imposed sanctions relating to the Democratic Republic of Congo, which are provided for in UNSC resolutions 1493 (2003), 1533 (2004), 1596 (2005), 1807 (2008), 1857 (2008), 1952 (2010), 2021 (2011), 2078 (2012), 2136 (2014) and 2198 (2015). The resolutions require U.N. Member States to, *inter alia*: (i) ensure that no direct or indirect assistance, especially military or financial assistance, is given to the movements and armed groups present in Congo; (ii) take necessary measures to prevent the supply of arms and any related materiel or assistance to armed groups operating in Congo; (iii) take necessary measures to prevent the direct or indirect supply, sale or transfer, from their territories or by their nationals, or using their flag vessels or aircraft, of arms and any related materiel, and the provision of any assistance, advice or training related to military activities, including financing and financial assistance, to all non-governmental entities and individuals operating in Congo; and (iv) freeze funds, other financial assets and economic resources which are on their territories and which are owned or controlled, directly or indirectly, by designated persons or entities, or that are held by entities owned or controlled, directly or indirectly, by them or by any persons or entities acting on their behalf or at their direction; and ensure that no funds, financial assets or economic resources are made available by their nationals or by any persons within their territories, to or for the benefit of designated persons or entities.

The UNSC has imposed sanctions relating to Iran, which are provided for in UNSC resolutions 1737 (2006), 1747 (2007), 1803 (2008), 1929 (2010), 1984 (2011), 2049 (2012), 2105 (2013), 2159 (2014) and 2231 (2015). The resolutions require U.N. Member States to, *inter alia*: (i) take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of all items, materials, equipment, goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems; (ii) take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of certain listed items, materials, equipment, goods and technology; (iii) prevent the

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direct or indirect supply, sale or transfer to Iran, from or through their territories or by their nationals or individuals subject to their jurisdiction, or using their flag vessels or aircraft, and whether or not originating in their territories, of any conventional arms; (iv) freeze the funds, other financial assets and economic resources which are on their territories that are owned or controlled by listed persons or entities; and (v) take the necessary measures to prevent the entry into or transit through their territories of designated individuals.

The UNSC has imposed sanctions relating to Iraq, which are provided for in UNSC resolutions 661 (1990) and 1483 (2003) (amongst others). The resolutions require U.N. Member States to, *inter alia*: (i) freeze any funds or other financial assets or economic resources that belong to the previous Government of Iraq or its state bodies, corporations, or agencies, located outside Iraq as at May 22, 2003; (ii) freeze any funds or other financial assets or economic resources that have been removed from Iraq, or acquired, by Saddam Hussein or other senior officials of the former Iraqi regime and their immediate family members, including entities owned or controlled, directly or indirectly, by them or by persons acting on their behalf or at their direction; and, unless these funds or other financial assets or economic resources are themselves the subject of a prior judicial, administrative, or arbitral lien or judgment, immediately shall cause their transfer to the Development Fund for Iraq; and (iii) take appropriate steps to facilitate the safe return to Iraqi institutions of Iraqi cultural property and other items of archaeological, historical, cultural, rare scientific, and religious importance illegally removed from Iraq.

The UNSC has imposed sanctions relating to Libya, which are provided for in UNSC resolutions 1970 (2011), 1973 (2011), 2009 (2011), 2016 (2011), 2017 (2011), 2040 (2012), 2095 (2013), 2146 (2014), 2174 (2014) and 2213 (2015). The resolutions require U.N. Member States to, *inter alia*: (i) freeze funds, other financial assets and economic resources which are on their territories, and which are owned or controlled, directly or indirectly, by designated members of the Libyan authorities, or by individuals or entities acting on their behalf or at their direction, or by designated entities owned or controlled by them; and ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any individuals or entities within their territories, to or for the benefit of designated members of the Libyan authorities, or individuals or entities acting on their behalf or at their direction, or designated entities owned or controlled by them; and (ii) take necessary measures to prevent the direct or indirect supply, sale or transfer to Libya, from or through their territories or by their nationals, or using their flag vessels or aircraft, of arms and related materiel of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts for the aforementioned; and prevent the provision of technical assistance, training, financial or other assistance, related to military activities or the provision, maintenance or use of any arms and related materiel, including the provision of armed mercenary personnel whether or not originating in their territories.

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The UNSC has imposed sanctions relating to South Sudan, which are provided for in UNSC resolution 2206 (2015). The resolution requires U.N. Member States to freeze funds, financial assets and economic resources that are on their territories and that are owned or controlled, directly or indirectly, by designated individuals and entities, or by individuals or entities acting on their behalf or at their direction, or by any entities owned or controlled by them; and ensure that no funds, financial assets or economic resources are made available by their nationals or by any persons within their territories to or for the benefit of designated individuals and entities.

The UNSC has imposed sanctions relating to Sudan, which are provided for in UNSC resolutions 1556 (2004), 1591 (2005) and 1945 (2010). The resolutions require U.N. Member States to, *inter alia*: (i) freeze funds, financial assets and economic resources that are on their territories and that are owned or controlled, directly or indirectly, by designated persons, or that are held by entities owned or controlled, directly or indirectly, by such persons or by persons acting on their behalf or at their direction; and ensure that no funds, financial assets or economic resources are made available by their nationals or by any persons within their territories to or for the benefit of such designated persons or entities; (ii) take necessary measures to prevent the sale or supply, to all non-governmental entities and individuals operating in the states of North Darfur, South Darfur and West Darfur, by their nationals or from their territories or using their flag vessels or aircraft, of arms and related materiel of all types, whether or not originating in their territories; and (iii) take necessary measures to prevent any provision to non-governmental entities and individuals operating in the states of North Darfur, South Darfur and West Darfur by their nationals or from their territories of technical training or assistance related to the provision, manufacture, maintenance or use of arms and related materiel.

HISTORY AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Background

Our history dates back to the 1950s, when the predecessors of most of our subsidiaries engaged in the business of survey and design, construction and contracting, and equipment manufacturing in the power industry were established. On September 28, 2011, pursuant to the Approval from the State Council on the Issues Regarding the Establishment of China Energy Engineering Group Co., Ltd. (Guo Han [2011] No. 104), Energy China Group, our Controlling Shareholder, was established as a wholly state-owned company consisting of CGGC Group, CPECC and survey and design enterprises, construction enterprises, and building and repairing enterprises owned by State Grid Corporation of China (國家電網公司) and China Southern Power Grid Company Limited (中國南方電網有限責任公司), respectively, in 15 provinces and regions in the PRC at the time. Energy China Group is a large leading and internationally advanced energy engineering conglomerate with a well-known brand in the power industry in China and globally.

On December 19, 2014, our Company was established as a joint stock company with limited liability in the PRC. During the Reorganization, Energy China Group injected all of its principal businesses and assets into our Company, and we have developed into one of the largest comprehensive solution providers for the power industry in China and globally, with a business portfolio of survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, and investment and other businesses.

Key Milestones

Key milestones in our history up to the present are as follows:

- | | |
|--------------|--|
| 1950s | Establishment of the predecessors of most of our subsidiaries engaged in the business of survey and design, construction and contracting, and equipment manufacturing in the power industry |
| 1970 | Establishment of the 330 engineering headquarters (三三〇工程指揮部), the predecessor of CGGC Group, one of our Principal Subsidiaries

Commencement of construction of Gezhouba Hydro Project (葛洲壩水利樞紐工程), the first dam on the Yangtze River |
| 1975 | Establishment of Planning and Design Bureau of Water Conservancy and Electric Power (水利電力部規劃設計管理局), the predecessor of CPECC |
| 1988 | Commencement of power generation by the last unit of Gezhouba Hydro Project (葛洲壩水利樞紐工程) |

HISTORY AND CORPORATE STRUCTURE

- 1991** Commencement of operation of Zhejiang Qinshan Nuclear Power Plant Phase I (浙江秦山核電站一期) (conventional islands), the first nuclear power plant in China
- 1994** Commencement of construction of the Three Gorges Project (長江三峽水利樞紐工程), the largest hydropower project in the world in terms of installed capacity
- 1997** Establishment of CGGC, the first A-share listed company in the hydropower industry in the PRC
- 2003** Establishment of CGGC Group and CPECC, two of our Principal Subsidiaries
- 2006** Commencement of operation of Zhejiang Yuhuan Power Plant Phase I Project (2×1000 MW) (浙江玉環電廠一期 2×1000 兆瓦機組工程), the first domestically designed and constructed 1000 MW USC coal-fired power plant in China
- Commencement of operation of Jiangsu Tianwan Nuclear Power Plant Phase I (2×1060 MW) (江蘇田灣核電站一期 2×1060 兆瓦機組工程), which has the largest single unit capacity of any nuclear plant in operation and employs Russian A23-91 nuclear power units
- 2007** CGGC Group had its principal assets listed on the Shanghai Stock Exchange through CGGC
- 2009** Commencement of operation of Guangzhou University Town Distributed Energy Station (廣州大學城分佈式能源站), a landmark large-scale energy efficient distributed energy project in China
- 2010** Commencement of operation of ± 800 kV Yunnan Chuxiong – Guangdong Huidong Transmission Project (雲南楚雄 – 廣東惠東特高壓直流輸電工程), the world’s first ± 800 kV UHV DC transmission project
- Commencement of operation of Guangdong Ling’ao Nuclear Power Plant Phase II (2×1000 MW) (廣東嶺澳核電站二期 2×1000 兆瓦機組工程), the first CPR1000 project in China, adopting improved PWR with independent intellectual property rights
- Completion of construction of the Shanghai Jing’an 500 kV (Underground) Substation (上海靜安500千伏(地下)變電站工程), the first entirely underground, multi voltage level 500 kV power transformer substation in China

HISTORY AND CORPORATE STRUCTURE

- 2011** Establishment of Energy China Group, our Controlling Shareholder
- Completion of construction and commencement of operation of Hebei Zhangbei County National Wind and Solar Power Storage and Transmission Demonstration Station (河北張北國家風光儲輸示範電站), the world's first demonstration project for comprehensive utilization of new energies that integrates a wind and solar hybrid system, an energy storage system, and smart power transmission
- Commencement of operation of 1000 kV Southeast Shanxi-Nanyang-Jingmen Demonstration Project (晉東南 – 南陽 – 荊門示範工程), the first 1000 kV UHV AC transmission project in China
- 2012** Establishment of CEEEC, one of our Principal Subsidiaries
- Commencement of power generation by the No. 27 unit of the Three Gorges underground power station, marking the commencement of operation of all power generation units of the Three Gorges Hydropower Station (長江三峽水電站), the world's largest hydropower station
- 2013** Completion of construction of Jinping I Hydro Project on the Yalong River (雅礱江錦屏一級水電工程), the world's highest double-curve arch dam
- 2014** Completion of the overall restructuring and the establishment of our Company by Energy China Group, the principal promoter
- 2015** CGGC, a subsidiary of CGGC Group, one of our Principal Subsidiaries, was awarded “Top 100 Listed Companies with the Most Respect from Investors” out of more than 2,600 companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange
- The joint venture established by CGGC Group, BOREAL Investments Limited and CGGC & Niara – Holding, LDA won the bid for Caculo Cabaça Hydropower Project in Angola with Angolan Ministry of Energy and Water

HISTORY AND CORPORATE STRUCTURE

REORGANIZATION

Establishment of Our Company

Pursuant to the Approval for the Establishment of China Energy Engineering Corporation Limited (Guo Zi Gai Ge [2014] No. 1150), and the promoters agreement entered into between Energy China Group and EPPE Company, our Company was established as a joint stock company with limited liability in the PRC on December 19, 2014, with a registered capital of RMB21,600,000,000 consisting of 21,600,000,000 issued Domestic Shares with a nominal value of RMB1.00 each. The promoters of our Company made total investment of RMB33,238,450,000, determined in accordance with an independent valuation report upon approval from SASAC.

The shareholding structure of our Company upon the establishment is set out below:

Name of our promoters	Number of shares held	Percentage of shares held	Capital contribution to the registered capital	Means of capital contribution
Energy China Group	21,497,460,000	99.53%	RMB21,497,460,000	In cash, fixed assets, properties and equity interest in subsidiaries, with total evaluated amount of approximately RMB33,080,670,000
EPPE Company	102,540,000	0.47%	RMB102,540,000	In cash with total amount of approximately RMB157,780,000
Total	21,600,000,000	100%	RMB21,600,000,000	RMB33,238,450,000

The details of our promoters are set out below:

- Energy China Group is a wholly state-owned company with limited liability established in the PRC on September 28, 2011. As of the Latest Practicable Date, its registered capital was RMB26,000,000,000. It is primarily engaged in the business of survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, and investment and others in the power industry, of which all of the principal businesses were transferred to our Company during the Reorganization.

HISTORY AND CORPORATE STRUCTURE

- EPPE Company is a limited liability company established in the PRC on July 17, 2014, and is a wholly-owned subsidiary of Energy China Group. As of the Latest Practicable Date, its registered capital was RMB60,000,000. It is primarily engaged in research and study on development strategy and planning, government and industry policies in the power industry and standardization of scientific research.

Pursuant to the Reorganization Agreement, Energy China Group injected into our Company all of its principal businesses relating to survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, and investment and others, including (i) the entire equity interests in 33 wholly-owned subsidiaries engaging in the principal businesses directly held by Energy China Group; and (ii) the relevant assets and liabilities of Energy China Group, details of which are set out below.

(i) Businesses transferred to our Company

Energy China Group transferred to our Company all the principal businesses, including the entire equity interests in the 33 wholly-owned subsidiaries. During the Reorganization, Energy China Group carried out corporate restructuring of its wholly state-owned enterprises in accordance with the relevant laws and regulations. Some enterprises that were insolvent and had certain non-operating assets were not transferred to our Company during the Reorganization and remained under the operation and management of Energy China Group.

(ii) Liabilities transferred to our Company

In addition to the transferred businesses and assets, Energy China Group transferred to our Company the corresponding liabilities at the time. Energy China Group issued the first tranche of RMB3 billion 10-year medium-term notes named “13 Energy China Group MTN1.” In April 2015, a noteholders’ meeting was held, during which the proposal on the transfer by Energy China Group to our Company of all of its rights and obligations under the 13 Energy China Group MTN1 notes was considered and approved. The results of such transfer were published on the website of National Association of Financial Market Institutional Investors on April 21, 2015, and the procedures for such transfer were completed on June 30, 2015.

(iii) Employees transferred to our Company

Energy China Group transferred to our Company the relevant employees of the businesses and assets that were transferred to our Company. Our Company assumed the labor contracts or engagement agreements previously entered into between Energy China Group and the relevant employees, and completed the procedures for the change of labor relations.

HISTORY AND CORPORATE STRUCTURE

(iv) Properties transferred to our Company

Energy China Group transferred to our Company the land assets relating to its principal businesses. Properties on such land were either transferred to our Company at their respective appraised value, or leased to our Company for rental income.

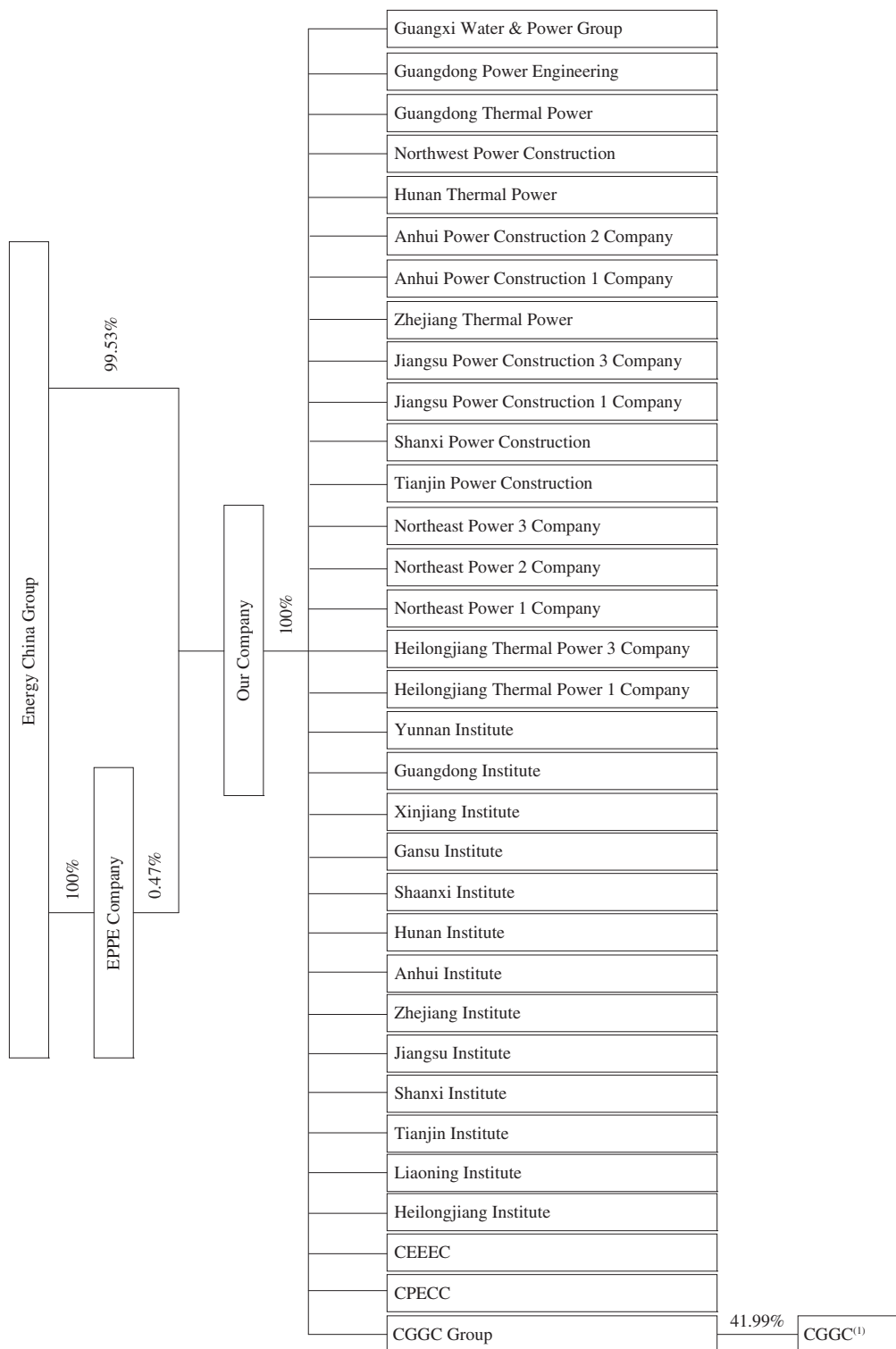
Retained Business

According to the Reorganization Agreement, after the completion of the Reorganization, Energy China Group would no longer be able to independently operate businesses similar to those of our Principal Business (as defined in “Relationship with Controlling Shareholder”). Apart from certain power engineering businesses under our custodian and management pursuant to a custodian service agreement, Energy China Group (excluding our Group) is also engaged in research and study on development strategy and planning, government and industry policies in the power industry and standardization of scientific research through EPPE Company and its subsidiaries, and the provision of certain community services such as health care, education and public security. See “Relationship with Controlling Shareholder” for further details.

Our PRC legal advisers, Dentons Law Offices, have confirmed that the Reorganization was legally and duly completed, and that we have obtained all the necessary approvals from the relevant PRC governmental authorities with respect to the Reorganization.

HISTORY AND CORPORATE STRUCTURE

The following chart sets out the simplified corporate structure of our Company immediately upon completion of the Reorganization:



Note:

- (1) The remaining 58.01% of the equity interest of CGGC, a company listed on the Shanghai Stock Exchange, was held by public shareholders upon completion of the Reorganization.

HISTORY AND CORPORATE STRUCTURE

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had approximately 500 directly and indirectly owned subsidiaries, among which 33 subsidiaries were directly held and wholly owned by us (the “Principal Subsidiaries”).

Principal Subsidiaries

The following table sets forth the details of the Principal Subsidiaries as of the Latest Practicable Date:

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
1.	CGGC Group	June 10, 2003	PRC	3,000,000,000	Construction and contracting for water conservancy and hydropower projects, transportation, municipal administration, and airport projects
2.	CPECC	August 12, 2003	PRC	600,000,000	Survey, design, supervision, general contracting, consultancy services for electric power engineering, industrial and civil construction, transportation, environmental protection, municipal administration and geotechnical engineering
3.	CEEEC	August 16, 2012	PRC	3,575,922,170	Research and development, design, manufacturing, sale, installation, overhaul and commissioning of electric equipment, building materials and chemical equipment

HISTORY AND CORPORATE STRUCTURE

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
4.	Heilongjiang Institute	April 24, 1993	PRC	100,000,000	Survey and design of power engineering, construction design, engineering consultancy, general contracting, special engineering design for environmental pollution control
5.	Liaoning Institute	March 29, 1990	PRC	71,000,000	Engineering survey, mapping, and engineering design for power and municipal administration industries
6.	Tianjin Institute	March 15, 1985	PRC	100,000,000	Survey, design and contracting of power transmission, project management and related engineering technology consulting and services
7.	Shanxi Institute	July 31, 1986	PRC	600,000,000	Survey and design of electric power, engineering power engineering consultancy and general contracting
8.	Jiangsu Institute	September 21, 1990	PRC	300,000,000	Survey and design of electric power engineering, clean engineering, general contracting and engineering consultancy, engineering supervision, special design for fire control facilities

HISTORY AND CORPORATE STRUCTURE

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
9.	Zhejiang Institute	April 2, 1996	PRC	580,000,000	Survey, design, implementation, supervision and engineering consultancy for electric power engineering, construction engineering, environmental projects, geotechnical engineering, municipal administration, ocean engineering, oil and gas engineering
10.	Anhui Institute	January 3, 1990	PRC	118,000,000	Power system design, general contracting of electric power engineering, construction design, control facility design, environmental engineering (exhaust fumes) design
11.	Hunan Institute	October 13, 1993	PRC	80,000,000	Engineering survey, construction cost consultancy, engineering design for power industry, municipal administration
12.	Shaanxi Institute	November 18, 1989	PRC	100,000,000	Design of electric power engineering and relevant ancillary engineering, technical consultancy services for electrical engineering survey, construction engineering design and the related engineering consultancy and decoration design and general contracting

HISTORY AND CORPORATE STRUCTURE

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
13.	Gansu Institute	April 12, 1990	PRC	80,000,000	Survey and design for power transmission and transformation projects and industrial and civil buildings entrusted engineering construction and project management, power transmission and transformation projects
14.	Xinjiang Institute	August 3, 1989	PRC	100,000,000	Engineering design, general contracting, engineering consultancy, engineering survey, water and soil conservation, special engineering design for fire control facilities, and environmental pollution control
15.	Guangdong Institute	November 8, 2001	PRC	1,000,000,000	Engineering survey, engineering design, engineering consultancy, general contracting, danger evaluation of geological disasters, special equipment design
16.	Yunnan Institute	March 1, 1987	PRC	160,000,000	Design for power industry, engineering survey and consultancy service for geological engineering
17.	Heilongjiang Thermal Power 1 Company	April 16, 1996	PRC	100,000,000	General contracting for electric power construction engineering, professional general contracting for anticorrosion and heat insulation engineering, contracting for overseas fossil-fuel power engineering

HISTORY AND CORPORATE STRUCTURE

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
18.	Heilongjiang Thermal Power 3 Company	January 1, 1962	PRC	350,000,000	General construction contracting for electric power engineering, export of equipment and materials
19.	Northeast Power 1 Company	September 16, 1951	PRC	185,000,000	Power construction, power facilities maintenance, overhaul engineering, processing and manufacturing of core equipment accessories of power plants; processing and manufacturing of steel structure, machinery equipment and accessories
20.	Northeast Power 2 Company	March 27, 1986	PRC	110,000,000	General contracting for electric power engineering construction, professional contracting for steel structure engineering, electro-mechanical installation engineering, pipelines engineering and installation of lifting equipment
21.	Northeast Power 3 Company	April 7, 1985	PRC	205,000,000	General contracting for electric power engineering and building engineering, professional contracting for anticorrosion and heat insulation engineering, steel structure engineering and pipeline projects, installation and maintenance of crane machinery, elevator, and reconstruction of boilers

HISTORY AND CORPORATE STRUCTURE

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
22.	Tianjin Power Construction	December 15, 1980	PRC	600,000,000	General contracting for electric power engineering and building engineering, installation of lines, pipelines and equipment, power transmission and transformation, water supply engineering, drainage engineering and smoke and dust treatment engineering, manufacture and installation of steel structure and pressure vessels
23.	Shanxi Power Construction	May 12, 1988	PRC	377,000,000	General contracting for electric power engineering, installation of lines, pipes and equipment, interior and exterior decoration
24.	Jiangsu Power Construction 1 Company	July 17, 1991	PRC	200,000,000	General contracting for electric power engineering and building engineering, professional contracting for steel structure engineering and environmental protection projects, overhaul of industrial equipment
25.	Jiangsu Power Construction 3 Company	September 10, 1987	PRC	260,000,000	General contracting and professional contracting for electric power engineering buildings, municipal administration and public projects, environmental protection projects, fire-fighting engineering and petrochemical engineering, project management, engineering supervision and survey

HISTORY AND CORPORATE STRUCTURE

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
26.	Zhejiang Thermal Power	April 6, 1982	PRC	700,000,000	General contracting for electric power engineering, professional contracting for installation and construction of fossil-fuel power equipment, conventional islands for nuclear power plant and auxiliary production equipment, professional contracting for pipeline projects and environmental protection projects
27.	Anhui Power Construction 1 Company	December 11, 1982	PRC	241,514,000	General construction contracting for electric power engineering, building engineering and municipal administration projects, professional contracting for installation of lifting equipment, pressure pipe, power generation engineering test, overhauling of power equipment
28.	Anhui Power Construction 2 Company	November 9, 1952	PRC	201,261,650	General construction contracting for electric power engineering, installation of nuclear safety machinery equipment, electricity facilities contracting and installation, installation of pressure pipelines, elevator and lifting equipment

HISTORY AND CORPORATE STRUCTURE

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
29.	Hunan Thermal Power	May 2, 1995	PRC	249,000,000	General construction contracting for electric power engineering, professional contracting for installation of lifting equipment and steel structure engineering, manufacturing and installation of waterworks construction engineering
30.	Northwest Power Construction	April 13, 1994	PRC	710,000,000	General construction contracting for electric power engineering and building engineering, installation of lifting equipment, steel structure and electro-mechanical equipment, professional contracting, testing, supervising for power transmission and transformation projects
31.	Guangdong Thermal Power	May 12, 1986	PRC	1,000,000,000	General contracting for electric power engineering, mechanic and electric installation engineering, municipal administration, building engineering, installation of nuclear bearing equipment, power equipment, boilers and pressure pipelines

HISTORY AND CORPORATE STRUCTURE

No.	Name	Date of establishment	Place of establishment	Registered capital (RMB)	Principal business
32.	Guangdong Power Engineering	August 26, 1989	PRC	100,037,500	General construction contracting for electric power engineering, building engineering and municipal administration projects, professional contracting for high-rise structure construction, installation of power facilities and boilers, overhaul and reconstruction of cranes
33.	Guangxi Water & Power Group	November 3, 1995	PRC	800,000,000	General contracting for construction of hydraulic and hydro-power engineering and electric power engineering, building engineering, municipal administration and earthwork

CGGC

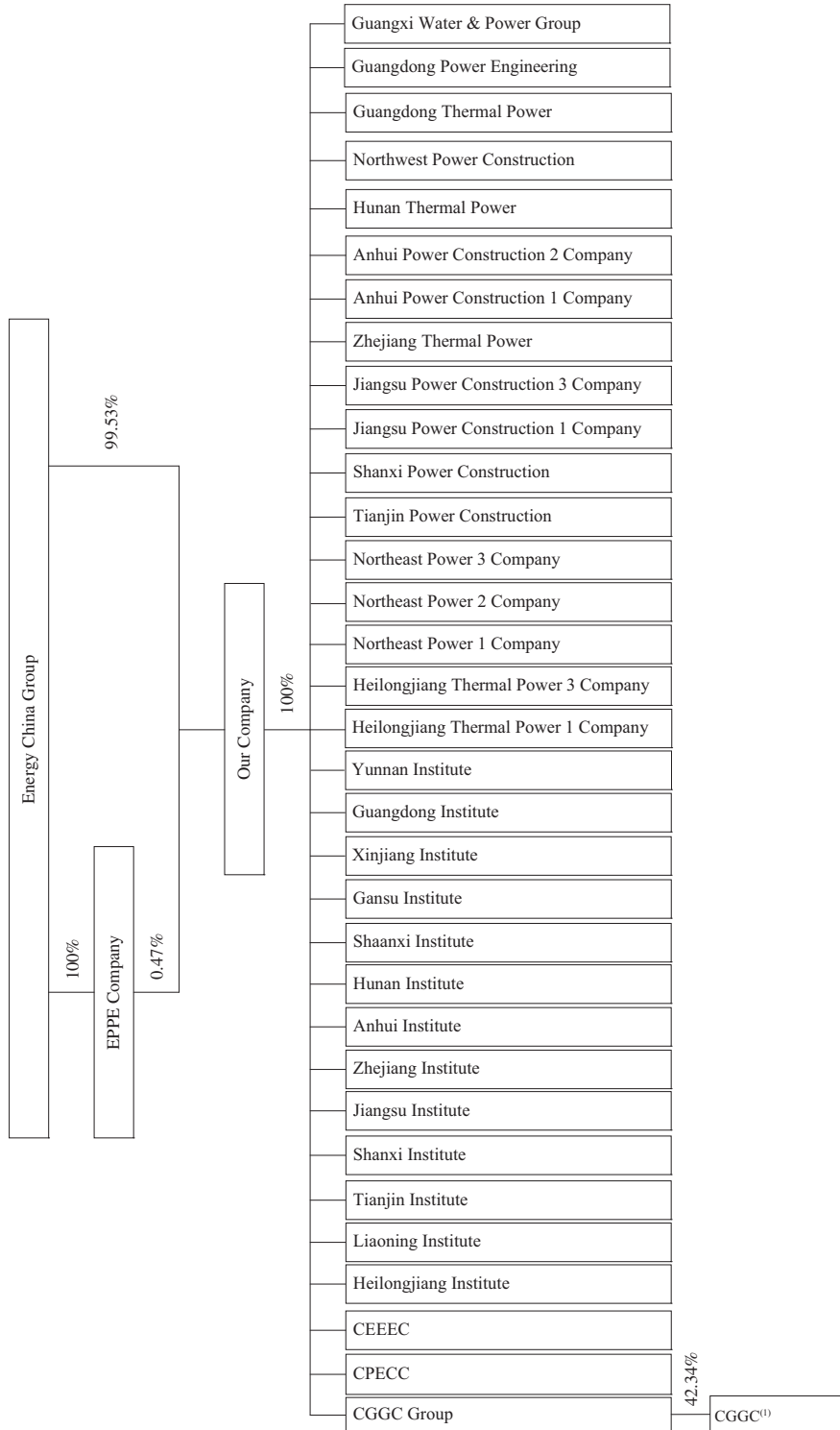
CGGC is a joint stock company with limited liability established in the PRC by way of public subscription exclusively promoted by China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司) (“Hydropower Engineering Company”). In May 1997, CGGC was listed on the Shanghai Stock Exchange (Stock Code: 600068.SH), with 61.22% of its equity interest held by Hydropower Engineering Company and the remaining 38.78% held by public shareholders. In September 2007, CGGC merged Hydropower Engineering Company through a share exchange. After the merger, CGGC Group, one of our Principal Subsidiaries and the controlling shareholder of Hydropower Engineering Company at the time, held a 43.53% equity interest in CGGC directly. As of the Latest Practicable Date, CGGC had a total of 189 directly and indirectly owned subsidiaries, primarily engaging in the business of construction and contracting for water conservancy and hydropower, transportation and municipal administration projects. CGGC Group held a 42.34% equity interest in CGGC as of September 30, 2015.

As CGGC is listed on the Shanghai Stock Exchange in the PRC, it is subject to the disclosure obligations under the applicable PRC laws and regulations, including but not limited to the listing rules of the Shanghai Stock Exchange. In respect of any information publicly disclosed by CGGC, our Company will make appropriate public announcement in Hong Kong when necessary in accordance with the relevant requirements under the Listing Rules, including but not limited to Rule 13.10B of the Listing Rules.

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

The following chart sets out our simplified corporate structure after completion of the Reorganization and immediately prior to the Global Offering:

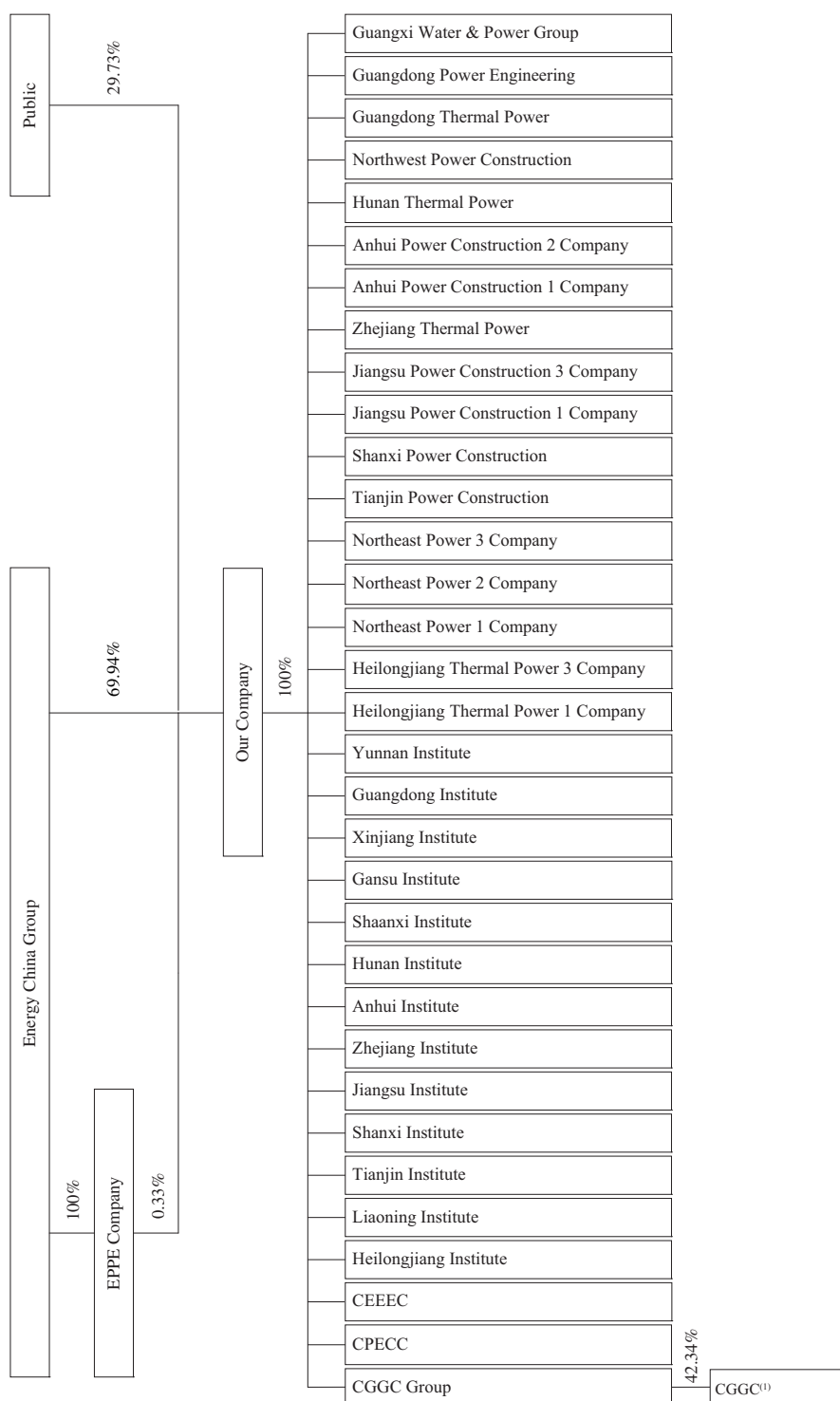


Note:

- (1) The remaining 57.66% of the equity interest of CGGC, a company listed on the Shanghai Stock Exchange, was held by public shareholders as of September 30, 2015.

HISTORY AND CORPORATE STRUCTURE

The following chart sets forth the simplified corporate structure of our Company immediately upon completion of the Global Offering (assuming no Over-allotment Option is exercised):



Note:

- (1) The remaining 57.66% of the equity interest of CGGC, a company listed on the Shanghai Stock Exchange, was held by public shareholders as of September 30, 2015.

BUSINESS

OVERVIEW

We are one of the largest comprehensive solutions providers for the power industry in China and globally. The comprehensive solutions include one-stop integrated solutions and full life-cycle project management services. Our strong capabilities across the full industry chain, especially in survey and design, enable us to provide customized comprehensive solutions for power projects. We undertook the construction of the Three Gorges Project (which has the largest hydropower station in the world in terms of installed capacity), the AC and DC transmission lines with the highest voltage level and the largest number of 1000 MW USC generation units. According to the Sullivan Report, from 2012 to 2014, we engaged in the design and/or construction of power plants with a total on-grid installed capacity of more than 160 GW, ranking first in the world. According to the Sullivan Report, in terms of the respective revenue of our survey, design and consultancy business and construction and contracting business, we ranked 21st on the ENR's "The Top 150 Global Design Firms" list and 13th on the ENR's "The Top 250 Global Contractors" list in 2015, respectively. Energy China Group ranked 391st among "The Fortune Global 500" in 2015.

Our business segments consist of (i) survey, design and consultancy, (ii) construction and contracting, (iii) equipment manufacturing, (iv) civil explosives and cement production, and (v) investment and other businesses. As the leader in the power engineering and construction industry of China, we provide services across all provinces, municipalities and autonomous regions in China. In 2012, 2013 and 2014 and the five months ended May 31, 2015, our revenue from China was RMB123,232.8 million, RMB136,477.4 million, RMB161,140.8 million and RMB59,208.3 million, accounting for 88.5%, 88.8%, 87.7% and 87.8% of our total revenue for the same periods, respectively.

In recent years, our international business has experienced rapid development and completed milestone projects, such as China's first overseas nuclear power project, Chashma Nuclear Power Plant (1×300 MW) Project Phase I in Pakistan, and EREN SC Coal-fired Power Plant (2×600 MW) Project in Turkey, which used China's first exported complete equipment SC coal-fired power generation units. In addition, the Santa Cruz River Hydropower Station under construction by us is the largest project in Argentina and the largest overseas hydropower project undertaken by a PRC company so far in terms of contract value. Our revenue from overseas businesses continued to grow rapidly with a CAGR of 19.3% from 2012 to 2014. According to the Sullivan Report, we had the largest market share, 35.6%, of the overseas power contracting projects undertaken by the PRC companies in 2014 in terms of new contract value. Based on our strong track record, we have successfully established "Energy China" as a well-known contractor brand name in the international power and infrastructure industries.

Survey, Design and Consultancy Business

The survey, design and consultancy business is our core and pivotal segment among our overall businesses. We primarily provide survey and design services for large-scale power generation and grid projects in China and abroad, covering all major power sources. In addition, we provide a broad range of consultancy services, including policy consultation for the power industry, evaluation, assessment and supervision of power projects. Our survey and design business had market shares of 81.1% in the fossil-fuel power projects in terms of

BUSINESS

completed contract value, 52.6% in the power transmission lines (330 kV and above) market and 73.7% in the UHV transmission lines market, both in terms of length installed in China in 2014. As of March 31, 2015, among all nuclear power generation units in operation and under construction in China, we had a 90.8% market share in the survey and design of conventional islands in terms of installed capacity. See “Industry Overview.”

Construction and Contracting Business

The construction and contracting business is our core and largest business segment. We have world-class construction and contracting capabilities. We primarily undertake large-scale power generation projects, covering all major power sources, and power grid projects in China and abroad. In addition, we undertake other infrastructure projects. According to the Sullivan Report, in 2014, we had 57.6% and 22.8% market shares for the construction of fossil-fuel power projects and hydropower projects in China, respectively, both in terms of completed contract value. Additionally, among all nuclear power generation units in operation and under construction in China as of March 31, 2015, we had a 59.8% market share in installation, and a 29.7% market share in civil works, for conventional islands, respectively, both in terms of installed capacity. See “Industry Overview.”

Equipment Manufacturing Business

We are the largest supplier of auxiliary equipment for power plants in China with a full range of product offerings and advanced technology. We engage in the design, manufacturing and sales of equipment for various segments of the power industry, and have the ability to provide complete sets of equipment for large power plants. Our products include auxiliary equipment for power plants, power grid equipment, steel structure and energy-efficient equipment. We are one of the three largest PRC designers and manufacturers of flue gas and dust removal equipment (for 1000 MW and above generation units). We are also the only enterprise in China which is capable of designing and producing seawater filter and cathode protection systems for 1000 MW nuclear power plants. We have constructed the world’s first vertically mounted drum filter trial platform. Our independently developed ± 800 kV UHV dry-type flat wave reactor, 1000 kV UHV AC series compensation damping reactor, and casting technology for ceramic-metal composite wear-resistant parts employed advanced technologies in their respective fields.

Civil Explosives and Cement Production Business

We manufacture and sell civil explosives and cement and provide blasting services for projects. We ranked fourth in China in 2014 in terms of production volume of industrial explosives. We have the largest production base for specialty cement production in China.

Investment and Other Businesses

We invest in, operate and sell power plants and other infrastructure projects such as highways, environmental protection projects, and water conservancy projects. We also engage in the real estate development business.

BUSINESS

The following table sets forth a breakdown of our revenue by business segment during the Track Record Period.

Segment	Year ended December 31,						Five months ended May 31,			
	2012		2013		2014		2014		2015	
	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions) (Unaudited)	% of revenue	Revenue (RMB in millions)	% of revenue
Survey, design and consultancy	11,736.4	8.2%	12,293.5	7.8%	12,432.2	6.6%	4,130.0	6.7%	4,104.1	5.9%
Construction and contracting	108,128.3	75.5	119,245.2	75.2	142,436.6	75.6	46,663.0	75.4	52,874.5	76.1
Equipment manufacturing	8,254.6	5.8	8,919.9	5.6	8,897.4	4.7	3,109.9	5.0	2,924.3	4.2
Civil explosives and cement production	5,844.1	4.0	7,209.1	4.5	8,117.7	4.3	3,174.6	5.1	3,054.6	4.4
Investment and other businesses	9,288.8	6.5	10,982.8	6.9	16,446.4	8.8	4,811.2	7.8	6,563.9	9.4
Sub-total	143,252.2	100.0%	158,650.5	100.0%	188,330.3	100.0%	61,888.7	100.0%	69,521.4	100.0%
Intersegment elimination ⁽¹⁾	(4,074.1)		(5,015.1)		(4,506.3)		(1,271.9)		(2,083.2)	
Total	139,178.1		153,635.4		183,824.0		60,616.8		67,438.2	

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

In 2012, 2013 and 2014 and the five months ended May 31, 2015, our profit for the year or period was RMB2,769.3 million, RMB2,617.5 million, RMB4,095.6 million and RMB2,029.5 million, respectively.

COMPETITIVE STRENGTHS

We are one of the largest comprehensive solutions providers for the power industry in China and globally and well-positioned to benefit from continued market growth.

As one of the largest comprehensive solutions providers for the power industry in China and globally, we are the leader in China's power engineering and construction industry. According to the Sullivan Report, in terms of the respective revenue of our survey, design and consultancy business and construction and contracting business, we ranked 21st on the ENR's

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“The Top 150 Global Design Firms” list and 13th on the ENR’s “The Top 250 Global Contractors” list in 2015, respectively. In terms of revenue, we ranked second among all global engineering contractors specializing in power contracting in both 2012 and 2013. We engaged in the design and/or construction of power plants with a total on-grid installed capacity of more than 160 GW from 2012 to 2014, ranking first in the world, in terms of installed capacity during the same period. From 2012 to 2014, we undertook the design or construction of transmission lines with a total length of over 54,000 km, representing 25.2% of the length of new transmission lines in China, and our market share for new transmission lines with 330 kV or above voltage level was approximately 50.0% during the same period.

Established in the 1950s as one of the first PRC enterprises engaging in power survey and design, construction and contracting and equipment manufacturing, we have accumulated a broad and stable customer base and extensive expertise. As a pioneer in the industry, we have engaged in the design and/or construction of a number of milestone projects recognized as “the first in China” or “the first in the world,” in all of which we were responsible for all or a majority of the projects, such as:

- Gezhouba Hydro Project (葛洲壩水利樞紐工程), the first dam on the Yangtze River;
- Three Gorges Project (長江三峽水利樞紐工程), which has the largest hydropower project in the world in terms of installed capacity;
- Shuibuya Hydropower Station on the Qingjiang River (清江水布壩水利樞紐工程), the world’s highest rock-filled dam with a concrete face;
- Jinping Class I Hydro Project on the Yalong River (雅礮江錦屏一級工程), the world’s highest double-curve arch dam;
- Zhejiang Yuhuan Power Plant Phase I (浙江玉環電廠一期), the first domestically designed and constructed 1000 MW USC coal-fired power plant in China;
- Zhejiang Qinshan Nuclear Power Plant Phase I (浙江秦山核電站一期) (conventional islands), the first nuclear power plant in China;
- Southeast Shanxi-Nanyang-Jingmen Demonstration Project (晉東南 – 南陽 – 荊門示範工程), the first 1000 kV UHV AC transmission project in China;
- Yunnan Chuxiong-Guangdong Huidong UHV DC ± 800 kV Transmission Project (雲南楚雄 – 廣東惠東 ± 800 kV特高壓直流輸電工程), the world’s first ± 800 kV UHV DC transmission project; and
- Guangzhou University Town Distributed Energy Station (廣州大學城分佈式能源站), a landmark large-scale energy efficient distributed energy project in China.

The development of China’s economy continues to drive the growth in the power engineering and construction industry, and the “One Belt and One Road” initiative and other policies are new drivers for the expansion of our overseas markets. Although the growth of

BUSINESS

domestic investment has slowed down, incremental investment remains substantial, generating stable and large demand for power construction. According to the Sullivan Report, China's total investment in power is expected to grow at a CAGR of 7.2% from 2015 to 2020, with a projected increase in installed capacity by 120.6 GW each year, which accounts for 46.3% of the projected average annual increase in installed capacity globally during this period, and is more than the aggregate existing installed capacity of the United Kingdom and Switzerland as of December 31, 2014. The turnover of PRC companies from undertaking overseas power projects increased from USD10.3 billion in 2009 to USD27.4 billion in 2014, representing a CAGR of 21.6%. We believe that, with our extensive experience and established position in the power engineering and construction industry, we are well-positioned to benefit from the development of this industry in China and abroad.

Our businesses across the full industry chain for power engineering and construction enable us to offer systematic and customized one-stop solutions and comprehensive services spanning the full life-cycle of projects.

With our services and products across the full industry chain, we can provide customers with one-stop integrated services through the full life-cycle of power projects, encompassing the development, construction, project management and maintenance stages. For example, in the Guangdong Guohua Yuedian Taishan Power Plant Project, we provided survey, design and construction services, supplied auxiliary equipment and building material, provided operation and maintenance services, and conducted a feasibility study for retrofitting.

We are able to independently undertake projects encompassing all major power sources and power grids. Sharing market information and conducting cross-selling between business segments create synergy in our operations. In particular, our strong capabilities and solid business practices in survey, design and consultancy enable us to enter projects at an early stage and entrench ourselves to gain access to other work on the projects. Our businesses across the full industry chain also increase our bargaining power through a coordinated or centralized procurement approach among business segments, reducing procurement costs. Our expertise in all segments along the industry chain improves our efficiency by streamlining and integrating management functions of various business segments. From 2012 to 2014, the proportion of our revenue from our EPC business rose from 10.6% to 14.8%, and generated more market opportunities for our other business segments. For instance, we undertook the survey, design, construction, equipment procurement and installation of the No. 5 Unit of Anhui Tongling Power Plant Phase VI Expansion Project (2×1000 MW) (安徽銅陵電廠六期5號機組擴建工程). The project was jointly completed by our subsidiaries including China Power Construction Engineering Consulting Company Limited, CPECC Northwest Power Design Institute, Anhui Electric Construction First Company and Anhui Electric Construction Second Company.

Our strong survey, design and consultancy business enhances our profitability and fosters the development of our construction and contracting business.

The survey, design and consultancy business is a pivotal segment of our overall business, with strong industry expertise. Our subsidiary, CPECC, is a national power design group which owns 6 regional power design institutes. We also own 14 out of 31 provincial power design

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institutes in China and one power design institute in Lithuania. In 2014, CPECC ranked 42nd among “The Top 150 Global Design Firms” by ENR. According to the Sullivan Report, we ranked 21st on the ENR’s “The Top 150 Global Design Firms” list in terms of revenue of our survey, design and consultancy business in 2015; in 2014, our survey, design and consultancy business had an 81.1% market share in the fossil-fuel power projects, 52.6% of the power transmission lines (330 kV and above) market, among which our share of the UHV transmission lines market in China reached 73.7% and as of March 31, 2015, among all nuclear power generation units in operation and under construction in China, we had a 90.8% market share in the survey and design market for conventional islands.

As a pioneer and leading provider of survey, design and consultancy services for power construction, we have:

- played a leading role in formulating industry standards in China. As of May 31, 2015, we had led the formulation or amendments of over 200 national and industrial standards in effect in the power survey and design market. In particular, we contributed to over 90% of the standards in survey and design for fossil-fuel power plants, conventional islands of nuclear plants and power grids in China;
- guided the technological progress of China’s power industry with our technology innovations. We made substantial technology breakthroughs in the design of coal-fired power generation units, USC generation units of varied capacity, and conventional islands of different nuclear reactors. We also have world-class UHV designing capabilities; and
- undertaken landmark projects in China’s power industry. We designed the world’s most efficient USC generation unit, 2×1000 MW generation unit in Shanghai Waigaoqiao Power Station Phase III Project; the second largest power transformation project in the world, Shanghai Jing’an 500 kV Underground Substation; and the power grid project at the highest altitude, 750 kV Qinghai-Tibet Grid Project.

With our leading industry position, comprehensive and advanced business qualifications, and extensive project experiences and by integrating our survey, design and consultancy with other upstream and downstream resources, we believe we can expand the market share of our overall business, and enhance our profitability. As one of our major sources of profit, in 2012, 2013 and 2014 and the five months ended May 31, 2015, gross profit margin from the survey, design and consultancy business was 41.6%, 43.2%, 42.7% and 40.8%, respectively, and the segment profits were RMB4,880.5 million, RMB5,311.6 million, RMB5,312.0 million and RMB1,676.2 million, accounting for 28.7%, 29.5%, 24.0% and 19.6% of our gross profits before intersegment elimination.

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Our proven track record in nuclear power, new energy and the retrofitting of coal-fired power as well as in the UHV power transmission lines, enables us to capture the early-mover advantage in these fast-growing markets in China's power engineering and construction industry.

In recent years, environmental protection and energy conservation have gradually become important considerations for power development in China. There is large and increasing demand for nuclear power, new energy, the retrofitting of traditional coal-fired power plants and the construction of UHV power transmission lines. Based on our established track record in these markets and combined with technological expertise in traditional power fields, we believe we have a significant advantage in these markets.

We are the leader in the design and construction of conventional islands for nuclear power plants in China. Furthermore, we have expanded into the design and construction of nuclear islands. Our first-mover advantages include the following:

- We began to participate in preliminary studies and design of nuclear power projects as early as 1978, engaging in the formulation of many national and industry standards in the nuclear power field;
- In the field of conventional islands, we have the most comprehensive design and construction capacities as we are able to design and construct conventional islands for all types of reactors under construction and in operation in China. The table below sets forth some of our completed/under-construction landmark nuclear power projects.

Nuclear Power Plant	Number of units	Design of	Installation	Civil	Installation	Equipment	
		Conventional Island	of Conventional Island	Works of Conventional Island	of Nuclear Island	Supply	Maintenance
Qinshan	7	✓	✓	✓		✓	
Ling'ao	4	✓	✓		✓	✓	✓
Ningde	2	✓		✓	✓	✓	
Hongyanhe							
Phase I	4	✓	✓	✓	✓	✓	
Yangjiang	6	✓	✓	✓	✓	✓	✓
Sanmen	2	✓	✓	✓		✓	✓
Fuqing	6	✓	✓			✓	✓
Tianwan							
Phase II	2	✓	✓	✓		✓	

- Our joint venture with CGN Power Co., Ltd. is one of the three major entities in the design of the nuclear islands in China. Moreover, we have engaged in the installation of nuclear islands since 2013 and are one of the only two group companies engaging in the installation of nuclear islands in China.

In the design and construction of new energy projects such as wind power, solar power, and waste-to-energy power projects, we have gained significant expertise from undertaking a number of landmark and other projects, including Hebei Zhangbei National Wind and Solar

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Power Storage and Transmission Demonstration Power Station (河北張北縣國家風光儲輸示範電站) – an integrated demonstration project for wind power, photovoltaic energy and chemical energy storage; and Guangzhou University Town Distributed Energy Station (廣州大學城分佈式能源站) – a landmark large-scale and energy efficient distributed energy station in China. We believe this lays a solid foundation for us to expand our market share.

As the leader in the construction of domestic coal-fired power plants, we believe we have the most advanced construction technologies to satisfy new and more stringent national emission standards, providing us with an early-mover advantage in the emerging and significant market for the retrofitting of coal-fired power plants. According to the Sullivan Report, it is expected that the size of the ultra-low emission market will amount to RMB95.0 billion between 2015 and 2020.

In addition, we have the world's leading UHV AC and DC transmission design technologies and have a significant market share in the power grid design market. We have participated in the design and/or construction of all nine operational UHV power transmission projects in China. The PRC government has attached increasing strategic importance to the construction of UHV power transmission lines. According to the Plan of State Grid Corporation of China for 2015, 14 UHV power transmission lines will commence construction in 2015 and 27 UHV power transmission lines will be completed across China by 2020. In addition, we have participated in the design of Belo Monte Hydropower Plant UHV transmission Project in Brazil, the first EPC UHV transmission project overseas independently undertaken by PRC companies.

Our substantial market presence, experience and technological expertise, will enable us to benefit from the development in these fast-growing energy markets in the PRC power engineering and construction industry.

Our broad international network and well-established overseas market position and brand name allow us to better capture opportunities in the overseas market brought by China's "going out" strategy such as the "One Belt and One Road" initiative.

While solidifying and enhancing our strong presence in China, we are also actively expanding in the international construction market, capturing opportunities brought by China's "going out" strategy such as the "One Belt and One Road" initiative. According to the Sullivan Report, we had the largest market share, 35.6%, of the overseas power contracting projects undertaken by PRC companies in 2014 in terms of new contract value.

As of May 31, 2015, we had established an overseas network with 169 outlets in 71 countries and regions. As of the Latest Practicable Date, we had provided services in over 80 countries and regions. Our overseas business is focused on Southeast Asia, Africa and Latin America.

Our overseas business largely coincides with the regions targeted by China's "One Belt and One Road" initiative. As of the Latest Practicable Date, we had carried out or were in the process of carrying out business in 52 countries out of 65 countries targeted by the "One Belt

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and One Road” initiative, having over 300 projects under construction with an aggregate contract value of over RMB150.0 billion. With our strategic cooperation agreements with various PRC financial institutions, we have substantially broadened our sources of financing for overseas projects.

We have a broad business network coupled with a highly experienced management team and a team of skilled work force.

Over years of development, we have built and maintained good relationships with our upstream and downstream business partners, forming a strong resources platform to support our business development:

- One of our shareholders is EPPE Company, a national level think tank in the industry of power planning and engineering;
- Our major customers and business partners cover all major power grid operators and power generation companies in China. We have also established business relationships with numerous foreign national power authorities, utilities companies and private investors in the overseas power markets; and
- Our business has also benefitted from our long-term cooperative relationships with a broad range of financial institutions, subcontractors and suppliers.

We have a dedicated and highly experienced management team with an average industry experience of more than 20 years. In addition, we have a large team of skilled engineers and other technology-related staff. As of May 31, 2015, among our over 23,000 technology-related staff members, over 6,000 were dedicated to research and development, accounting for over 5% of our employee base. We have 21 experts enjoying special government subsidy of the State Council and three national survey and design masters. We believe that our management team and skilled professionals have been and will continue to be a core element to our success.

DEVELOPMENT STRATEGIES

We aim to become a world-class engineering and construction company. To achieve this goal, we plan to adopt the major development strategies below:

Continue to expand our market shares in the power engineering and construction industry and to strengthen our leading position in our core businesses.

Our survey, design and consultancy and construction and contracting businesses accounted in aggregate for 82.2% of our total revenue before intersegment eliminations in 2014. During the Track Record Period, we held a leading position in China’s power engineering and construction industry in terms of both revenue and new contract value. We aim to further increase our domestic market share, so as to reinforce our leading position in China in the power survey, design and consultancy as well as construction and contracting markets:

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- Survey, design and consultancy: We plan to reinforce our advantages in the domestic fossil-fuel power, nuclear power and power grid survey and design businesses. In addition, our current business will be further expanded from conventional design to high-end and highly specialized services in survey, design and consultancy.
- Construction and contracting: We will continue to enhance our strength in construction of fossil-fuel, hydro and nuclear power plants. In addition, we will seek to capture business opportunities for the operation and maintenance of power plants and for the retrofitting of coal-fired power plants, providing highly-customized services and enhancing our cost controls. Moreover, we will further diversify our financing sources.

Continue to expand our overseas business and build our brand name globally.

We plan to further expand overseas business through the following measures:

- Optimize our international business presence: We will continuously focus on expansion in emerging markets such as Southeast Asia, Africa and Latin America. We will further build our international network, local management and adequate risk controls;
- Promote the application and recognition of PRC power standards: We will promote the application and recognition of PRC power standards through international academic events, training and by project demonstrations;
- Prioritize our international projects: We will increase overseas investment while promoting the coordinated development of EPC contracting for international projects, project investment and financing, and equipment export;
- International risk control system: We will further refine our organizational systems for risk prevention and control, and establish a three-tier risk management framework at headquarters, core subsidiaries and overseas project departments.

Along with our international expansion, we will further enhance the recognition of our “Energy China” brand. We will concentrate our resources on building our brand in the global market and thus attract more potential business partners.

Actively adapt to the power industry evolution and promptly capture emerging business opportunities.

We will seek to increase our market share and explore opportunities in EPC contracting for major customers’ energy-saving, emission-reduction and retrofitting projects. We will strengthen the coordination between our nuclear power design, construction and equipment subsidiaries, further expand our presence in the nuclear islands construction market, and raise our brand recognition in the construction of nuclear islands in China. Moreover, we will strategically expand our presence in the UHV AC and DC transmission line projects in China and abroad, seeking to increase our market shares by leveraging our world-class technological capabilities in this market.

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Extend our strength in our core businesses to related sectors and selectively expand our businesses.

Leveraging our strength in the power design and construction fields, we will selectively develop non-power projects and building materials businesses, with a view to improving our overall profitability.

- **Infrastructure construction:** We intend to enhance our presence in highways, railways, buildings, bridges, airports, mines and other construction industries, focusing on the key western China regions such as Xinjiang, Yunnan and Tibet and the emerging regional markets in Asia, Africa and other regions;
- **Civil explosives and blasting:** We will seek out acquisition opportunities to increase the authorized capacity and production volume of explosives and detonators and broaden our scope of blasting services;
- **Cement production:** We will consolidate and expand our strength, increase investment in research and development, and expand our business into the upstream and downstream markets of the industry chain; and
- **Investment business:** In addition to the non-power projects mentioned above, we will invest in water conservancy and urban railway transportation projects as well as the comprehensive urban pipeline network projects through different ways of financing such as BOT and PPP, so as to drive the balanced development of multiple business segments.

Increase efforts in research and development and in growing our talent pool.

We will continue to review and adjust our internal management structure to achieve balanced resource allocation between research and development and other business. We will continue to protect our intellectual property and promote the application of intellectual property to our business.

We will continue to attract and recruit new talent with the skill and expertise for our EPC, international operations and capital management. We will improve our employee evaluation system and introduce incentive plans to boost employee performance.

OUR PRINCIPAL SERVICES AND PRODUCTS

We engage in the following businesses:

Survey, Design and Consultancy

We primarily provide survey and design services for large-scale power generation projects, covering all major power sources, and grid projects in China and abroad. In addition, we provide a broad range of consultancy services, including policy consultation for the power industry, evaluation, assessment and supervision of power projects.

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Construction and Contracting

We have world-class construction and contracting capabilities. We primarily undertake large-scale power generation projects, covering all major power sources, and power grid projects in China and abroad. We also undertake other infrastructure projects.

Equipment Manufacturing

We engage in the design, manufacturing and sales of equipment for various segments of the power industry, and are able to provide complete sets of equipment for large power plants. Our products include auxiliary equipment for power plants, power grid equipment, steel structure and energy-saving equipment.

Civil Explosives and Cement Production

We engage in the manufacturing and sales of civil explosives and cement, and provide blasting services for projects.

Investment and Other Businesses

We invest in, operate and sell power plants and other infrastructure projects such as highways, environmental protection projects, and water conservancy projects; we also engage in real estate development and other businesses.

CGGC, one of our major subsidiaries, has been listed on the Shanghai Stock Exchange since May 1997. The business of CGGC covers construction and contracting for water conservancy and hydropower, transportation and municipal administration projects. Revenue generated by CGGC before inter-segment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2015 was RMB53,536.9 million, RMB59,527.6 million, RMB71,605.4 million and RMB27,086.8 million, representing 37.4%, 37.5%, 38.0% and 39.0%, respectively, of our total revenue for the same periods before inter-segment elimination.

SURVEY, DESIGN AND CONSULTANCY BUSINESS

Overview

The survey, design and consultancy business is a core and pivotal business segment of our overall business, which requires strong industry expertise. We primarily provide survey and design services for large-scale power generation projects, covering all major power sources, and grid projects in China and abroad. In addition, we also provide a broad range of consultancy services, including policy consultation for the power industry and evaluation, assessment and supervision of power projects. As of May 31, 2015, we held 142 qualification certificates issued by government and industry associations for survey, design, engineering consultancy, soil and water conservation engineering, survey and mapping, geological disaster

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prevention survey, evaluation, construction and contracting supervision, among which there are eight comprehensive Grade A engineering design qualification certificates. We believe our survey and design technologies are cutting-edge in China, allowing us to maintain a leading position in the industry, particularly in the fields of USC/SC coal-fired generation units, clean coal fired power generation, air-cooling generation units, large-scale CCPP, conventional islands for nuclear power plants, as well as UHV AC and DC transmission and transformation. Additionally, as of May 31, 2015, we had led the formulation or amendments of over 200 national and industrial standards in effect in the power survey and design market. In particular, we contributed to over 90% of the standards in survey and design for fossil fuel power plants, conventional islands of nuclear plants and power grids in China.

Our services cover the entire project process from preliminary feasibility studies and feasibility studies, initial design, to construction drawing design and post project evaluation. We are a leading designer in fossil-fuel, nuclear, new energy power plants and in power grids. According to the Sullivan Report, our survey and design business had market shares of 81.1% in fossil-fuel power project in terms of completed contract value, 52.6% in the power transmission lines (330 kV and above) market, and 73.7% in the UHV transmission lines market, both in terms of length installed, in China in 2014. As of March 31, 2015, among all nuclear power generation units in operation and under construction in China, we had a 90.8% market share in the survey and design market of conventional islands in terms of installed capacity.

Our survey, design and consultancy services are provided through 6 regional power design institutes under CPECC and 14 provincial power design institutes. In terms of revenue, CPECC ranked 42nd among “The Top 150 Global Design Firms,” 96th among “The Top 225 International Design Firms” and second among “The Top 60 Chinese Design Firms” in 2015, by ENR for our survey and design businesses. In addition, we have six power design institutes listed in “The Top 60 Chinese Design Firms.” According to the Sullivan Report, we ranked 21st on the ENR’s “Top 150 Global Design Firms” list in 2015 in terms of revenue of our survey, design and consultancy business.

Our survey, design and consultancy business and our construction and contracting business are closely connected, especially with respect to power construction, where both businesses have many potential common customers, offering significant opportunities for cross selling and other synergies.

Revenue generated by our survey, design and consultancy business before intersegment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2015 was RMB11,736.4 million, RMB12,293.5 million, RMB12,432.2 million and RMB4,104.1 million, representing 8.2%, 7.8%, 6.6% and 5.9%, respectively, of our total revenue before intersegment elimination for the same periods. Our gross profit from the segment before intersegment elimination in the same periods was approximately RMB4,880.5 million, RMB5,311.6 million, RMB5,312.0 million and RMB1,676.2 million, representing 28.7%, 29.5%, 24.0% and 19.6%, respectively, of our gross profit before intersegment elimination for the same periods.

Completed Projects

As of May 31, 2015, we undertook the survey and design of 68 out of 75 fossil-fuel power units (1000 MW or above), and 24 out of 26 conventional islands for nuclear power plants in operation in China. Set forth below some of our recent landmark projects in China:

- *Zhejiang Qinshan Nuclear Power Plant Phase I (浙江秦山核電廠一期)*: The first nuclear power generation unit in China;
- *Guangdong Ling'ao Nuclear Power Plant Phase II (2×1000 MW) (廣東嶺澳核電廠二期)*: The second nuclear power plant with a capacity of 1000 MW using second-generation nuclear reactor technology;
- *Badaling Concentrating Solar Power (CSP) Project (八達嶺聚光型太陽能發電項目)*: A CSP pilot power plant with a capacity of 1 MW;
- *Zhejiang Yuhuan Power Plant Phase I (2×1000 MW) (浙江玉環電廠一期)*: The first 1000 MW USC unit in China;
- *Tianjin Beijiang Power Plant (2×1000 MW) (天津北疆電廠)*: The first 1000 MW USC unit in operation in Northern China, and the first implementation globally of the mode of “power generation-desalination-salt production from concentrated seawater-land saving and consolidation-recycling;”
- *1000 kV Southeast Shanxi – Nanyang – Jingmen UHV AC Demonstration Project (1000千伏晉東南 – 南陽 – 荊門特高壓交流試驗示範工程)*: The highest operating voltage for an AC transmission project;
- *Xiangjiaba – Shanghai ±800 kV UHV DC Transmission Project (向家壩 – 上海 ±800 千伏特高壓直流輸電工程)*: Independently developed, designed and constructed ±800 kV UHV DC transmission project with then the highest voltage and the largest transmission capacity, employing advanced UHV DC transmission technology with ±800 kV capacity; and
- *Shanghai Jing'an 500 kV (Underground) Substation Project (上海靜安500千伏(地下)變電站工程)*: The first ultra-large capacity, multi voltage, entirely underground and full digital transformer substation in China, and also the second 500 kV large capacity underground transformer substation in the world.
- *Zhongxin Tianjin Eco-city Smart Grid Project (中新天津生態城智能電網)*: The second smart grid demonstration project in China, in which distant meter reading, smart home appliances control and smart electricity consumption management have all been realized.

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Projects under Construction

Leveraging on our expertise and our widely recognized brand name, we are actively participating in the survey and design works of new power projects in China. The following table sets out some of our representative projects under construction:

Project Name	Project Commencement Date	Expected Completion Date	Total Contract Value ⁽¹⁾	Note
			<i>(RMB in millions)</i>	
Guangdong Taishan Nuclear Power Plant (廣東台山核電廠)	2009-09	2017-06	216.8	It is planned to be equipped with four third-generation PWR power units (being EPR1750 MW power units). We are the subcontractor of this project.
Jiangsu Tianwan Nuclear Power Plant Phase II (江蘇田灣核電站二期工程)	2012-09	2018-12	185.0	The largest nuclear power plant in terms of capacity of a single unit in China.
Guangdong Huizhou Xichong 2B-300 MW Offshore Wind Power Project (廣東惠州西涌 2B-300兆瓦海上風電項目)	2014-05	2017-03	178.0	It is listed in “Guangdong Offshore Wind Power Project Planning” jointly issued by the NEA and the State Oceanic Administration. We are responsible for all technical services prior to obtaining the approval and subsequent survey and design works.

Note:

- (1) “Total contract value” represents the subtotal of the value of all the relevant contracts signed by us, excluding the value attributable to other parties.

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Project Name	Project Commencement Date	Expected Completion Date	Total Contract Value ⁽¹⁾	Note
			<i>(RMB in millions)</i>	
Zhejiang Sanmen Nuclear Power Units 3 and 4 (浙江三門核電3號及4號機組)	2014-12	2017-03	100.0	Units 3 and 4 are the extension of Sanmen Nuclear Power Project Phase II, which involves two CAP1000 units with a total capacity of 1251 MW. We are in charge of the subcontracting design for conventional islands.
General Line from Beijing East to Liuhe Town, Qing County, Cangzhou, Hebei for Ximeng-Shandong UHV AC Transmission Project (錫盟 – 山東特高壓交流輸電工程北京東 – 河北滄州青縣流河鎮總線路工程)	2014-12	2016-07	91.1	The general line is approximately 180km in length, with double-circuit transmission lines on the same tower. We are responsible for the overall survey and design works.
Shenhua Guohua Guangtou Beihai Power Plant (2×1000 MW) (神華國華廣投北海電廠 2×1000 兆瓦工程)	2014-04	2017-05	82.7	It will be constructed as a low-carbon digital power plant with advanced technology. We are responsible for the survey and design works.
Expansion of Shaanxi Huaneng Tongchuan Power Plant Phase II (2×1000 MW) (陝西華能銅川電廠 2×1000 兆瓦二期擴建)	2013-05	2016-10	60.0	This project relates to the first batch of 1000 MW indirect air-cooling units in China. We are responsible for the overall survey and design works.

Note:

- (1) “Total contract value” represents the subtotal of the value of all the relevant contracts signed by us, excluding the value attributable to other parties.

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Qualifications

As of May 31, 2015, we held 142 qualification certificates issued by government and industry associations for survey, design, engineering consultancy, soil and water conservation engineering, survey and mapping, geological disaster prevention survey, evaluation, construction and contracting supervision, among which there are eight comprehensive Grade A engineering design qualification certificates. The following table sets out our survey, design and consultancy qualifications as of May 31, 2015:

<u>Name of certificate</u>	<u>Class of certificate</u>	<u>Number</u>
Engineering design qualification certificate	Comprehensive Grade A	8
Engineering design qualification certificate	Industry Grade A	17
Engineering survey qualification certificate	Comprehensive Grade A	21
Qualification certificate of engineering consultancy unit	Grade A	22
Qualification certificate for preparation of soil and water conservation plan	Grade A	8
Qualification certificate of surveying and mapping	Grade A	14
Qualification certificate of geological hazard control engineering exploration unit	Grade A	5
Qualification certificate of geological hazard control engineering design unit	Grade A	7
Qualification certificate for geological hazard assessment unit	Grade A	6
Environmental impact assessment qualification of construction projects	Grade A	6
Design license for special equipment, construction supervision certificate	Professional Grade A or others	<u>28</u>
Total		<u><u>142</u></u>

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Awards and Honors

As of May 31, 2015, we had obtained more than 100 national awards for our survey, design and consultancy business, including National Outstanding Project Survey Award, National Outstanding Project Design Award, National Outstanding Project Consulting Award and National Quality Project Award. These awards are generally reviewed and granted annually or every two years.

The following table sets out the representative awards we have obtained in recent years:

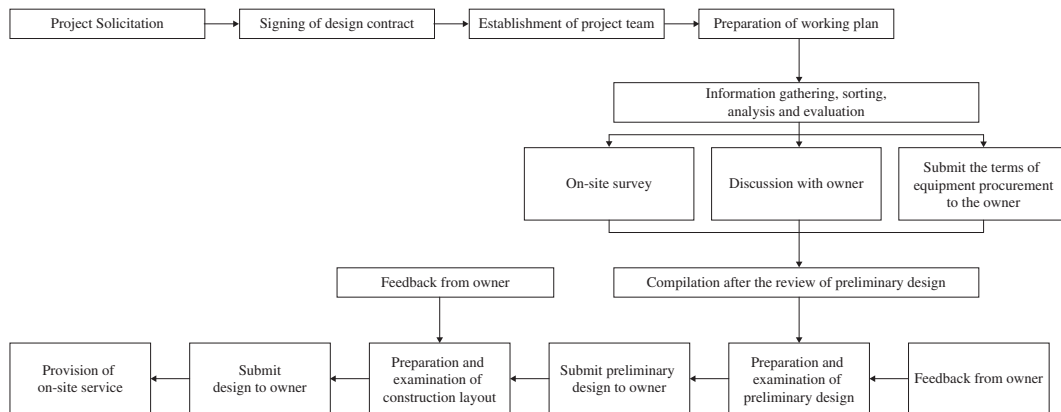
Year	Project	Award
2014	Jinping-Sunan ± 800 kV UHV DC Transmission Project (錦屏-蘇南 ± 800 千伏特高壓直流輸電工程)	The National Quality Project Gold Award
2014	Gas Combined Cycle Thermal Power Project of Beijing Southwest Heating Centre (北京西南供熱中心燃氣聯合循環熱電工程)	The National Quality Project Gold Award
2014	2 \times 660 MW Units of Rabigh Independent Power Plant in Saudi Rabigh (沙特拉比格獨立電廠2 \times 660兆瓦機組工程)	The National Quality Project Gold Award (overseas project)
2013	Qinghai-Tibet ± 400 kV DC Networking Project (青海-西藏 ± 400 千伏直流聯網工程)	The National Quality Project Gold Award
2012	Research on Medium and Long Term Energy Development Plan of East China Region (華東地區能源中長期發展規劃研究)	The First Prize for the National Outstanding Project Consulting Award
2012	The Feasibility Research on the Distributed Energy Supply Demonstration Project of National 863 Plan (國家863計劃分佈式供能課題示範工程可行性研究)	The First Prize for the National Outstanding Project Consulting Award
2011	Shanghai Waigaoqiao No. 3 Power Plant Project (上海外高橋第三發電廠工程)	The National Outstanding Project Survey & Design Gold Award

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Year	Project	Award
2011	1000 kV Southeast Shanxi-Nanyang-Jingmen UHV AC Demonstration Project (1000千伏晉東南-南陽-荊門特高壓交流試驗示範工程)	The National Outstanding Project Survey & Design Gold Award
2011	Xiangjiaba-Shanghai ±800 kV UHV DC Transmission Project (向家壩-上海±800 千伏特高壓直流輸電工程)	The National Quality Project Gold Award
2009	2×1000 MW Coal-fired Project of Huaneng Yuhuan Power Plant (華能玉環電廠2×1000兆瓦燃煤工程)	The National Outstanding Project Survey & Design Gold Award
2009	Guanting Lanzhou East 750 kV Power Transmission and Transformation Project (750千伏官亭-蘭州東輸變電工程)	The National Outstanding Project Survey & Design Gold Award

Business Processes

The following flow chart indicates the business processes for our survey and design business.



Contract Terms

Other than the general provisions in our normal business procedure, our terms of contract also set out the following key terms.

Variation of Designs

The owner may request a variation of design and be responsible for the additional costs if such change is beyond the original agreed scope within the period of contract.

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Payment Terms

Our contracts typically provide for payments in installments based on milestones, such as approval of the feasibility report, completion of the detailed design and the completion of the project.

Retention Money

After the construction project is completed, the owner usually withholds an amount equal to 5% to 10% of the contract value as retention money for warranty. This retention money will be refunded after the warranty period in the absence of a warranty claim.

Compensation for Damages

We are responsible for the costs for any variation in design, delay or other losses caused by our fault.

Warranty Period

Our warranty period typically runs for 12 or 24 months after the issuance of the completion certificate.

CONSTRUCTION AND CONTRACTING BUSINESS

Overview

The construction and contracting business is our largest business segment in terms of revenue. We have world-class construction and contracting capability, and primarily provide our services for large-scale power generation projects, covering all major power sources, and power grid projects in China and abroad. In addition, we also undertake construction for other infrastructure projects.

We are one of the largest power construction and contracting service provider in the PRC. According to the Sullivan Report, in 2014, we had 57.6% and 22.8% market shares in terms of completed contract value for the construction of fossil-fuel power projects and hydropower projects in China, respectively. Additionally, among all nuclear power generation units in China in operation and under construction as of March 31, 2015, we had a 59.8% market share in installation and a 29.7% market share in civil works for conventional islands. See “Industry Overview.”

Our international construction and contracting businesses have experienced rapid development. As of May 31, 2015, we had established 169 overseas branch offices in 71 countries and regions, and provided service in over 80 countries and regions. We have undertaken a number of well-known large power projects. The Santa Cruz River Hydropower Station under construction is the largest project in Argentina and the largest overseas hydropower project undertaken by a PRC company so far in terms of contract value.

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We provide construction and contracting services through 32 of our subsidiaries including CGGC Group and their respective subsidiaries. CGGC Group ranked 33rd among the “Top 250 Global Contractors” in terms of revenue and 44th among the “Top 250 International Contractors” in terms of overseas revenue in 2015, respectively by ENR. According to the Sullivan Report, if measured by the revenue from the contracting business of Energy China, we ranked 13th among the “Top 250 Global Contractors” in 2015.

In 2012, 2013 and 2014 and the five months ended May 31, 2015, our revenue generated from the construction and contracting business before intersegment elimination was RMB108,128.3 million, RMB119,245.2 million, RMB142,436.6 million and RMB52,874.5 million, representing 75.5%, 75.2%, 75.6% and 76.1% of our total revenue before intersegment elimination for the same periods, respectively. The gross profit generated from our construction and contracting business was RMB7,315.5 million, RMB7,294.8 million, RMB9,023.4 million and RMB4,133.7 million, representing 43.1%, 40.5%, 40.8% and 48.4%, of our gross profit before intersegment elimination for the same periods, respectively.

Power Generation and Grid Construction

Construction of Power Generation Facilities

We have world-class construction and contracting capabilities, and primarily provide various services for large-scale power generation projects, covering all major power sources. We have successfully expanded into the nuclear island installation market, and have undertaken two nuclear island projects in recent years.

Completed Projects

As of May 31, 2015, we had undertaken the construction of 27 out of 45 hydropower plants with installed capacity of 1200 MW or above, 69 out of 75 fossil-fuel power units (1000 MW or above), and 17 out of 26 conventional islands for nuclear power plants in operation in China. In addition, we have also constructed wind farms, solar power plants and waste-to-energy power plants.

Set forth below are some of our recent landmark projects:

- **Hydropower:**
 - *Three Gorges Project (長江三峽水利樞紐工程)*: It has the world’s largest hydropower station with installed capacity of 22,500 MW, and also features the world largest ship lock of double-line and five-grade water level and the world’s largest ship lift;
 - *Gezhouba Hydro Station (長江葛洲壩水利樞紐)*: The first large-scale hydropower plant along the Yangtze River, as well as the world’s largest runoff hydropower plant with low-head and swift flow, with total installed capacity of 2,715 MW; and

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- *Jinping Class I Hydropower Station on the Yalong River (雅礮江錦屏一級水電站)*: The world's landmark double-curve arch dam with a designed height of 305 meters hydropower project with total installed capacity of 3,600 MW.
- Fossil-fuel Power:
 - *Zhejiang Yuhuan Power Plant Phase I Project (2×1000 MW) (浙江玉環電廠一期 2×1000 兆瓦機組工程)*: The first domestically designed and constructed 1000 MW USC coal-fired power plant in China;
 - *Anhui Tongling Power Plant Phase VI Expansion Project (2×1000 MW) (安徽銅陵發電廠六期 2×1000 兆瓦機組擴建工程)*: The first 1000 MW coal-fired power plant constructed under EPC in China; and
 - *Tianjin Beijiang Power Plant Project (4×1000 MW) (天津北疆電廠 4×1000 兆瓦機組工程)*: The first implementation globally of the mode of power generation-desalination-salt production from concentrated seawater-land saving and consolidation-recycling.
- Nuclear Power (conventional islands):
 - *Zhejiang Qinshan Nuclear Power Plant Phase I (1×300 MW) (浙江秦山核電站一期 1×300 兆瓦機組工程)*: The first PWR project domestically designed, constructed and operated in China;
 - *Guangdong Ling'ao Nuclear Power Plant Phase II (2×1000 MW) (廣東嶺澳核電站二期 2×1000 兆瓦機組工程)*: The first CPR1000 project in China, adopting improved PWR with independent intellectual property rights; and
 - *Jiangsu Tianwan Nuclear Power Plant Phase I (2×1060 MW) (江蘇田灣核電站一期 2×1060 兆瓦機組工程)*: The largest single unit capacity of any nuclear plant in operation using Russian A23-91 nuclear power units.
- New Energy Power:
 - *Hebei Zhangbei National Wind and Solar Power Storage and Transmission Demonstration Power Station (河北張北縣國家風光儲輸示範電站)*: The world's first demonstration project for comprehensive utilization of new energies that integrates a wind and solar hybrid system, an energy storage system, and smart power transmission;
 - *Tianjin Shuanggang Waste-to-energy Power Plant (天津雙港垃圾焚燒發電廠)*: The largest waste-to-energy plant in China; and
 - *Guangzhou University Town Distributed Energy Station (廣州大學城分佈式能源站)*: A landmark large-scale, energy efficient distributed energy project in China.

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Projects under Construction

The following table sets out selected projects under construction in China as of May 31, 2015:

Project Name	Project Commencement Date	Expected Completion Date	Total Contract Value ⁽¹⁾	Approximate Percentage of Completion as of May 31, 2015	Note
			<i>(RMB in millions)</i>		
Wudongde Hydropower Station (烏東德水電站工程)	2011-11	2020-08	8,768.2	35.2%	The total installed capacity is 10,200 MW. We are responsible for construction of the main body of the dam and installation of certain generation units.
Chongqing Wanzhou Power Plant (2×1000 MW) (重慶萬州發電廠(2×1000兆瓦))	2013-01	2016-04	6,405.8	74.9%	Besides coal-fired power generation units, it also has a million-tonne coal storage base and transshipment terminal. We are the EPC contractor.
Baihetan Hydropower Station Plant (白鶴灘水電站工程)	2012-05	2022-04	6,270.0	22.3%	It has a designed installed capacity of 16,000 MW. Upon completion, it will become the second largest hydro project in China. We are responsible for the construction.
Anqing Power Plant Phase II (2×1000 MW) (安慶電廠二期(2×1000兆瓦))	2012-12	2015-12	6,014.1	73.5%	We are the EPC contractor.

Note:

- (1) “Total contract value” represents the subtotal of the value of all the relevant contracts signed by us, excluding the value attributable to other parties.

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Project Name	Project Commencement Date	Expected Completion Date	Total Contract Value ⁽¹⁾ <i>(RMB in millions)</i>	Approximate Percentage of Completion as of May 31, 2015	Note
Sanmen Nuclear Power Plant Phase I (三門核電一期工程)	2009-01	2016-12	1,921.3	70.2%	It is China's first nuclear power plant adopting third-generation AP1000 technology. We are responsible for construction and installation of the conventional islands for No. 1 and 2 power generation units.
National Nuclear PWR Demonstration Project No.2 (國核壓水堆示範工程2號)	2015-05	2019-10	1,711.1	2.4%	It is a pilot project for the domestic CAP1400 technology. We were responsible for installation of No. 2 nuclear island and construction and installation of No. 2 conventional island.

Note:

- (1) "Total contract value" represents the subtotal of the value of all the relevant contracts signed by us, excluding the value attributable to other parties.

Construction of Power Grids

Completed Projects

Set forth below are some of our recent landmark power grid projects:

- *The Shanghai Jing'an 500 kV (Underground) Substation (上海靜安500千伏(地下)變電站工程):* The first entirely underground, multi voltage level 500 kV power transformer substation in China;
- *Xiangjiaba-Shanghai ±800 kV UHV DC Transmission Project (向家壩 – 上海±800 kV特高壓直流輸電工程):* Domestically developed, designed and built, with the highest voltage level and highest transmission capacity of any DC transmission project in the world; and

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- *Yunnan Chuxiong-Guangdong Huidong ±800 kV UHV DC Transmission Project (雲南楚雄 – 廣東惠東±800 kV特高壓直流輸電工程)*: The world's first ±800 kV DC transmission project, and still the world's highest voltage DC transmission project.

Projects under Construction

Based on our expertise and our widely recognized brand name, we are actively participating in construction of new power grid projects in China. The following table sets forth some of our representative projects under construction in China as of May 31, 2015:

Project Name	Project Commencement Date	Expected Completion Date	Total Contract Value ⁽¹⁾	Approximate Percentage of Completion as of May 31, 2015	Note
			<i>(RMB in millions)</i>		
500 kV Southern Guangxi Power Transmission and Transformation Project (500千伏桂南輸變電總承包工程)	2014-12	2016-06	305.6	10.0%	It has installed two main transformers (2x750 MVA) and its 500 kV and 220 kV inlet-outlet interval (進出線間隔). We are the EPC contractor.
Underground Wiring of Overhead Lines Along Yonghe Road (永和路架空線入地建設工程總承包)	2014-04	2016-04	286.0	45.8%	It consists of a four-circuit 220 kV line and dual-circuit 110 kV line, running from the west of Tongning Road along Yonghe Road West to the east of Qinzaio River West. We are the EPC contractor.
Zhejiang UHV DC ±800 kV Eastern Ningdong Converter Station (浙江特高壓直流±800千伏寧東換流站)	2014-12	2016-06	126.9	10.2%	It is one of the 12 major transmission lines planned in "Accelerating the Atmospheric Pollution Prevention Action Plan Construction of the 12 Major Transmission Lines." We are responsible for the construction.

Note:

- (1) "Total contract value" represents the subtotal of the value of all the relevant contracts signed by us, excluding the value attributable to other parties.

Operation and Maintenance, Overhaul and Retrofitting Services

We have significantly expanded our operation and maintenance and overhaul services for power plants in response to the increasing demand in recent years. With our construction expertise and experienced personnel, we have enjoyed a strong competitive edge in offering these services. For example, our subsidiary, Zhejiang Thermal Power has entered the operation and maintenance market of fossil-fuel power plants and power grids; our subsidiary, Northeast Power 1 Company has entered the operation and maintenance market of nuclear power plants. In 2012, 2013 and 2014 and the five months ended May 31, 2015, the aggregate value of our contracts in respect of operation and maintenance and overhaul of power generation and grid facilities is RMB2,096.2 million, RMB2,351.3 million, RMB3,300.1 million and RMB2,326.1 million, respectively.

In addition, by leveraging our advanced “ultra-low emission” technology, we also provide retrofitting services for coal-fired plants to (i) meet higher energy efficiency standards and (ii) realize the ultra-low emission of pollutants. During the Track Record Period, we had undertaken various milestone projects including certain of the first ultra-low emission projects in China such as Zheneng Jiaying Power Plant (浙能嘉興電廠) and Guohua Zhoushan Power Plant (國華舟山電廠), and the wet electrostatic precipitator re-engineering project of Zhuhai Jinwan Power Plant (珠海金灣電廠濕法電除塵改造). In 2012, 2013 and 2014 and the five months ended May 31, 2015, the aggregate value of our contracts for retrofitting services was RMB10,084.7 million, RMB15,137.0 million, RMB12,133.5 million and RMB8,143.8 million, respectively.

Other Infrastructure Construction

We have extended our strength in power projects to a broad range of other infrastructure projects, such as water conservancy facilities, transportation facilities, municipal works, industrial and civil construction works. The following map sets out our representative non-power projects, either completed or under construction.



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Qualifications

Qualifications are critical to carrying out our construction and contracting business. As of May 31, 2015, we held 167 qualifications, which enable us to undertake 25 different types of construction projects, including power projects, water conservancy and hydropower projects, transportation facilities, municipal engineering and industrial and civil constructions.

The following table sets forth the number of qualifications we held as of May 31, 2015:

	Top Grade qualifications to conduct general construction contracting services	Grade A qualifications to conduct general construction contracting services	Grade A qualifications to conduct specialized construction contracting services
Power projects qualification			
Water conservancy and hydropower projects	4	8	–
Power projects	1	26	–
Fossil-fuel power installation projects	–	–	7
Power transmission & transformation project	–	–	4
Non-power projects qualification			
Real estate projects	–	13	–
Municipal public construction projects	–	10	–
Highway projects	–	2	–
Ports and waterway projects	–	1	–
Electromechanical installation projects	–	1	–
Tunnel, hoisting equipment, earthwork, steel structure, blasting and demolition, and other projects	–	–	90
Total	5	61	101

Awards and Honors

Since our inception, we have won numerous high-level awards. We have obtained approximately 100 top honors in China in the construction field, including the 100 Classic and Outstanding Projects over the 35 Years History of Reform and Opening Initiative, the National Quality Project Gold Award and the China Construction Project Luban Award.

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The following table sets out some of our recent representative awards:

Year	Project	Award
2014	Power transmission from Anhui to East China, namely Huainan-Shanghai UHV AC Transmission Line Demonstration Project (皖電東送淮南至上海特高壓交流輸電示範工程)	The National Quality Project Gold Award
2014	Kunming New Airport (昆明新機場工程)	The National Quality Project Gold Award
2013	EREN (1+1)×600 MW SC Coal-fired Power Plant in Turkey (土耳其 EREN (1+1)×600 MW 超臨界燃煤電站工程)	The China Construction Project Luban Award (overseas projects)
2013	Zhejiang Jiaying Power Plant Phase III Expansion Project, a project of “replacing small-capacity fossil-fuel power generation units with large-capacity ones” (浙江嘉興電廠三期“上大壓小”擴建工程)	The National Quality Project Gold Award
2012	Yunnan Chuxiong-Guangdong Huidong ±800 kV UHV DC Transmission Demonstration Project (雲南楚雄至廣東惠東±800 kV 直流輸電示範工程)	The National Quality Project Gold Award
2011	Suizhong Power Plant Phase II (2×1000 MW) Project (綏中發電廠二期 (2×1000 MW) 工程)	The National Quality Project Gold Award
2010	Jiangsu Yixing Pumped Energy Storage Power Station (江蘇宜興抽水蓄能電站)	The China Construction Project Luban Award The 100 Classic and Outstanding Projects Over the 35 Years History of Reform and Opening Initiative (2014)

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<u>Year</u>	<u>Project</u>	<u>Award</u>
2010	Zhejiang Guohua Ninghai Power Plant Phase II Expansion Project (浙江國華寧海電廠二期擴建工程)	The China Construction Project Luban Award The 100 Classic and Outstanding Projects Over the 35 Years History of Reform and Opening Initiative (2014)
2009	Xining 750 kV Substation (西寧750千伏變電站)	The China Construction Project Luban Award The 100 Classic and Outstanding Projects Over the 35 Years History of Reform and Opening Initiative (2014)
2009	Three Gorges Project (長江三峽水利樞紐工程)	The 100 Classic and Outstanding Projects over the 60 Years History of the New China

Construction Equipment and Facilities

We own and use a large variety of advanced machinery and equipment to provide construction and contracting services, including:

- Crawler cranes: mainly used for lifting and installation for fossil-fuel power units, nuclear power construction and other energy-related construction works;
- Tower cranes: mainly used for lifting and installation for hydropower projects, fossil-fuel power units and other construction works;
- Hydraulic lifting equipment: mainly used for lifting large equipment for power plant and construction of fossil-fuel power cooling towers and other facilities;
- Earth pressure shield machines: mainly used for the construction of large-scale water conservancy and hydropower projects and circulating water projects of fossil-fuel power plants and nuclear power plants;
- Tower-belt machines: mainly used for transferring concrete in the construction of hydropower stations, fossil-fuel power plants and nuclear power plants;
- Geared drills: mainly used for borehole blasting works in hydropower stations and municipal engineering projects;
- Multi-arm trolley: mainly used for construction of underground caverns;

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- Full-face tunnel boring machines (TBM): mainly used in tunnel construction;
- Hydraulic double-wheel milling machines: mainly used for construction of underground continuous walls;

As of May 31, 2015, we owned more than 1,000 sets of equipment in our construction and contracting business. The following table sets forth details of our major equipment for construction:

<u>Name</u>	<u>Number</u>
	<i>(sets)</i>
Crawler cranes with a lifting capacity of over 500 tonnes	35
Crawler cranes with a lifting capacity of 250 to 500 tonnes	53
Crawler cranes with a lifting capacity of less than 250 tonnes	91
Tower cranes with a lifting capacity of over 100 tonnes	51
Tower cranes with a lifting capacity less than 100 tonnes	165
Hydraulic lifting equipment with a lifting capacity of 50 to 200 tonnes	32
Traction flatbed trucks with a load capacity of 50 to 2,000 tonnes	26
Truck-mounted cranes with a lifting capacity of 25 to 150 tonnes	88
Truck-mounted concrete pumps with 27-48 m long arm	50
Concrete mixing stations with an output of 50-150 m ³ /H	34
Gantry cranes with a lifting capacity of 5-50 tonnes	51
Construction elevators or other processing machines	145
Earth pressure shield machines (φ6.10-φ10.22 m)	2
Tower-belt machines for hydropower stations (50-140 tonnes)	5
Impact crushers (≥200 tonnes/h)	15
Geared drills	10
Wheel transporting girder vehicles (≥50 tonnes)	10
2-boom drill jumbos	5
3-boom drill jumbos	5
Mining dump trucks (≥45 tonnes)	2
Aggregate processing systems (≥100 tonnes/h)	10
Hydraulic backhoes (≥5 tonnes)	5

Contracting Models, Business Processes and Contract Terms

Contracting Models

We employ a variety of contracting models in our construction and contracting business, including:

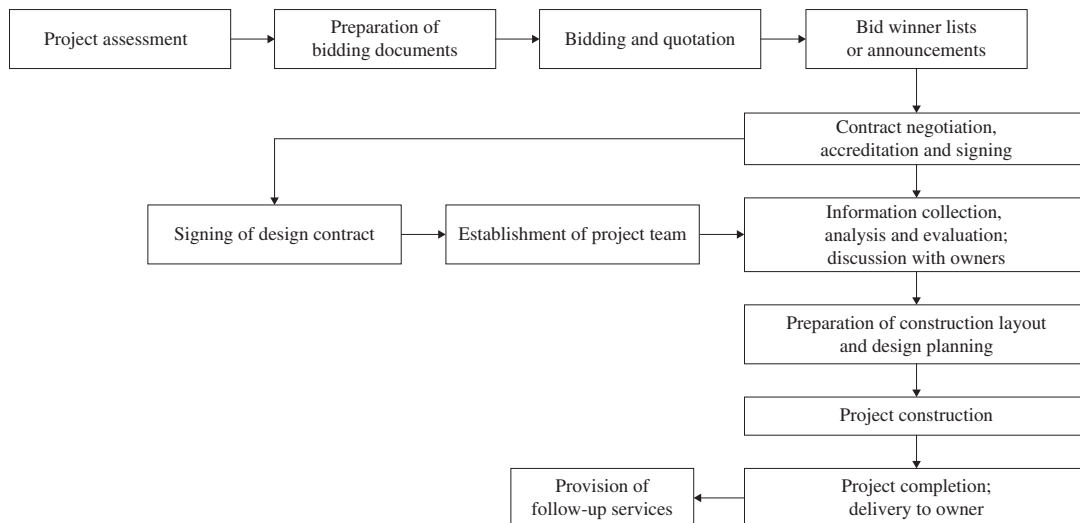
- Engineering, procurement and construction, a common form of contracting arrangement whereby the contractor is commissioned by the project owner to carry out project work such as design, procurement, construction and trial operations, or any combination of the above, either through the contractor's own labor or by subcontracting part or all of the project work, and expected to be responsible for the quality, safety, timely delivery and cost of the project.

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- Construction contracting, by which the contractor performs the construction work in accordance with the construction plan and design supplied by the customers and is generally only responsible for the construction work. The project owner is generally responsible for the procurement of raw materials and controls the project timetable.
- Design building, a business model similar to an EPC project, excluding procurement.
- Procurement construction, a business model similar to an EPC project, excluding design.
- Project management contracting, by which the contractor performs the construction contract in accordance with the designs and timetable supplied by the designers and project owner. The contractor generally takes full responsibility for the project while it is allowed to subcontract part of the project to third parties. During the construction process, the project owner will supervise the construction work with the assistance of the designers or retain a supervisor to monitor the progress of the project. Project management contracting is usually adopted by middle-to-large-scale construction enterprises.

Business Processes

The following flow chart indicates the business processes for our construction and contracting business.



Contract Terms

Other than the general requirements of the above business processes, our contracts also typically contain the following key terms.

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Variation of Contract

During the ordinary course of most projects, the owner, and sometimes the contractor, may initiate modifications or changes to the original contract. The scope and price of such modifications or changes are typically documented in a “change” to the original contract and reviewed, approved and paid for in accordance with the normal change order provisions of the contract. Pursuant to the terms of our contracts, under the approved initial design framework, no additional fee shall be charged by us as a result of any change to the contract made by us, while compensation shall be claimed against project owners for any change to the contract not made by us.

Pricing and Payment Terms

Most of our contracts are awarded and carried out on a fixed-price basis with a pre-determined construction cost and timetable for project completion. Some contracts contain fee adjustment or risk-sharing clauses to cover increased raw material costs. Our projects usually require a minimum advance payment of 5% to 10% of the total contract value from our customers. Most contracts provide that installment payments shall be made on milestones.

Performance Bond and Retention Money

We are generally required to provide the project owner with various bonds throughout the term of the project.

The performance bonds typically are issued by a bank or other financial institution in an amount equal to approximately 5% to 10% of the contract value and can be drawn upon in the case of our default under the contract. The performance bond is released to us after the completion certificate is issued and the project owner confirms completion of the contract.

Upon completion of the project, the customer usually withholds an amount equal to approximately 5% of the contract value as retention money. The retention moneys will be returned to us upon expiration of the warranty period in the absence of warranty claims.

Compensation for Damage

We are generally responsible for any delay or defects in our work attributable to us. Some of our contracts also provide that the project owner shall have the right to engage a third party to complete the project at our cost in the case of delay or defects attributable to us.

We implemented a series of project management procedures applicable to each stage of a construction project according to the nature and characteristics of a specific project and the actual needs of the project, including project implementation, labor management, raw materials procurement, monitoring, and quality control to ensure a project could be completed according to the contract terms. We have also adopted a monitoring scheme for our employees as well as subcontractors to ensure that they strictly comply with our project management procedures. We also implement routine and non-routine goal management, responsibility management and on-site inspections to ensure that our employees and subcontractors comply with our project management procedures.

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Warranty Period

Generally, our contracts provide for a warranty period of 12 or 24 months commencing from the date of issuance of the completion certificate for the project. During the warranty period, we shall be liable for defects in our work pursuant to the terms of our contracts.

Seasonality

Our construction and contracting business is subject to seasonality, mainly due to the vast territory of China and the different climate conditions of various regions in which we operate. We typically record higher revenues in the second half of the year than in the first half of the year. We attribute this seasonality to the effect that the winter months (generally from January to March) have on our construction operations in northern China as well as the effect of the Chinese New Year during which some of our projects and constructions are halted. We anticipate that, as we improve our technology and equipment, we may gradually reduce the effect of seasonality in our business operations. Nevertheless, we may still experience cost increases or delays when conducting our business operations during particular seasons.

EQUIPMENT MANUFACTURING BUSINESS

Overview

We are the largest supplier of auxiliary equipment for power plants with a full range of products and advanced technology in China. We sell power equipment and provide related services across China and to over 40 other countries and regions. Our products are used in power plants and grids, and in metallurgy, construction materials, mining, chemical engineering, and transportation. We are among China's top three designers and manufacturers of flue-gas de-dusting equipment for power units of 1000 MW and above, and we are the only one capable of designing and producing seawater filter and cathode protection systems for 1000 MW nuclear power plants. We built the world's first vertically installed drum filter trial platform and independently developed the ± 800 kV dry-type hollow flat wave reactor and the 1000 kV UHV AC series compensation damping reactor, both of which have a strong market position. We also independently developed the world-class casting technology of ceramic-metal composite wear-resistant parts. We design, develop and manufacture various power equipment through CEEEC and other subsidiaries, and have received nearly 100 awards for our self-developed products and technologies.

CEEEEC, our core subsidiary in equipment manufacturing, is a member of Nuclear Power Equipment Localization R&D Joint Center, and the first domestic enterprise holding the Civilian Nuclear Pressure Equipment Manufacturing License issued by the National Nuclear Safety Administration. We have increased our efforts in new energy and environmental technology and equipment, energy distribution, offshore wind power and amorphous alloy new material, as well as sea water desalination.

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In 2012, 2013 and 2014 and the five months ended May 31, 2015, revenue from our equipment manufacturing business before inter-segment elimination was RMB8,254.6 million, RMB8,919.9 million, RMB8,897.4 million and RMB2,924.3 million, representing 5.8%, 5.6%, 4.7% and 4.2% of our total revenue before inter-segment elimination for the same periods, respectively. Gross profit from our equipment manufacturing business was RMB1,239.5 million, RMB1,336.8 million, RMB1,406.7 million and RMB475.5 million, respectively, representing 7.3%, 7.4%, 6.4% and 5.6% of our gross profit before intersegment elimination for the same periods, respectively.

Products

Our products mainly include the following:

Auxiliary machinery equipment for power plants	Coal pulverizers, feeders, enclosed busbars, water treatment systems, ancillary systems for feedwater pump and drum filters
Power grid equipment	Electrical reactors, transformers, instrument transformers, insulators, power fittings and power distribution boxes
Steel structure equipment	Substation supporting structure towers, power transmission towers, wind power towers, power plant steel structures and non-power towers
Environmentally efficient equipment	Flue gas dust collecting equipment, desulfurization and denitrification systems, muffler and noise elimination equipment

Our enclosed busbars are not used only for fossil-fuel power plants, but also for nuclear power plants, with an annual production capacity of 97 sets.

With respect to power transmission equipment, we successfully developed the world's first ± 800 kV and ± 1100 kV UHV dry-type hollow flat wave reactors both of which passed new product and technology evaluation by the China Machinery Industry Federation. This demonstrates our strong technological capability in developing equipment for the UHV power transmission facilities. Currently, we have already built an annual production capacity of 150 sets of UHV flat wave reactions.

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Production Base

As of May 31, 2015, our equipment production bases are located across China, with a GFA of 1,602,015.0 sq.m. and a total site area of 4,840,208.1 sq.m.. The following table sets forth the location, GFA, site area and main products of our major manufacturing facilities as of May 31, 2015:

<u>Location</u>	<u>Name of Major Subsidiaries</u>	<u>GFA</u> <i>(m²)</i>	<u>Site Area</u> <i>(m²)</i>	<u>Major Products</u>
Beijing, Tianjin and Hebei	Beijing Power Equipment Factory Co., Ltd., Baoding Jingbao Power Equipment Co., Ltd.	222,339.2	927,142.5	Coal pulverizers, reactors, enclosed busbars and prefabricated pipes
East China	Huaye Steel Structure Co., Ltd., Zhenjiang Huadong Power Equipment Manufacturing Co., Ltd., Jiangsu Power Equipment Co., Ltd., CEEC Nanjing Power Line Products Co., Ltd.	216,847.5	703,970.9	Steel structures and enclosed busbars
South China	CEEC Huanan Power Equipment Co., Ltd.	94,595.9	286,289.0	Line fittings, valve driving devices, prefabricated pipes, steel structure and transformers
Mid-southern China	Hunan Electric Lines and Wares Co., Ltd., Hunan Jingming Electric Material Co., Ltd., Gezhouba Group Machinery & Ship Co., Ltd.	252,630.0	754,759.1	Steel structures, vessels and transformers

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<u>Location</u>	<u>Name of Major Subsidiaries</u>	<u>GFA</u> <i>(m²)</i>	<u>Site Area</u> <i>(m²)</i>	<u>Major Products</u>
Northeast China	China Energy Engineering Group Shenyang Electric Machinery Co., Ltd., China Energy Engineering Group Anshan Iron Tower Manufacturing Co., Ltd.	467,776.0	819,526.2	Steel structures, prefabricated pipes, drum-shaped screens and coal feeders
North China	Shanxi Power Environmental Protection Equipment Co., Ltd., Shanxi China Energy Engineering Electric Equipment Co., Ltd.	108,778.3	453,417.7	Switch cabinets, coal feeders, coal pulverizers and dust removers
Northwest China	Xi'an Electric Machinery Co., Ltd., Lanzhou Electric Equipment Manufacturing Co., Ltd., Xinjiang New Energy Industrial Co., Ltd.	239,048.1	895,102.7	Steel structures, dedusters, coal pulverizers, water treatment equipment and power distribution equipment

Awards and Honors

We have received nearly 100 awards for our self-developed products and technologies. Beijing Power Equipment Factory Co., Ltd., the core enterprise of our equipment manufacturing segment, has been listed as one of the top 100 companies in the machinery industry in China for seven consecutive years, from 2008 to 2014. The ±800 kV UHV dry-type hollow flat ware reactor manufactured by us won the First Prize of the Science and Technology Progress Award issued by the Chinese Society for Electrical Engineering in 2014. Shenyang Electric Machinery Co., Ltd., one of our subsidiaries, is the sole producer approved by China International Engineering Consulting Corporation capable of manufacturing the drum-shaped rotating filtration screens and the grill cleaners for million-kW nuclear power plants domestically, and its self-developed drum-shaped filtration screens for large filtration equipment in the seawater filtration system for nuclear power plants won the Third Prize of the Science and Technology Progress Award from the NEA in 2011. The nuclear-grade valve driving devices developed by Huadong Power Equipment Co., Ltd. won the Third Prize of the

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Technology Invention Award issued by the Chinese Society for Electrical Engineering in 2014. Nanjing Power Lines and Wires Co., Ltd., one of our subsidiaries, is one of the participants responsible for the drafting of the National Standards for Power Metalware. It has developed and supplied the first 110 kV, 220 kV, 330 kV, 500 kV, 750 kV, 1,000 kV, ± 400 kV, ± 500 kV, ± 660 kV, ± 800 kV and, 220 kV and 500 kV compact, power transmission and transformation lines in China, the power metalware for the first long-distance power transmission line with a large section of 630 mm², 720 mm², 900 mm² or 1000 mm², and the non-standard metalware for substantially all the large river-crossing power transmission lines in China.

CIVIL EXPLOSIVES AND CEMENT PRODUCTION BUSINESS

Civil Explosives

Our civil explosives business is mainly conducted through our subsidiary, Gezhouba Explosive Company. Our products include bulk emulsion explosives, industrial explosives and initiating apparatus, and we also provide integrated blasting services, with our operations in 16 provinces, autonomous regions and municipalities as well as the international markets. We have a permitted production capacity of industrial explosives of 236 thousand tonnes, and a permitted production capacity of industrial detonators of 128 million pieces. In 2014, our production volume of industrial explosives ranked 4th in China, with a 4.6% domestic market share.

We have 24 manufacturing and 40 storage facilities in 14 provinces, municipalities and autonomous regions in China, and one storage facility in Liberia. Our multi-site explosives manufacturing facilities have an aggregate site area of 3,286,383.4 sq.m.. The following table sets forth the production capacity and production volume of our industrial explosives as of the date or for the period indicated:

<u>As of or for the year/five months ended</u>	<u>Production Capacity⁽¹⁾</u>	<u>Production Volume</u>
	<i>(thousand tonnes)</i>	
December 31, 2012	187.0	159.4
December 31, 2013	200.0	149.3
December 31, 2014	224.5	201.1
May 31, 2015	235.5	81.8

Note:

- (1) Production capacity is calculated based on the production of industrial explosives as it is one of our major products in terms of production volume.

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Gezhouba Explosive Company applied the technology of mobile manufacturing units (“MMU”s) for bulk explosive to the construction field of hydropower projects in China during the construction of the Three Gorges Project. This technology is characterized by safety, high quality, efficiency, and reduced environmental impact and has gained wide market acceptance. Since 1998, Gezhouba Explosive Company has successfully applied the technology of MMUs in key national power projects, large-scale mining projects as well as other infrastructure projects. Gezhouba Explosive Company has a number of qualifications in civil explosives, and is one of the few enterprises with all the qualifications for production, sale, import and export of civil explosives, the general contracting of ore mining, and the professional contracting of blasting and demolition projects and earthwork engineering projects. As of May 31, 2015, we obtained six invention patents in civil blasting, over fifty utility model patents, eight national and industrial Science and Technology Progress awards, and participated in the preparation and amendment of four national and industrial standards in China.

The civil explosives industry is a highly regulated industry. We have established a series of internal policies and procedures in production, storage and transportation processes to ensure safety and compliance with relevant laws and regulations. Our advanced, automated and safe manufacturing equipment, comprehensive monitoring system, strict equipment evaluations, safety training programs and effective emergency plans not only keep our production phase safe and in compliance with applicable regulations, but also promote safety awareness in our employees. The storage phase of our operation benefits from our comprehensive monitoring system, lightning and electrostatic protection facilities, fire prevention system and regular emergency drills. To transport and handle our products, we employ qualified and professional personnel, strictly follow relevant regulations, and comply with the date, route and speed limit set by relevant authorities. We also install monitoring devices on every vehicle to help us regulate our personnel’s driving behavior.

In 2012, 2013 and 2014 and the five months ended May 31, 2015, the revenue from our explosives production and sales and blasting services operations before intersegment elimination was RMB2,021.4 million, RMB2,265.7 million, RMB2,729.7 million and RMB986.3 million, representing 1.4%, 1.4%, 1.4% and 1.4%, respectively, of our total revenue before intersegment elimination during those periods. In 2012, 2013 and 2014 and the five months ended May 31, 2015, the gross profits of this segment before elimination were RMB706.5 million, RMB755.8 million, RMB879.6 million and RMB322.6 million, and the gross profit margins before elimination for the same periods were 35.0%, 33.4%, 32.2% and 32.7%, respectively.

Cement Production

We conduct our cement production business mainly through our subsidiary, Gezhouba Cement Company. As one of the 60 large cement groups supported by government, Gezhouba Cement Company has the largest production base of specialty cement in China. Gezhouba Cement Company produces a total of 28 varieties of cements under 13 categories with an annual production capacity of 25.0 million tonnes and is the second largest producer in Hubei Province. Its sales network covers Hubei province, and has expanded to approximately 20

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neighboring provinces and municipalities, including Sichuan, Chongqing, Shaanxi, Henan, Hunan and Shanxi. Our oil-well cement has been used in offshore oil exploration platforms, desert oil well cementing, and natural gas field exploration and development by major oil corporations in China. Gezhouba Cement Company has successfully established the brand “Three Gorges,” for its cement products which have been widely used in the constructions of medium-to-large hydropower projects, roads, railways, bridges, culverts, airports and other projects. In recent years, Gezhouba Cement Company expanded its business to the emerging environmental protection industries, and carried out the cement kiln waste treatment business, promoting the development of recycling of solid wastes and ecological restoration businesses.

Our multi-site cement production facilities have an aggregate site area of 2,797,955.0 sq.m.. The following table indicates our cements production capacity and production volumes as of the date or for the period indicated:

As of or for the year/five months ended	Production Capacity⁽¹⁾	Production Volume
	<i>(million tonnes)</i>	
December 31, 2012	21.0	15.3
December 31, 2013	21.0	17.0
December 31, 2014	25.0	18.0
May 31, 2015	25.0	7.3

Note:

- (1) Production capacity is calculated based on the production of cement clinker as it is one of our major products in terms of production volume.

The Research and Development Centre of Gezhouba Cement Company meets the required national laboratory standards in China. Our product, the oil-well cement, has been certified by the American Petroleum Institute. We currently have one invention patent, 50 utility model patents and 16 patents pending for approval in this field. We are also one of the National Energy Saving and Emission Reduction Pilot Corporations and the first cement plant to pass the cleaner production assessment in Hubei Province.

Revenue generated by our cement production operations before intersegment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2015 was RMB3,822.7 million, RMB4,943.4 million, RMB5,388.0 million and RMB2,068.3 million, representing 2.7%, 3.1%, 2.9% and 3.0%, respectively, of our total revenue before intersegment elimination during those periods. Gross profit before intersegment elimination generated by our cement production operations in 2012, 2013 and 2014 and the five months ended May 31, 2015 was RMB944.3 million, RMB1,246.7 million, RMB1,574.9 million and RMB540.0 million, representing a gross profit margin before intersegment elimination of 24.7%, 25.2%, 29.2% and 26.1%, respectively, for the same periods.

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INVESTMENT AND OTHER BUSINESSES

Overview

We invest in, operate and sell power plants and other infrastructure projects such as highways, environmental protection projects, and water conservancy projects, and also engage in real estate development. We selectively commit capital to those projects which satisfy our investment criteria.

We form investment strategies and employ different forms of participation for our various types of investments, such as PPP. We will continue to monitor and seek investment opportunities in international power projects and distributive energy projects. In China, we will seek investment opportunities in environmental protection, water utilities, and new town development areas. We only make investments when economic feasibility is established and the investment opportunity meets our requirement on returns.

We have set out risk management procedures and policies for our investment and other businesses. All investments need to be reviewed and approved by our investment committee, and are subject to board of directors' and/or shareholders' approval, if required. Our risk management policies cover various aspects of our investment and other businesses, ranging from general management guidance for domestic and overseas investment to specific guidance on areas such as budgeting and planning, as well as disposal.

The following table sets forth the revenue generated by our business lines in this segment in absolute amount and as a percentage of our segment revenue (before intersegment elimination in all circumstances) in 2012, 2013 and 2014 and the five months ended May 31, 2015:

	Year Ended December 31,						Five months ended May 31,	
	2012		2013		2014		2015	
	Revenue (RMB in millions)	Percentage	Revenue (RMB in millions)	Percentage	Revenue (RMB in millions)	Percentage	Revenue (RMB in millions)	Percentage
Power investment and operation	1,135.8	12.2%	1,123.8	10.2%	1,155.4	7.0%	393.3	6.0%
Real estate development	1,762.6	19.0	1,541.6	14.0	6,277.8	38.2	1,964.5	29.9
Other investments	6,390.4	68.8	8,317.4	75.8	9,013.2	54.8	4,206.1	64.1
Total	9,288.8	100.0%	10,982.8	100.0%	16,446.4	100.0%	6,563.9	100.0%

Gross profit of this segment before intersegment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2015 was RMB1,893.0 million, RMB2,056.3 million, RMB3,896.9 million and RMB1,390.9 million, representing 11.2%, 11.5%, 17.7% and 16.3%, respectively, of our total gross profit for the same periods.

Power Investment and Operation

Our investment and operation of power projects is complementary to our construction and contracting business and also an additional source of revenue and profit. We have invested in and operated power plants for nearly 20 years. As of May 31, 2015, we invested in and operated 18 hydropower plants and a number of coal-fired power plants, as well as wind farms.

In addition, we have been awarded the right of hydropower development at various sites on three rivers in the Xinjiang autonomous region, namely, Ake Niyaz River, Manas River and Kunas River, with a total installed capacity of 908.5 MW.

We will selectively increase coal-fired power investments, especially in pit-mouth power plants, which are constructed for transmitting power to eastern coastal areas from large coal production bases in Hami, Ningdong, Zhundong, Ordos, Xilin Gol, Shanbei, Jinbei, Jinzhong, Jindong and other areas. We also plan to selectively acquire more hydropower plants, invest in nuclear power and distributed energy projects, wind power, solar power, biomass power, natural gas and other clean energy which meet our investment criteria.

Real Estate Development

As one of the 16 enterprises approved by SASAC to engage in real estate business as one of their principal businesses, CGGC, one of our subsidiaries, engages in real estate development operations through two real estate subsidiaries with Grade A qualifications in Beijing and Wuhan, namely, Gezhouba Real Estate Company, one of the Top 100 real estate enterprises in China, and China Gezhouba Group Properties Co., Ltd.. They operate in a number of first and second-tier municipalities and provincial capital cities, including Beijing, Shanghai, Guangzhou, Chongqing, Nanjing, Wuhan, Sanya and Urumchi, with developments involving urban complex properties, commercial properties, tourism properties, commercial properties, industrial properties and properties for senior citizens.

We are committed to providing high quality service and products. Completed projects include “Zi Jun Mansion” in Beijing and “Zhen Garden” in Shanghai. As of May 31, 2015, we had 24 ongoing development projects. As of May 31, 2015, the aggregate site area of these projects was 1,681,347.39 sq.m., and the GFA is expected to be 3,889,493.37 sq.m.. The total area of these projects available for sale is approximately 468,303.55 sq.m..

The sales and marketing are conducted through both dedicated in-house sales teams and third-party professional marketing and sales service providers.

According to the relevant PRC laws and regulations, real estate developers must obtain qualifications in order to carry out real estate development businesses in the PRC. We maintain Grade A real estate development qualifications and will timely renew them as needed.

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Other Businesses

We also make equity investment in highways, water environment protection and other projects, including the operation of Xiangjing Expressway, Daguangbei Expressway and Nei-Sui Expressway and Kardan Water International Group (HK) Ltd. We are also engaged in auxiliary businesses such as the sales of materials used in power and infrastructure construction business.

For our investments in available-for-sale financial assets and long-term equity investments, we have formulated centralized equity investment internal control policies and procedures with respect to investment criteria, decision-making process and investment procedures. Our form of participation depends on the specific investment opportunity. We make investments only when economic feasibility is established and the projected investment return meets our criteria. We require investing subsidiaries to supervise the execution of and be accountable for their equity investments.

OVERSEAS BUSINESS

While solidifying and enhancing our strong presence in China, we are also expanding our international construction operations to capture opportunities in the overseas market brought by China's "going out" strategy such as the "One Belt and One Road" initiative and growing local demand. According to the Sullivan Report, we had the largest market share, 35.6%, of the overseas power contracting projects undertaken by PRC companies in 2014 in terms of new contract value. As of May 31, 2015, we had established an overseas network with 169 outlets in 71 countries and regions and had provided services in over 80 countries and regions. Our overseas business operations are focused on Southeast Asia, Africa and Latin America.

In 2012, 2013 and 2014 and the five months ended May 31, 2015, the revenue generated by our overseas business was RMB15,945.3 million, RMB17,158.0 million, RMB22,683.2 million and RMB8,229.9 million, respectively, representing 11.5%, 11.2%, 12.3% and 12.2%, respectively, of our total revenue for the same periods. As of December 31, 2012, 2013 and 2014 and May 31, 2015, the backlog of our overseas business was RMB113,400.8 million, RMB178,459.0 million, RMB243,187.8 million and RMB272,651.9 million, respectively. In 2012, 2013 and 2014 and the five months ended May 31, 2015, the new contract value of our overseas business was RMB68,218.4 million, RMB85,875.3 million, RMB90,495.2 million and RMB41,072.3 million, respectively.

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The following sets out our completed landmark overseas projects:

- *GDHA 500 kV Transmission Project in Ethiopia*: It is the largest overseas power grid engineering EPC project undertaken by a PRC company and also the largest power transmission project in Ethiopia. We were responsible for the survey and design;
- *Tekeze Hydropower Station in Ethiopia*: By integrating water resources, power generation and irrigation, the station is the largest hydropower station in Ethiopia. We were responsible for the construction of the double curvature and thin-walled cement dam which was difficult to construct. We also carried out the design, supply and installment of the metal structure;
- *EREN(1+1)×600 MW SC Coal-fired Power Plant in Turkey*: This station employs the first domestically designed and manufactured whole set of SC generation unit exported from China. We were responsible for the survey and design, construction, installation and commissioning;
- *MJ Route and Makurdi Transformer Substation in Nigeria*: It is one of the largest power transmission projects in Nigeria in recent years and has a transmission line of 280 km using the “same tower with double circuits” technology. We were the EPC contractor;
- *Chashma Nuclear Power Design Project in Pakistan Phase I (300 MW)*: It is the first nuclear power plant exported from China. We were responsible for the design of the conventional island;
- *Third Bridge in Bamako, Mali*: It was the largest foreign project in West Africa undertaken by a PRC company and is successfully completed eight months ahead of schedule. We were responsible for the construction of the bridge, interchange, transportation safety and relevant facilities. The length of the bridge is 2,294.2 m, out of which, the length of the bridge body is 1,626.5 m and is grouped in 69 sections; and
- *North-South Corridor Road Project in India*: It was a national key project in India. We were responsible for the construction of four sections with a total length of 170.0 km.

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The following table sets out the overseas landmark projects under construction as of May 31, 2015:

Project Name	Project Type	Contract Date	Expected Completion Date	Total Contract Value ⁽¹⁾	Approximate Percentage of Completion as of May 31, 2015	Note
				<i>(RMB in millions)</i>		
Santa Cruz Hydropower Station in Argentina	Hydropower	2013-10	2020-08	34,196.2	7%	We are jointly responsible for the financing, design, materials supply, construction and 15 years' operation and maintenance of this project with two local power enterprises.
Neelum-Jhelum Hydropower Station in Pakistan	Hydropower	2008-01	2015-10 ⁽²⁾	16,475.0	56%	This is a long-tunnel hydropower station with a total installed capacity of 963 MW. We are the EPC contractor.
Ving Hung Power Plant Phase I in Vietnam (2x600 MW)	Fossil-fuel power	2014-03	2018-03	7,324.5	35%	It is currently the largest investment project in Vietnam from China. We are the EPC contractor.
K2\K3 Nuclear Power Project in Karachi, Pakistan	Nuclear power	2013-08	2020-05	1,780.0	35%	This is the first third generation ACP1000 PWR exported from China. We are responsible for the design, civil work and installation of conventional islands.
500 kV and 230 kV Power Transmission Project in Ecuador	Power transmission	2013-08	2016-07	108.0	60%	We are responsible for the survey, design and technical service for all 500 kV extra high-voltage transmission lines.

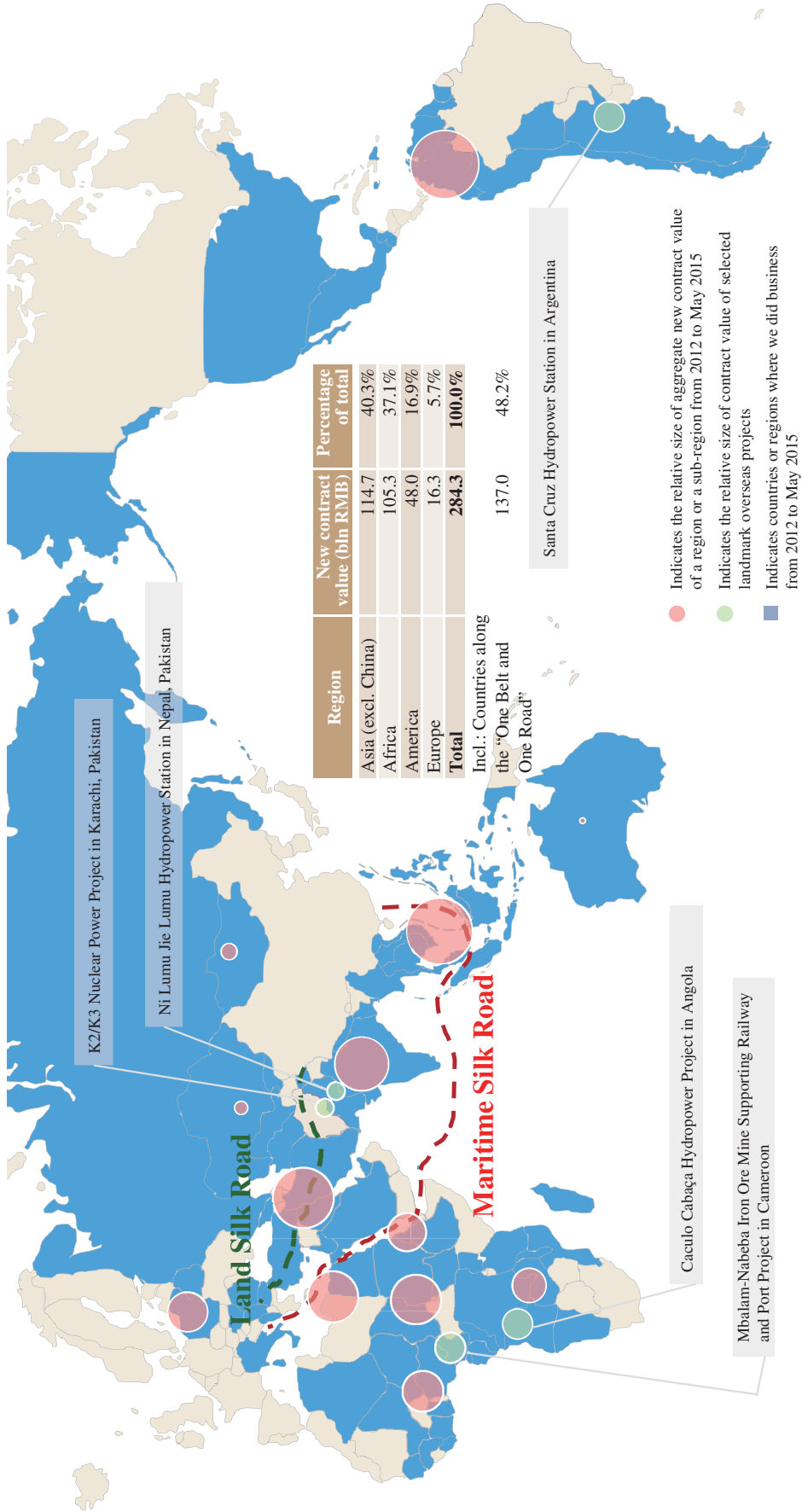
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<u>Project Name</u>	<u>Project Type</u>	<u>Contract Date</u>	<u>Expected Completion Date</u>	<u>Total Contract Value ⁽¹⁾</u>	<u>Approximate Percentage of Completion as of May 31, 2015</u>	<u>Note</u>
				<i>(RMB in millions)</i>		
Coal-fired Power Plant in Hunutlu, Turkey (2×660 MW)	Fossil-fuel power	2014-10	2018-12	83.5	30%	It is the first overseas project we have undertaken and designed according to E.O. environmental protection requirements and relevant standards. We are responsible for the overall survey and design.

Notes:

- (1) “Total contract value” represents the subtotal of the value of all the relevant contracts signed by us, excluding the value attributable to other parties.
- (2) Due to the reasons caused by the project owner or force majeure, the construction timetable has been delayed. The adjusted expected completion date is still under discussion between the project owner and us as of the Latest Practicable Date.

The following world map illustrates: (1) overseas markets in which we had new contracts in our survey, design and consultancy business or construction and contracting business during the Track Record Period (indicated in blue); (2) new contract value by regions during the Track Record Period and (3) selected landmark overseas projects.



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BACKLOG AND NEW CONTRACT VALUE

Backlog

Backlog represents our estimate of the contract value of work that remains to be completed as of a certain date. The contract value represents the amount that we expect to receive under the terms of the contract assuming the contract is performed in accordance with its terms. Backlog is not a measure defined by generally accepted accounting principles. See “Risk Factors – Risks Relating to Our Business and Industry – Backlog is subject to unexpected adjustments and cancelations and, therefore, may not be indicative of our future results of operations.”

The following table sets forth the aggregate contract value of projects in the backlogs of our survey, design and consultancy business, construction and contracting business, and equipment manufacturing business for the periods indicated:

	As of December 31,						As of May 31,	
	2012		2013		2014		2015	
	Contract value <i>(RMB in millions)</i>	Percentage of total	Contract value <i>(RMB in millions)</i>	Percentage of total	Contract value <i>(RMB in millions)</i>	Percentage of total	Contract value <i>(RMB in millions)</i>	Percentage of total
Survey, design and consultancy business	13,821.6	4.2%	16,085.5	3.5%	19,146.1	3.2%	19,994.2	3.0%
Fossil-fuel power	6,556.4	2.0	5,626.2	1.2	6,892.5	1.2	6,730.0	1.0
Hydropower	714.1	0.2	773.4	0.2	656.9	0.1	619.7	0.1
Nuclear power	24.9	0.0	266.3	0.1	270.5	0.0	276.3	0.0
New energy	969.0	0.3	1,434.1	0.3	1,869.1	0.3	1,876.0	0.3
Power transmission and transformation	4,403.0	1.4	5,180.9	1.1	5,267.7	0.9	5,680.7	0.8
Non-power and others ⁽¹⁾	1,154.3	0.4	2,804.6	0.6	4,189.4	0.7	4,811.4	0.7
Construction and contracting business	305,909.0	94.0	434,224.0	95.2	570,526.8	95.6	646,831.7	95.9
Fossil-fuel power	79,270.6	24.4	117,016.0	25.7	152,944.5	25.6	174,790.7	25.9
Hydropower	87,763.5	27.0	133,986.4	29.4	156,493.1	26.2	164,132.3	24.3
Nuclear power	5,536.9	1.7	5,637.1	1.2	4,618.6	0.8	6,940.7	1.0
New energy	15,733.7	4.8	32,876.9	7.2	46,578.4	7.8	60,994.6	9.0
Power transmission and transformation	10,288.5	3.2	11,209.3	2.5	18,247.4	3.1	21,914.9	3.2
Non-power and others ⁽¹⁾	107,315.8	33.0	133,498.4	29.3	191,644.5	32.1	218,058.5	32.3
Equipment manufacturing business	5,549.5	1.7	5,884.7	1.3	7,023.2	1.2	7,479.4	1.1
Total	325,280.1	100.0%	456,194.2	100.0%	596,696.1	100.0%	674,305.3	100.0%

Note:

- (1) Non-power and others refers to infrastructure projects such as highways, railways, buildings, bridges, civil works, airports and mines.

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The backlog of our overseas business in the above segments was approximately RMB113,400.8 million, RMB178,459.0 million, RMB243,187.8 million and RMB272,651.9 million as of December 31, 2012, 2013, and 2014 and May 31, 2015, respectively.

As of May 31, 2015, our overseas business/projects are located in more than 80 countries and regions, among which the top five countries, in terms of contract value, are Argentina, South Sudan, Pakistan, Vietnam and Nigeria. We generally price our overseas contracts in U.S. dollars, Euro or local currencies, except for a limited amount of designed contracts priced in Renminbi. We face various degrees of currency exchange risks associated with the different types of foreign currencies. To control these risks, we pay particular attention to the denominating currency when negotiating international contracts and closely monitor currency markets to select the optimal payment methods. We have centralized foreign currency management and employed bidding methods for currency exchange trades with banks, and have enhanced budgeting systems to manage foreign currency cash flow from our projects. We also actively seek out local labor outsourcing as well as international procurement opportunities when exercising the contracts.

Based on the assumption that all the ongoing contracts will be performed in full in accordance with their respective terms, approximately RMB138,574.1 million, RMB114,335.5 million and RMB91,314.6 million will be recognized from the aggregated backlog as of December 31, 2014, in 2015, 2016 and 2017, respectively.

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New Contract Value

New contract value represents the aggregate value of contracts entered into by us during a specified period. The value of a contract is the amount that we expect to receive under the terms of the contract if the contract is performed by us in accordance with its terms.

The following table sets forth the aggregate value of new contracts entered into by us in respect of our survey, design and consultancy business, construction and contracting business and equipment manufacturing business for the periods indicated:

	Year ended December 31,						Five months ended May 31,	
	2012		2013		2014		2015	
	Contract value <i>(RMB in millions)</i>	Percentage of total	Contract value <i>(RMB in millions)</i>	Percentage of total	Contract value <i>(RMB in millions)</i>	Percentage of total	Contract value <i>(RMB in millions)</i>	Percentage of total
Survey, design and consultancy business	10,447.2	5.0%	12,249.5	4.5%	13,296.0	4.5%	4,556.0	3.4%
Fossil-fuel power	3,190.3	1.5	3,101.9	1.1	4,849.7	1.7	977.7	0.7
Hydropower	173.6	0.1	191.7	0.1	118.9	0.0	25.9	0.0
Nuclear power	286.3	0.1	501.9	0.2	228.5	0.1	26.8	0.0
New energy	1,131.5	0.5	851.2	0.3	1,012.9	0.3	326.6	0.2
Power transmission and transformation	4,430.3	2.1	5,510.5	2.0	5,206.8	1.8	2,444.9	1.8
Non-power and others ⁽¹⁾	1,235.2	0.6	2,092.3	0.8	1,879.2	0.6	754.1	0.6
Construction and contracting business	188,743.6	90.4	246,515.8	91.4	268,345.3	91.4	123,922.9	93.6
Fossil-fuel power	56,701.1	27.2	83,807.1	31.1	85,689.6	29.2	39,753.2	30.0
Hydropower	31,604.4	15.1	71,941.6	26.7	44,645.7	15.2	17,439.7	13.2
Nuclear power	871.4	0.4	1,883.9	0.7	785.8	0.3	3,174.2	2.4
New energy	17,042.8	8.2	25,435.7	9.4	27,349.6	9.3	19,450.5	14.7
Power transmission and transformation	12,219.6	5.9	8,664.0	3.2	16,338.5	5.6	6,327.3	4.8
Non-power and others ⁽¹⁾	70,304.3	33.7	54,783.5	20.3	93,536.2	31.9	37,778.1	28.5
Equipment manufacturing business	9,492.4	4.5	11,024.7	4.1	11,793.2	4.0	3,932.6	3.0
Total	208,683.2	100.0%	269,790.0	100.0%	293,434.5	100.0%	132,411.5	100.0%

Note:

- (1) Non-power and others refers to other infrastructure projects such as highways, railways, buildings, bridges, civil works, airports and mines.

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The new contract value of our overseas business in the above segments was approximately RMB68,218.4 million, 85,875.3 million, 90,495.2 million and RMB41,072.3 million in 2012, 2013 and 2014 and five months ended May 31, 2015, respectively.

RESEARCH AND DEVELOPMENT AND TECHNOLOGY

To sustain our leadership in our industry, we have long focused on research and development in power generation and grid technologies and applying best industry practices. Benefiting from the solid platform and the substantial investment in our research and development capabilities, we have developed advanced technologies in China and globally.

Research and Development Organization and Team

Our research and development management system consists of (i) the science and technology committee and sub-committees, and the department of science and technology management at our headquarters and (ii) the science and technology departments at our subsidiaries. We have two national research institutes, four post-doctorate research and development work stations, 27 provincial level research institutes, two provincial key laboratories and a number of technology centers.

We have an outstanding research and development team. As of May 31, 2015, among our over 23,000 technology related staff, over 6,000 were dedicated to research and development, accounting for over 5% of our employee base. We have 21 experts enjoying special government subsidy of the State Council and three national survey and design masters.

Awards and Achievements

As of May 31, 2015, by leveraging our advanced technologies and strong research and development capabilities, we had successfully obtained over 4,200 patents and 40 certified processing techniques.

In recognition of our research and development achievements, we have obtained numerous technological awards, including 37 national science and technology awards. The table below sets forth our representative prizes of the National Science and Technology Progress Award granted by the State Council, one of the highest honors for technological innovation and advancement in China, as of May 31, 2015:

<u>Technology and Project</u>	<u>Year</u>	<u>Grade of Award</u>
Key technologies, equipment and engineering application of UHV AC transmission	2012	Special Prize
Design and construction of Qinshan 300 MW nuclear power plant	1997	Special Prize

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<u>Technology and Project</u>	<u>Year</u>	<u>Grade of Award</u>
Gezhouba Erjiang and Sanjiang project and hydropower generation unit	1985	Special Prize
Technical development and engineering practice for independent design of HVDC transmission projects	2011	First Prize
Three Gorges power transmission system project	2010	First Prize
The first 750 kV power transmission and transformation demonstration project in China and research on its key technologies	2008	First Prize
Research and application of USC coal-fired power generation technology	2008	First Prize
Design and construction of Qinshan 600 MW nuclear power plant	2005	First Prize
Dam design and construction technology research and engineering practice for the Three Gorges Project	1999	First Prize

Together with 49 of our subsidiaries we were accredited as PRC high-tech enterprises, among which Yangzhou Power Equipment Repair Company (揚州電力設備修造公司) was recognized as one of the key high-tech enterprises under the National Torch Program administered by the Ministry of Science and Technology.

Government-sponsored Research Projects

We have undertaken a number of national key science and technology projects to provide technical support for the construction of power generation and grid facilities in the PRC. For instance, we lead the research on the topics of the Engineering Design of Automated Control Systems of USC Sets and the Engineering Design of 1000 MW Direct Air-cooling Units under the “National Science and Technology Support Program” in China, the Optimization and Integration of the Reheat Thermal System for double reheat coal-fired unit and the Overall Design of the 700°C USC Coal-Fired Unit sponsored by the NEA.

Research Cooperation

We have collaborated with domestic and foreign research institutes to jointly conduct research and development activities. These institutes include the Chinese Academy of Sciences, China Electric Power Research Institute, China Institute of Water Resources and Hydropower Research, as well as universities like Peking University, Tsinghua University and Wuhan University. The agreements between us and these institutions typically provide that we are responsible for funding the research work and will share the resulting intellectual property. We also work with leading international power equipment companies such as GE International Inc., Siemens Ltd., China and ALSTOM Holdings on research and development projects.

Research and Development Expenses

Research and development expenses have been recognized as expenses as and when incurred. In 2012, 2013 and 2014 and the five months ended May 31, 2015, our research and development expenses were RMB734.8 million, RMB1,357.7 million, RMB1,955.4 million and RMB406.2 million, respectively.

Research and Development Plans

Over the next few years, we intend to increase our investments to improve our research facilities and continuously enhance our innovation capabilities in power equipment and system products. We will continue to develop technologies and products in response to evolving market demands, such as the technology in retrofitting of coal-fired power units, energy conservation and emission reduction, design, installation and construction of conventional islands of third-generation nuclear power plants, and nuclear power and offshore wind power equipment.

Our research and development efforts will also focus on projects that could enable us to seamlessly integrate our survey and design business with our other businesses to create more value for our customers.

SUBCONTRACTING

We regularly engage third-party subcontractors to provide extra workforce or specialty services or lower costs, primarily in our survey, design and consultancy, construction and contracting business.

We generally select subcontractors through a bidding process. Subcontractors must either be on our list of qualified subcontractors, or have passed our evaluation. As of May 31, 2015, our list had more than 4,900 subcontractors for survey, design, logistics, installation, construction and supervision services, and is regularly updated. We select a subcontractor primarily based on their qualifications, track record, financial strength and price. The subcontracting agreements typically reflect the principal terms of our contracts with the project owners. Subcontracting arrangements are made on a project-by-project basis, and the duration of each subcontracting agreement generally depends on the timetable, scope and nature of work and other needs of each project.

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We have internal control measures in place, under which we manage and monitor the performance of our subcontractors in terms of both quality and delivery of their services, using on-site supervisors and on-site reviews with the subcontractors. If we identify any performance issues, we will have follow-up discussions with the subcontractors and monitor their rectification measures.

We require our subcontractors to comply with our work safety standards and policies and to take measures to avoid any safety or other incidents during the course of their services. Our subcontractors are also required to regularly provide us with their work safety records, and we regularly supervise and inspect them. In the event of any failure by our subcontractors to meet our safety standards, we may cease to work with them or claim damages.

RAW MATERIALS AND SUPPLIERS

There are typically three methods of procurement in our construction and contracting operations, namely procurement by owner, procurement controlled by owner and procurement by contractor, in accordance with the different requirements under the construction contracts. In the case of procurement by owner, we will propose a list of equipment and materials needed for the project for the owner, while the owner will be in charge of procurement based on our proposal. In the case of procurement controlled by owner, while we will be responsible for soliciting bids from, negotiating and contracting directly with, suppliers, the owner will make all the key decisions, including choice of suppliers, in this process. In contrast, we generally will be able to independently negotiate and contract with suppliers of our choice under procurement by contractor.

We procure equipment and materials under our construction projects or for carrying out our construction work. Equipment used under construction projects includes boilers, turbines, generators as well as auxiliary power equipment. We also procure construction equipment and machinery for carrying out our work, including cranes, trucks, pumps, drills and trolleys. See “ – Construction and Contracting Business – Construction Equipment and Facilities.” Materials procured include rolled steel, timber, cement, explosives and components.

Our procurement is typically conducted through a bidding process. We select suppliers based on the quality of their products, post-sales services, track record, pricing and other factors. We have established and are promoting within our group a centralized procurement platform. We believe that the centralized procurement approach, together with other measures such as organizing bidding processes, will enable us to reduce our procurement costs.

We have a highly diverse base of suppliers. In 2012, 2013 and 2014 and the five months ended May 31, 2015, 0.6%, 0.9%, 1.0% and 1.5%, respectively, of our cost of sales were attributable to our largest supplier, while 2.5%, 3.3%, 4.2% and 3.8%, respectively, of our cost of sales were attributable to purchases from our five largest suppliers.

All of the above five largest suppliers were Independent Third Parties. None of the Directors or Supervisors, their respective associates or any our shareholders holding more than 5% of our issued capital, to the knowledge of our Directors, held any interest in any of the above five largest suppliers during the Trade Record Period and up to the Latest Practicable Date.

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SALES AND CUSTOMERS

In China, we typically win contracts for our design or construction services through a bidding process. In overseas markets, we secure contracts through bidding processes and bilateral negotiations.

The table below shows the approximate number and contract value of tenders for (i) our survey, design and consultancy business and (ii) construction and contract business for the period indicated.

	Year ended December 31,						Five months ended May 31,	
	2012		2013		2014		2015	
	Contract value <i>(RMB in millions)</i>	Number	Contract value <i>(RMB in millions)</i>	Number	Contract value <i>(RMB in millions)</i>	Number	Contract value <i>(RMB in millions)</i>	Number
Survey, Design and Consultancy								
Tenders submitted	87,460.8	22,648	55,587.4	31,127	56,352.9	30,465	25,004.9	14,184
Contracts awarded	10,447.2	5,256	12,249.5	7,054	13,296.0	7,392	4,556.0	3,552
Success rate	11.9%	23.2%	22.0%	22.7%	23.6%	24.3%	18.2%	25.0%
Construction and Contracting								
Tenders submitted	1,233,212.3	45,711	1,630,403.7	65,048	1,601,187.7	68,891	775,637.7	28,650
Contracts awarded	188,743.6	6,436	246,515.8	8,868	268,345.3	9,733	123,922.9	4,304
Success rate	15.3%	14.1%	15.1%	13.6%	16.8%	14.1%	16.0%	15.0%

When setting the prices for our products and services, we generally take into account, among others, pricing guidance issued by supervisory bodies and industry committees (if applicable), the costs associated with the contracts, the market, our estimation of the competing bids, and specifics of the underlying project relevant to the types of services we provide. When pricing our design services, we mainly focus on, among others, the scale, site, technological procedures and construction standards. When pricing our construction services, we mainly focus on, among others, market prices for raw materials, contractual risks, potential modification of workload, quality standards used at delivery, and information of available subcontractors. When pricing our power-related equipment, civil explosives and cement products, we also take into account transportation costs. In addition to the factors stated above, for contracts involving our international business, we also take into account local tax rates, political risks and currency fluctuation. Our major customers in China include all the major power grid operators and power generation companies. The major overseas customers comprise local energy authorities, and state or privately owned utility companies.

We primarily sell our equipment, explosives and cements directly to customers, which include power grid and generation companies as well as mining, petrochemical and metallurgy companies in China and abroad.

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In 2012, 2013 and 2014 and the five months ended May 31, 2015, 5.1%, 4.6%, 4.0%, and 5.4%, respectively, of our revenue was attributable to our largest customer. For the same periods, approximately 15.8%, 17.7%, 16.1%, and 16.1%, respectively, of our revenue was attributable to our five largest customers. These five largest clients were Independent Third Parties. To the knowledge of Directors, during the Track Record Period and up to the Latest Practicable Date, none of the Directors, Supervisors, their respective associates or any shareholders who hold more than 5% of our issued share capital have any interest in the five largest customers.

QUALITY CONTROL

We have implemented a quality control system pursuant to GB/T19001-2008 standards with detailed internal control procedurals for major aspects of our operations, including sourcing of businesses, contract management, project management, procurement, inspection, subcontracting and accountability of responsible personnel. The safety, quality control and environmental protection departments in our subsidiaries, consisting of supervisors and quality inspection staff, have responsibilities for implementing quality control measures.

We strictly follow regulatory quality inspection standards and requirements. We have adopted product and engineering service quality standards per industry standards and strictly implemented them in each phase of our projects. We have standardized procedures in place for the design, procurement of equipment and materials, production, inspection, delivery and post-sales services of our products.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

Our operations generate air or water pollution, noise, hazardous material and solid wastes, and we must abide by the relevant rules and regulations on occupational health, safety and environmental protection such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and the Law of the People's Republic of China Concerning Environmental Protection (《中華人民共和國環境保護法》). See "Regulatory Environment."

Having consulted Dentons Law Offices, our PRC legal advisers, our Directors confirm that we and our subsidiaries have complied with all applicable environmental protection laws and regulations in our operations in all material aspects and did not incur any material administrative penalties for violations of environmental protection laws and regulations during the Track Record Period.

We have implemented our health, safety and environmental management system pursuant to GB/T19001-2008, GB/T24001-2004, and GB/T28001-2011.

Our production and safety, quality and environmental protection departments of our subsidiaries are responsible for implementing the health, safety and environmental protection measures with the responsibilities of: (i) supervising and examining the safety and quality control measures of construction companies and construction management companies; (ii) regulating occupational health, hygiene and safety conditions; and (iii) monitoring compliance with environmental protection regulations relating to air, water, noise and solid wastes pollution.

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We impose safety and anti-pollution measures, as well as regular safety and environmental inspections, at all stages of our operations in order to minimize work accidents and injuries. We also monitor our subcontractors' compliance with safety and environmental regulations and procedures. We conduct regular safety training sessions with our employees and promote safe working practices. We have adopted safety standards in connection with construction, equipment installation, production and equipment manufacturing. We train our safety personnel and assist them in acquiring the requisite expertise and certifications to handle safety matters.

All of our operating subsidiaries have obtained and maintained safe production permits. The safe production permit is renewable every three years. We have not yet experienced any review or suspension of any safe production permits by PRC local authorities.

With regard to our overseas operations, we are committed to strict compliance with applicable local laws on occupational health, safety and environmental protection. Our ability to comply with local laws is an important consideration before the commencement of operations in foreign jurisdictions. Our safety, health and environmental protection function and other related departments oversee our compliance with local requirements. Regular reviews by the safety, health and environmental protection function of our operations in foreign jurisdictions are instrumental in monitoring their compliance.

Although we have stringent safety measures in place, our construction operations involve inherent occupational risks. In 2012, 2013 and 2014 and the five months ended May 31, 2015, our death rates (without regard to the fatalities resulting from those safety incidents for which we are not responsible as determined by relevant authorities) were 0.158, 0.065, 0.098 and 0.030 per RMB1.0 billion revenue, respectively. From January 1, 2012 to September 30, 2015, there was an aggregate of eight major safety incidents (excluding those for which we are not responsible as determined by relevant authorities), resulting in the deaths of 35 persons. The following table sets forth a summary of these incidents.

<u>Date</u>	<u>Location</u>	<u>Description of the Safety Incidents</u>
June 8, 2012	Zhaotong, Yunnan Province	The collapse of scaffolding caused seven deaths and one injured among the employees of a subcontractor for a coal-fired power plant construction project.
June 18, 2012	Chelyabinsk Oblast, Russia	The collapse of a crane (resulting from the fracture of a Russian-made rail) caused two deaths among our employees, and four deaths and four injured among the employees of a subcontractor for a fossil-fuel power plant installation project.

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<u>Date</u>	<u>Location</u>	<u>Description of the Safety Incidents</u>
September 22, 2012	Bayingol, Xinjiang Uygur Autonomous Area	An elevator fall accident caused three deaths and one injured among the employees of a subcontractor for a tunnel construction project.
August 1, 2013	Guilin, Guangxi Zhuang Autonomous Area	The collapse of a retaining wall caused five deaths and five injured among the employees of our outsourcing unit for a road construction project.
April 2, 2014	Azuay, Ecuador	An explosives accident caused four deaths among the employees of a subcontractor for a hydropower station project.
June 5, 2014	Hezhou, Guangxi Zhuang Autonomous Area	A gas poisoning and asphyxiation accident caused three deaths among employees of a subcontractor for a hydropower station project.
August 4, 2014	Lishui, Zhejiang Province	A gas poisoning and asphyxiation accident caused three deaths and two injured among employees of a subcontractor for a power transmission line construction project.
June 13, 2015	Chongqing	The collapse of the riverbank caused four deaths and one injured among employees of a subcontractor for a hydropower station project. The incident is still under investigation, and the relevant authority has not issued its written conclusion on responsibility for the incident.

We have conducted our own thorough investigations into each incident to identify and take disciplinary actions against the responsible persons. In addition, we have enhanced supervision over work safety and training for employees to further raise their safety awareness and knowledge. We cannot provide assurance that these safety incidents will not have an

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adverse impact on our reputation, corporate image and results of operations. As of the Latest Practicable Date, no material claim had been brought against us as a result of the incidents. Additionally, we experienced no material interruption to our operations as a result of these incidents.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

We have established comprehensive risk management and internal control systems, primarily composed of our internal control and risk management committee, internal audit department and other management departments, through which we monitor, evaluate and manage risks related to construction safety, nuclear safety, financial matters, market development, capital management, human resources and other matters that we are exposed to in our business activities. We plan to review and refine our risk management system every year based on changes to our business. Our senior management oversees our risk management systems and reviews the results of our annual risk assessment. Our risk assessment is conducted by a number of risk management departments within us and our subsidiaries. These departments conduct annual risk evaluations and regular risk management and controls, and report to senior management about material findings, in a timely manner. Our senior risk team members have extensive experience related to power facility construction and equipment manufacturing. We also run training programs for our risk management personnel each year in order to enhance their overall risk management ability and knowledge.

In order to comply with our anti-corruption/anti-bribery obligations under applicable laws and regulations, we have established a series of internal policies, measures and procedures. Our Professional Ethics Codes and Behavior Principles for Senior Managers and the Professional Ethic Codes and Behavior Principles for Employees elaborate on issues of conflicts of interest, commercial secrets, confidentiality obligations, information disclosure, company property, and the behavior principles for dealing with clients or third parties. We have also established a whistle-blower mechanism through hotlines, websites and e-mail, as well as relevant investigation procedures, to facilitate the execution of our anti-corruption/anti-bribery policies, measures and procedures.

INTELLECTUAL PROPERTY RIGHTS

Our Directors believe that our intellectual property rights, including our trademarks and patents, are important to our future business development. For further information about our main intellectual property rights, see “Appendix VIII – Statutory and General Information.”

To our knowledge, during the Track Record Period and up to the Latest Practicable Date, there were no claims or legal proceedings involving other parties having infringed on any of our key intellectual property rights, or vice versa.

INSURANCE

We maintain insurance in relation to a number of risks, with specific insurance coverage determined based on assessment of our risk exposure. The cost of the insurance coverage may fluctuate each year due to our claim records and conditions of the insurance and reinsurance markets.

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As of the Latest Practicable Date, we had, among others, the following insurance coverage: contractor's all risks insurance, property all risks, engineering casualty insurance, machine damage insurance, motor vehicle insurance, employer liability insurance, design liability insurance, and cargo insurance. We purchase insurance from a number of reputable domestic and foreign insurance companies. In formulating our insurance plan and selecting insurance companies, we consider their track record, relevant experience coverage, and premium of policies.

There are limitations on the amounts and types of insurance commercially available to cover risks that might arise in connection with our operations. For example, the insurance companies may not provide our desired insurance to cover the liability caused by intentional torts. Some insurance companies usually refuse to provide insurance coverage in certain geographic areas or circumstances, such as politically unstable regions. As of the Latest Practicable Date, our business maintained insurance coverage at a level that we believe to be consistent with market practice. See "Risk Factors – Risks Relating to Our Business and Industry – Insurance coverage or amount for our business, products, properties and staff may not be sufficient."

EMPLOYEES

As of May 31, 2015, we had 132,671 employees. The following table sets out the number of employees by function:

	Number of Employees
Operational, construction, maintenance and production	75,991
Management, finance and administration	28,155
Research and development, technical support	9,954
Sales and marketing	2,967
Others	15,604
Total	132,671

We have a high-quality employee base with over 23,000 technology-related staff members, among which 6,000 are dedicated to research and development, as of May 31, 2015. In our survey, design and consultancy segment alone, over 6,000 employees have master's degree or above, among which 228 have doctoral degrees, as of May 31, 2015.

We have established a comprehensive training system for our employees, based on their responsibilities, covering professional knowledge, technical skills, operational skills, operations and management and other areas. We hire employees through on-campus recruitment and other channels. As of May 31, 2015, over 8,500 employees held state registered professional certificates (such as registered engineers and architects), 21 employees were national technical experts and 25 employees were national model workers.

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In accordance with relevant local government requirements in the regions where we operate, we have entered into labor contracts with our employees in accordance with relevant laws, and we have made contributions to employee pension funds, purchased medical insurance, unemployment insurance, maternity insurance and injury insurance for them and made contributions to the employee housing fund in accordance with labor laws and regulations. No material administrative penalty has been imposed against us due to default in such payments or violation of related labor protection laws and regulations, and we have not experienced any material labor dispute that has interfered with our operations.

The majority of our subsidiaries in the PRC have labor unions. As of the Latest Practicable Date, we have not experienced any strikes or other material labor disturbances that have interfered with our operations, and we believe our management have maintained good relationships with our employees.

PROPERTIES

Headquarters

Our headquarters office is located at Building 1, No. 26 West Dawang Road, Chaoyang District, Beijing, China.

Land Use Rights

Owned Land

As of May 31, 2015, we owned land use rights of 678 parcels of land in China with an aggregate site area of 34,186,148.58 sq.m.. Among them, we had obtained the land use right certificates for 668 parcels of land with an aggregate site area of 33,741,991.84 sq.m., accounting for approximately 98.7% of the aggregate site area of lands owned by us.

As of May 31, 2015, among the above 668 parcels of land with land use right certificates, 25 parcels of allocated land with an aggregate site area of 1,011,554.21 sq.m. were not in compliance with PRC regulations in relation to further utilization of these land as retained allocated land and subject to relevant procedures for land transfers. These 25 parcels of allocated land were occupied by CGGC, our A-share listed subsidiary, among which 17 parcels of land with an aggregate site area of 664,252.18 sq.m., accounting for approximately 1.9% of the aggregate site area of lands owned by us, had been used for production purposes, and the remaining eight parcels of land are for residential and other non-production purposes.

As of May 31, 2015, we were in the process of obtaining the land use right certificates for 10 parcels of land with an aggregate site area of 444,156.74 sq.m. (the “Defective Owned Land”), accounting for approximately 1.3% of aggregate site area of parcels of land owned by us. Among the Defective Owned Land, eight parcels of land with an aggregate site area of 310,316.54 sq.m., accounting for approximately 0.9% of the aggregate site area of lands owned by us, were used for production purposes, and the remaining two parcels of land were for residential and other non-production purposes. Our PRC legal advisers, Dentons Law Offices, have confirmed that there is no material legal impediment for us to obtain the land use right certificates to the Defective Owned Land.

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Although the existence of outstanding land use right certificates to these lands will prevent them from being bought, sold or accepted by banks as security for mortgage, we are not aware of any ownership controversy or dispute or third party claims which will have a material effect on our business regarding these lands as of the Latest Practicable Date.

Our Directors believe that our use of the Defective Owned Land will not individually or collectively have a material adverse effect on our business operations for the following reasons:

- the Defective Owned Land is not crucial to our principal business operation, as the site area underlying these lands only accounted for approximately 1.3% of the total site area of lands owned by us;
- we are not aware of any ownership controversy or dispute or third party claims which will have a material effect on our business regarding these lands; and
- our Controlling Shareholder, Energy China Group, has irrevocably undertaken to us that it shall take full responsibility for and indemnify us against all losses, claims, penalties, fines, and expenses arising from the Defective Owned Land. Our PRC legal advisers, Dentons Law Offices, have confirmed that the above undertaking given by Energy China Group is legally binding and enforceable.

Leased Land

As of May 31, 2015, we leased 33 parcels of land in China with an aggregate site area of 652,168.05 sq.m.. Among them, the owners of 17 parcels of land with an aggregate site area of 319,438.01 sq.m., accounting for approximately 49.0% of the aggregate site area of lands leased by us, had not obtained the land use right certificates (the “Defective Leased Land”). These lands were primarily used for production and other ancillary purposes.

Our PRC legal advisers, Dentons Law Offices, have advised that the PRC law may not fully protect our rights under the leases of the Defective Leased Land, as the lease agreements for the Defective Leased Land may be held invalid due to the fact that the relevant lessors do not possess legitimate record verifying the ownership of or the right to dispose of such lands. Therefore, third parties may challenge our rights to use these lands, and we may have to vacate the relevant premises should any challenge succeed.

Our Directors believe that our use of the Defective Leased Land will not individually or collectively have a material adverse effect on our business operations for the following reasons:

- the Defective Leased Land is not crucial to our principal business operation, as the site area underlying these lands only accounted for approximately 0.9% of the total site area of lands used by us;
- we are not aware of any ownership controversy or dispute or third party claims which will have a material effect on our business regarding these lands; and

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- our Controlling Shareholder, Energy China Group, has irrevocably undertaken to us that it shall take full responsibility for and indemnify us against all losses, claims, penalties, fines, and expenses arising from the Defective Leased Land. Our PRC legal advisers, Dentons Law Offices, have confirmed that the above undertaking given by Energy China Group is legally binding and enforceable.

Buildings

Owned Buildings

As of May 31, 2015, we owned 2,972 buildings in China with an aggregate GFA of 3,479,455.30 sq.m.. Among them, we had obtained the building ownership certificates for 2,556 buildings with an aggregate GFA of 3,090,157.50 sq.m., accounting for approximately 88.8% of the aggregate GFA of buildings owned by us.

As of May 31, 2015, we had not obtained the building ownership certificates for 416 buildings with an aggregate GFA of 389,297.80 sq.m., accounting for approximately 11.2% of the aggregate GFA of buildings owned by us (the “Defective Owned Buildings”), primarily because (i) the completion inspection and acceptance of certain buildings had not been completed; and (ii) certain buildings lacked of archival data for registration due to historical reasons. Among the Defective Owned Buildings, 309 buildings with an aggregated GFA of 306,550.69 sq.m., accounting for approximately 8.8% of the aggregate GFA of buildings owned by us were used for operational purposes, while the remaining 107 buildings with an aggregated GFA of 82,747.11 sq.m. were for non-operational purposes. Our Directors believe that the Defective Owned Buildings are in safe condition, and that our use of these buildings will not materially adversely affect our business operations due to the insignificant amount of defective ownership.

Although the existence of outstanding building ownership certificates to these buildings will prevent them from being bought, sold or accepted by banks as security for mortgage, we are not aware of any ownership controversy or dispute or third party claims which will have a material effect on our business regarding these buildings as of the Latest Practicable Date.

Our Controlling Shareholder, Energy China Group, has irrevocably undertaken to us that it shall take full responsibility for and indemnify us against all losses, claims, penalties, fines, and expenses arising from the Defective Owned Buildings. Our PRC legal advisers, Dentons Law Offices, have confirmed that the above undertaking given by Energy China Group is legally binding and enforceable.

Leased Buildings

As of May 31, 2015, we leased from connected persons and Independent Third Parties 649 buildings in China with an aggregate GFA of 782,007.13 sq.m.. Among them, the owners for 225 buildings with an aggregate GFA of 291,060.51 sq.m. accounting for approximately 37.2% of the aggregate GFA of buildings leased by us, had not obtained the building ownership certificates (the “Defective Leased Buildings”). These buildings were primarily used for production and other ancillary purposes.

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Our PRC legal advisers, Dentons Law Offices, have advised that the PRC law may not fully protect our rights under the leases of the Defective Leased Buildings. Therefore, third parties may challenge our rights to use these buildings, and we may have to vacate the relevant premises should any challenge succeed.

Our Directors believe that the Defective Leased Buildings are of safe condition, and that our use of these buildings will not materially adversely affect our business operations for the following reasons:

- as of the Latest Practicable Date, we are not aware of any ownership controversy or dispute or third party claims which will have a material effect on our business, regarding these buildings;
- our Controlling Shareholder, Energy China Group, has irrevocably undertaken to us that it shall take full responsibility for and indemnify us against all losses, claims, penalties, fines, and expenses arising from the Defective Leased Buildings. Our PRC legal advisers, Dentons Law Offices, have confirmed that the above undertaking given by Energy China Group is legally binding and enforceable; and
- the Defective Leased Buildings are not crucial to our principal business operation, as the GFA underlying these buildings only accounted for approximately 6.8% of the total GFA of buildings used by us.

For more details of the indemnity undertaking issued by Energy China Group, see “Appendix VIII – Statutory and General Information – 5. Other Information – A. Indemnity.”

We believe that the risk that we may be required to vacate the relevant premises are remote, and even if required to vacate, we will have sufficient notice in accordance with the relevant lease agreements and we can readily find comparable properties to relocate our business. Based on information currently available to our Company, and taking into account the time required for relocating the business located on properties with defective titles, resulting in operating and business losses and relocating costs, we estimate that the total cost and expenses for relocating our businesses which are located on the Defective Leased Buildings will be immaterial. We do not expect any such relocation process and the related costs to have a material and adverse effect on our business. In addition, our Directors believe that land cost or rental costs for the Defective Leased Buildings and Defective Leased Land would not be materially different should the lessors obtain relevant certificates.

For more details of the risks relating to our title defects, see “Risk Factors – Risks Relating to Our Business and Industry – We do not possess valid title or rights to certain properties that we occupy.”

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Overseas Properties

As of May 31, 2015, we owned three parcels of land with an aggregate site area of 29,654 sq.m. and six buildings with an aggregate GFA of 4,906 sq.m., respectively, in overseas jurisdictions where we operate.

As of May 31, 2015, we leased eight parcels of land with an aggregate site area of 705,282 sq.m. and 137 buildings with an aggregate GFA of 33,862 sq.m., respectively, in overseas jurisdictions where we operate.

Property Valuation

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued the selected property interests at Beijing, Shanghai, Hainan Hubei and Jiangsu provinces in the PRC as of September 30, 2015. For the texts of summary of valuation and the valuation certificates, see “Appendix IV – Property Valuation Report.” The total carrying amount of our property interests relating to “non-property activities” is below 15% of the total assets, so the selected property interests are those property interests relating to “property activities” except for those with a carrying amount below 1% of the total assets. The total carrying amount of property interests not valued does not exceed 10% of the total assets.

BUSINESS OPERATIONS IN COUNTRIES AND REGIONS SUBJECT TO SANCTIONS

The U.N., the United States, the E.U. and other jurisdictions (including Australia and Hong Kong) impose comprehensive or extensive economic sanctions on Sanctioned Countries and also target Sanctioned Persons. For details related to sanctions laws, see “Regulatory Environment – Descriptions of Sanctions Laws.” During the Track Record Period, we operated businesses in a number of Sanctioned Countries and/or with Sanctioned Persons such as Myanmar Foreign Trade Bank, Dams Implementation Unit of Sudan, Bank Tejarat, Bank Mellat, and Iran Water and Power Resources Development Co., as further discussed below. In 2012, 2013 and 2014 and the five months ended May 31, 2015, the revenue from our contracts in Sanctioned Countries and/or with Sanctioned Persons accounted for approximately 0.8%, 0.9%, 0.6% and 0.7% of total revenue of the Group, respectively. We do not expect a significant increase in the revenue from such countries in 2015, 2016 and 2017. As of December 31, 2012, 2013 and 2014 and May 31, 2015, the backlog of our projects with Sanctioned Countries and/or Sanctioned Persons was RMB5,632.0 million, RMB1,985.3 million, RMB875.9 million and RMB449.7 million, respectively, representing 1.7%, 0.4%, 0.2% and 0.1% respectively, of the Group’s backlog for the same periods. In 2012, 2013 and 2014 and the five months ended May 31, 2015, the new contract value of our projects with Sanctioned Countries and/or Sanctioned Persons was RMB1,137.5 million, RMB5,483.6 million, RMB6,900.0 million and nil, respectively, representing 0.6%, 2.0%, 2.4% and nil, respectively, of the Group’s new contract value for the same periods. As of May 31, 2015, we had six ongoing contracts with Sanctioned Countries and/or Sanctioned Persons. In addition, to the best of our knowledge, there were no new contracts with Sanctioned Countries and/or Sanctioned Persons signed after the Track Record Period and up to the Latest Practicable Date.

Sales and operations in Sanctioned Countries and/or with Sanctioned Persons

Our (i) projects and contracts in Belarus, Bosnia and Herzegovina, Côte d’Ivoire, Congo, Iraq, South Sudan, Albania and Bulgaria do not involve designated entities, individuals or persons targeted by the United States and the E.U., and the subject matter of such contracts was not prohibited by E.U. regulations; and (ii) projects and contracts in Russia neither implicate any OFAC or E.U. sanctions nor involve any listed person targeted by E.U. regulations; and (iii) to the extent of our knowledge, projects and contracts in Sanctioned Countries were conducted in accordance with applicable OFAC laws and E.U. regulations; and (iv) projects and contracts in these countries do not violate the relevant sanctions regulations and laws of the U.N., Australia and Hong Kong (for more information about the sanctions laws, see “Regulatory Environment – Descriptions of Sanctions Laws”). A brief summary of our sales and operations in Sanctioned Countries and/or with Sanctioned Persons is as follows:

- **Belarus:** During the Track Record Period, we provided services such as design and consultancy, construction contracting and sales of related accessories to certain entities of Belarus according to 15 contracts with a total value of RMB2,853.6 million. Our operating activities in Belarus were conducted on normal commercial terms in our usual course of business. During the Track Record Period, payments of contracts were settled in RMB or USD. In 2012, 2013 and 2014 and the five months ended May 31, 2015, our revenue from Belarus accounted for approximately 0.1%, 0.0%, 0.0% and 0.1%, respectively, of the total revenue of the Group. We do not expect our revenue from Belarus to increase significantly in 2015, 2016 and 2017. North China Power Engineering Co., Ltd has a representative office in Belarus which operates from rented offices. One of our Chinese counterparties in a project in Belarus, China Machinery Engineering Corporation, was subject to U.S. export control restrictions until June 2013. However, this project did not involve export of U.S.-origin goods to that counterparty and thus we believe would not have violated the relevant export control restrictions.
- **Myanmar:** During the Track Record Period, we provided services such as design and consultancy, infrastructure construction and sales of related accessories to certain entities in Myanmar according to 26 contracts with a total value of RMB586.2 million. 10 of such contracts with the total value of RMB11.0 million were entered into after July 2012, the date when the United States lifted its comprehensive sanctions against Myanmar. Four of our projects in Myanmar involved payments through Myanmar Foreign Trade Bank, an OFAC SDN. Our operating activities in Myanmar were conducted on normal commercial terms in our usual course of business. During the Track Record Period, payments of contracts were settled in RMB, USD or Euros. In 2012, 2013 and 2014 and the five months ended May 31, 2015, our revenue from Myanmar accounted for approximately 0.0%, 0.0%, 0.0% and 0.0% of total revenue of the Group. As of May 31, 2015, there was only one ongoing contract involving a Sanctioned Person in Myanmar. This contract was entered into with the Irrigation Department of the Ministry of Agriculture and Irrigation, using Myanmar Foreign Trade Bank as the payment bank, with a total

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contract value of approximately RMB102.8 million. After the Track Record Period, we are still in the process of installing power-generating equipment and related civil works, with a remaining contract value of approximately RMB10.3 million. As of September 30, 2015, all the goods under this contract have been delivered, and 97.85% of the contract amount has been settled, with a remaining contract value of approximately RMB2.2 million. We expect to perform the remaining installation services by June 2016. We do not expect our revenue from Myanmar to increase significantly in 2015, 2016 and 2017.

- **Libya:** Starting from 2008 and prior to the imposition of U.S. comprehensive sanctions on Libya on February 25, 2011, we engaged in two projects in Libya that involved Libyan Housing Project Executive Committee and Housing and Infrastructure Commission of Libya, respectively. One of the projects was terminated in 2009 with no work performed and no payments made in connection with the project. We performed certain activities and received a number of payments through the Sahara Bank of Libya under the other project. However, any activity in connection with such project was suspended prior to the imposition of the comprehensive U.S. sanctions on Libya and prior to the designation of the Sahara Bank as an SDN (and prior to the imposition of E.U. sanctions relating to Libya). We have not received any revenue from Libya in 2011, the year during which the country was subject to comprehensive U.S. sanctions.
- **Syria:** We are currently negotiating a contract with a public entity, Public Establishment of Electricity for Generation and Transmission that is part of the Government of Syria in connection with a power plant in Syria under which we would design, procure equipment for, construct, install and commission the power plant. Currently, we have only completed a memorandum of understanding with the public entity and have not performed any activity in connection with the project. We do not know the potential value of the project and currently cannot estimate the revenue it will generate if we are to proceed with it. As Syria is a country subject to comprehensive U.S. sanctions, under U.S. sanctions laws all persons/entities resident, located, or organized in Syria, including the Public Establishment of Electricity for Generation and Transmission, are Sanctioned Persons.

Sudan

The United States administers comprehensive sanctions on Sudan by imposing an asset freeze and commercial embargo on the government of Sudan and Sudanese SDNs, and prohibits U.S. persons from engaging in trade or commercial dealings with persons/entities in Sudan, all of which are considered Sanctioned Persons for the purposes of U.S. sanctions. The E.U. maintains limited sanctions relating to Sudan, including an asset freeze on funds or economic resources belonging to, owned, held or controlled by, listed natural and legal persons; a prohibition on making funds or economic resources available, directly or indirectly, to or for the benefit of listed natural and legal persons; and a prohibition on the provision of technical assistance, brokering services, financing and financial assistance relating to military activities.

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During the Track Record Period, under six contracts with a total value of RMB2,865.0 million, we provided services such as infrastructure construction and sales of related accessories to certain entities in the country. Our operating activities in Sudan were conducted on normal commercial terms in our usual course of business. As of the Latest Practicable Date, we are not aware of any of our operations in Sudan involving U.S. persons, U.S.-origin goods or the U.S. financial system. In 2012, 2013 and 2014 and for the five months ended May 31, 2015, our revenue from Sudan accounted for approximately 0.0%, 0.0%, 0.0% and 0.0% of total revenue of the Group. We do not expect to receive significant revenue from Sudan in 2015, 2016 and 2017. During the operating period, our sales and operations relating to Sudan are as follows:

- In August 2004, we entered into a contract with a Sudan-Chinese joint venture to provide design and consultancy services for Sudan Merowe Dam Project. The contract value was approximately RMB8.4 million in total after a supplementary agreement was entered into in August 2007. After the Track Record Period, we are in the process of providing design and consultancy services, with a remaining contract value of approximately RMB1.3 million. As of September 30, 2015, our contractual obligation has been fully completed. The only remaining obligation relates to the warranty. Under the contract, related payments shall be settled in January 2016. The Dams Implementation Unit (“DIU”) of Ministry of Hydropower Dams, the Republic of the Sudan, as the end-user of the project, is an entity that is controlled by the Government of Sudan.
- In September 2006, we entered into a contract with a Sudan company to provide project management services for the Sudan North Khar 2×100 MW Fuel Oil Power Plant Engineering Project. The contract value was approximately RMB18.6 million in total and was completed and settled on December 1, 2013. The end-user of the project, namely Sudan National Electricity Corporation (“NEC”), is a Sudanese state-owned enterprise which is an OFAC SDN. Our Chinese counterparty on this project, China Machinery Engineering Import & Export Corporation, if it is the same as China Machinery Engineering Corporation mentioned above, was subject to US export control restrictions until June 2013. However, this project did not involve the export of U.S.-origin goods to that counterparty, and thus we believe would not have violated the relevant export control restrictions.
- In October 2008, we entered into a contract with a Sudan-Chinese joint venture to provide design and consultancy services for the Sudan Roseires Dam Heightening Project. The contract value was approximately RMB4.5 million in total and came into effect in 2008. After the Track Record Period, we are in the process of providing design and consultancy services, with a remaining contract value of approximately RMB2.4 million. As of September 30, 2015, we have fully completed the contractual obligations under this contract and expect to receive the remaining payment in December 2015. The end-user of the project is DIU, an entity controlled by the Government of Sudan.

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- In July 2010, we entered into a contract with a Chinese company to provide electric substation fittings for the Sudan Dongola-Wadi Half Power Transmission and Distribution Project. The contract value was approximately RMB1.0 million in total and was completed and settled in May 2014. The end-user of the project is NEC.
- In August 2010, we entered into a contract with DIU to participate in the PC1 Subproject of Sudan Merowe Irrigation Project. The contract value was approximately RMB2,830.0 million in total and the contract was denominated in USD. The contract did not come into effect due to difficulties in financing the project. The contract was terminated by the counterparty on October 17, 2012. The project involved a number of payments through the Bank of Khartoum, which at that time was listed on OFAC's SDN list. However, all such payments were made in Sudanese Pounds.
- In July 2011, we entered into a contract with a Chinese company to provide technology design and consultancy services for the Sudan Merowe Irrigation Project. The contract value was approximately RMB2.5 million in total and the contract came into effect in July 2011. However, we have not conducted substantive work since the entry of the contract, and the contract was terminated in 2012 due to the civil war in Sudan.

In relation to our activities in Sudan, we have not been informed that we will be sanctioned for the above contracts.

Iran

Similarly, the United States administers comprehensive sanctions on Iran by imposing an asset freeze and commercial embargo on the government of Iran, Iranian SDNs and Iranian banks, and prohibits U.S. persons from engaging in trade or commercial dealings with persons/entities in Iran, all of which are considered Sanctioned Persons for the purposes of U.S. sanctions. The E.U. sanctions relating to Iran include, among other restrictions, asset freezes and prohibitions on making available funds and economic resources, directly or indirectly, to or for the benefit of listed natural and legal persons. Those listed natural and legal persons are considered Sanctioned Persons for the purposes of E.U. sanctions.

During the Track Record Period, several of our subsidiaries entered into eight contracts in Iran with a total value of RMB18,852.4 million, providing to certain Iranian entities various services such as design, sales, material supply, construction, installation and technology support for hydropower, electric and irrigation projects in Iran. Our main counterparty and/or end-user in these Iranian projects is Iran Water and Power Resource Development Co ("IWPC"), an entity that does not appear on the SDN list nor the E.U. Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions, but is ultimately owned by the Government of Iran (through the Iran Ministry of Energy). On the other hand, our activity in Iran has also involved a number of banks and entities that appear on the SDN list, including entities targeted under the U.S. sanctions against proliferation of weapons of mass destruction

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(“NPWMD”), and one project involves acting in a consortium with an entity that was later included on the E.U. Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions. To our knowledge our activities in Iran, however, do not involve any nuclear-power-related activity or the Iranian oil or petroleum sector, namely the sectors of the Iranian economy specifically targeted under the U.S. secondary sanctions. We have also maintained two branches in Iran that employs a number of employees assisting with ongoing projects in Iran. We are also in the process of negotiating a joint venture with a private Iranian entity that would allow us to expand our business in the hydropower market in Iran. Finally, we are in the process of negotiating one additional contract with IWPC. As of the Latest Practicable Date, we do not believe that our operations in Iran involved U.S. Persons, the U.S. financial system, or U.S.-origin goods. In 2012, 2013 and 2014 and the five months ended May 31, 2015, our revenue from Iran accounted for approximately 0.7%, 0.9%, 0.6% and 0.7%, respectively, of the total revenue of the Group. We do not expect a significant increase in the revenue from Iran in 2015, 2016 and 2017. During the Track Record Period, our activities in Iran are as follows:

- In October 2007, we entered into a contract with an Iranian hydroelectric resource development company to provide services such as design, sales, material supply and installation of hydropower-station-related equipment as well as follow-up services in connection with the Rudbar Hydropower Project in Iran. The counterparty and end-user, namely IWPC, is ultimately owned by the Government of Iran (through the Iran Ministry of Energy). Bank Tejarat is the issuing bank of the letter of credit for this project. The contract value was approximately RMB3,139.0 million in total. Following the Track Record Period, we are in the process of installing pressure steel pipes and power generating equipment, with a remaining contract value of approximately RMB157.0 million. To perform work under this contract we formed a consortium with SEPASAD Engineering Company, which was replaced by TABAN in July 2009. Therefore, SEPASAD has no longer been a party to the contract since then. As of September 30, 2015, we have fulfilled substantially all of the contractual obligations and the project entered into the commission stage, with a remaining contract amount of approximately RMB3.0 million. We expect to complete this project in May 2016.
- In October 2009, we entered into a contract with IWPC to supply hydropower-station-related equipment, construction material and follow-up services in connection with the Chamshir Dam Project in Iran. The contract value is approximately RMB2,192.3 million (with our share being RMB795.0 million) in total and will be completed on September 13, 2016. Bank Tejarat is the issuing bank of the letter of credit for this project, and the outstanding amount under the letter of credit for this project was RMB169.6 million as of September 30, 2015. The warranty period is extended to September 13, 2018. Following the Track Record Period, we are in the process of installing and commissioning the 1# unit and 2# unit elbow tubes, with a remaining contract value of approximately RMB278.3 million. As of September 30, 2015, our remaining contract amount was approximately RMB107.3 million.

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- In December 2012, we entered into a contract with IWPC to provide design, material supply, construction and installation services for the Chamshir Irrigation Project in Iran. The contract value is approximately RMB1,137.5 million in total. As of the Latest Practicable Date, the contract has not come into effect. Related transaction payments will be denominated in RMB and Rials.
- In 2013, we entered into a contract with IWPC to provide design, material supply, construction and installation services for the Iran Rudbar Lorestan Pumped-Storage Power Station. The contract value is approximately RMB4,750.0 million in total. As of the Latest Practicable Date, the contract has not come into effect.
- In January 2013, we entered into a contract with IWPC to carry out additional work and assist on providing financing for the Iran Rudbar Power Plant. The contract value is approximately RMB729.5 million in total. As of the Latest Practicable Date, the contract has not come into effect.
- In January 2013, we entered into a contract with a Chinese contractor to provide design, manufacturing, delivery, transportation, examination, installation and adjustment services for enclosed busbars for the Iran Rudbar Hydropower Station Project. The contract value was approximately RMB3.4 million in total. We provided the last batch of the products in September 2015, and the remaining contractual obligation is limited to providing after-sale services. As of September 30, 2015, we had completed the contractual obligation, with remaining site services to be provided. The warranty period is extended to January 7, 2017. The end-user under this project is IWPC.
- In July 2013, we entered into a contract with a Chinese contractor to provide three electric reactors for its Iran project. The contract value was approximately RMB0.7 million in total and the contract was completed on October 11, 2013. Related payments have been settled in RMB.
- In August 2014, we entered into a contract with Iran Water Resource Management Company (the parent of IWPC), and an entity ultimately owned by the Government of Iran (through the Iran Ministry of Energy), to provide design, material supply, construction and installation services for the Iran national irrigation network (Phase I). The contract value is approximately RMB6,900.0 million in total. As of the Latest Practicable Date, the contract has not come into effect.

In relation to our activities in Iran, we have not been informed that we will be sanctioned for the above contracts related to Iran.

Projects in Iran

The additional information in connection with the contracts described above is set forth below. For the past five financial years CGGC Group, one subsidiary of the Group, has two hydropower station projects in Iran, namely the Rudbar Hydropower Station Project and the

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Chamshir Project. The value of the two contracts is approximately RMB5,331.3 million in total: the Rudbar contract is valued at approximately RMB3,139.0 million and the Chamshir project is valued at approximately RMB2,192.3 million (with CGGC's share being RMB795.0 million). Neither of the contracts is related to the oil industry in Iran. CGGC Group acts as the EPC general contractor of these two projects. The project owner, IWPC, is an entity controlled by the Government of Iran (through the Iran Ministry of Energy).

CGGC, in relation to the Rudbar Hydropower Station Project, mainly provides (1) design, material supply, installation and related services of electromechanical equipment for a hydropower station, pressure steel pipes, metal connecting equipment and installation materials; and (2) design, material supply, construction and installation services of a pumped-storage power station. On the other hand, CGGC in relation to Chamshir Hydropower Station Project mainly provides (1) design, material supply, installation and related services for three units of 55 MW hydraulic turbine sets, two units of 6 MW hydroelectric generating sets and the accessory equipment, metal structure of the station and electromechanical equipment for the hydropower station such as switching station, metal connecting equipment as well as installation materials; and (2) design, material supply, construction and installation services for the Iran Chamshir Irrigation Project. These projects are for public use.

The contract for the Rudbar Hydropower Station Project came into effect on April 21, 2011 and is expected to be completed in May 2016. The warranty period was extended to April 21, 2017. The contract for the Chamshir Hydropower Station Project came into effect on September 13, 2012 and is expected to be completed on September 14, 2016. The warranty period will be extended to September 13, 2018.

The confirmed revenue and anticipated revenue of CGGC Group in these two projects are as follows: (1) Iran Rudbar Hydropower Station Project: in 2011, the revenue was RMB627.4 million, accounting for 1.4% of the total annual revenue of CGGC; and the profits were RMB35.7 million. In 2012, the revenue was RMB809.5 million, accounting for 1.5% of total annual revenue of CGGC; and the profits were RMB13.0 million. In 2013, the revenue was RMB825.2 million, accounting for 1.4% of total annual revenue; and the losses were RMB(1.7) million. In 2014, the revenue was RMB678.8 million, accounting for 1.0% of total annual revenue of CGGC, and the confirmed profits were RMB15.0 million. In 2015, the anticipated revenue is RMB141.9 million, and the anticipated profits are RMB4.7 million; (2) Iran Chamshir Hydropower Station Project: in 2013, the confirmed revenue was RMB243.1 million, accounting for 0.4% of total annual revenue of CGGC, and the confirmed profits are RMB11.5 million. In 2014, the confirmed revenue was RMB804.8 million, accounting for 1.1% of total annual revenue of CGGC, and the confirmed profits were RMB39.0 million. In 2015, the anticipated revenue is RMB686.7 million, and the anticipated profits are RMB10.4 million.

As of the Latest Practicable Date, the contracts for the Iran Rudbar Pumped Storage Power Station Project, additional work for Rudbar Power Plant, 1st Phase of work for the Iran national irrigation network and the Iran Chamshir Irrigation Project have not come into effect.

Financial Transactions in Iran

CGGC maintains a relationship with Bank Mellat that it uses to settle non-USD payments in connection with the above-mentioned projects in Iran and has in the past engaged in transactions involving Bank Tejarat. Both banks appear on the SDN List because they are designated in the U.S. under the NPWMD program, as well as under the Iranian Financial Sanctions Regulations. Activities involving these two banks, depending on the context, fall into the scope of sanctionable activity under U.S. secondary sanctions and thus we (as its parent company) and CGGC could also be at risk of designation, namely the imposition of blocking sanctions, unless such activities occur only after the suspension of the relevant extraterritorial sanctions upon implementation of the Joint Comprehensive Plan of Action (“JCPOA”). Based on a number of considerations, including our willingness to exit the relationships with these two banks if any concerns are expressed by relevant sanctions authorities in relation to them, we do not believe we face material risk of such designation. Pursuant to the JCPOA, provided Iran meets its commitments not to seek, develop or acquire nuclear weapons, the United States will suspend its secondary sanctions on activities involving Bank Tejarat and Bank Mellat and will remove these banks from the SDN list, possibly as early as January 2016. Specifically, for the suspension of the U.S. secondary sanctions against Bank Tejarat and Bank Mellat, among other sanctions suspensions, to occur on the Implementation Day of the JCPOA, Iran will have to satisfy the International Atomic Energy Agency (“IAEA”), through a process of verification, that Iran has satisfied its obligations under JCPOA Annex V, Section (C)(15). While there is no fixed date for Implementation Day, it may take place in early 2016. We, after consulting our legal advisers and based on such legal advisers’ view, believe that the removal of Bank Tejarat and Bank Mellat from the SDN list on Implementation Day, as required under the JCPOA, would mean that the further performance of the Rudbar Hydropower Project and the Chamshir Dam Project by the Group will no longer fall within the scope of sanctionable activity under the U.S. secondary sanctions. Additionally, we plan to cease using Bank Tejarat and Bank Mellat after the completion of all current projects, which is estimated to occur in 2018.

Bank Mellat and Bank Tejarat are also listed in the E.U. Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions. However, no payments either from or to Bank Mellat or Bank Tejarat have been made in EUR.

U.S. Sanctions*U.S. Primary and Secondary Sanctions Risk Summary*

We would not be subject to the applicable primary U.S. sanctions laws, since our relevant business activities in the Sanctioned Countries or with Sanctioned Persons do not involve or intend to involve U.S. Persons, U.S.-origin items or the U.S. financial system (i.e. payments in U.S. dollars).

The risk of sanctions being imposed by the U.S. government against us or our subsidiaries under U.S. secondary sanctions in connection with our relevant business activities in the Sanctioned Countries or with Sanctioned Persons is not material. In addition, for a designation to occur, or other such measures to apply, OFAC or other relevant authorities would have to

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approach us for investigation before considering a designation. Therefore, to further control for secondary sanctions risk, we have undertaken to the Hong Kong Stock Exchange that should any U.S. authority approach us to request information with regard to our ongoing activities in Iran, we will fully cooperate with any such request and will terminate any activity the U.S. authorities may determine to be sanctionable activities within the timeframe requested by the U.S. authorities. In particular, with respect to our above-mentioned ongoing contracts in connection with the Rudbar Hydropower Project (which involved three SDNs, SEPASAD, Bank Tejarat and Bank Mellat) and the Chamshir Dam Project (which involved two SDNs, Bank Tejarat and Bank Mellat), based on our legal advisers' view, we do not believe that we are under the risk of being designated for the following reasons: (i) we have substantially fulfilled our obligations under the contract in connection with the Rudbar Hydropower Project, the payments for our services have been completed and our relationships with Bank Tejarat and SEPASAD in connection with the Rudbar Hydropower Project have already ended; (ii) the banking relationships we engaged in with two SDN banks, Bank Tejarat and Bank Mellat, under the contracts in connection with the two projects, do not appear to be sufficiently material to warrant a designation by U.S. authorities; (iii) the JCPOA contemplates removal of U.S. secondary sanctions for activities involving Bank Tejarat and Bank Mellat, such that if and when Implementation Day occurs under the JCPOA business relationships with these banks will no longer fall within the scope of sanctionable activities; (iv) it is unlikely that U.S. authorities would designate us without first providing us an opportunity to resolve their concerns; (v) we have provided additional undertakings to the HKEx that we will terminate any activities determined to be sanctionable if and when U.S. authorities may request us to do so; and (vi) more generally, the secondary sanctions do not mandate any particular outcome and the standard for designation, or gives the OFAC and other U.S. authorities broad authority over which conduct to review, challenge and, potentially, if sufficiently provocative and harmful to U.S. sanctions program objectives, designate for sanctions.

As to the secondary risk, in the unlikely but not impossible event that we are penalized under U.S. extraterritorial sanctions, and U.S. sanctions authorities impose blocking sanctions on us, which are the most severe sanctions U.S. sanctions authorities may choose from a range of other potential penalties, certain investors may not be able to dispose of their holdings or receive distributions from us, to the extent such activity would involve U.S. persons or the U.S. financial system. See "Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions."

U.S. Sanctions Analysis

Taking into account the views expressed by our legal advisers (which are in turn based on information provided by the Group), we believe that: (i) as our relevant business activities in Iran and potential future activities in Syria do not involve or intend to involve U.S. Persons, U.S.-origin items or the U.S. financial system (i.e. payments in U.S. dollars), we would not be subject to the applicable primary U.S. sanctions laws; (ii) as our relevant business contracts in Sudan similarly have not involved any such U.S. nexus, the primary U.S. sanctions are not applicable to such business; (iii) as our past activities in Myanmar that pre-dated July 2012

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appear to have conformed to the OFAC regulations; (iv) although we engage in projects in several other countries in which U.S. has designated a number of individuals and entities as SDNs, the applicable U.S. prohibitions are on dealings with SDNs and to our knowledge our contracts do not involve such SDNs; (v) we represented to our legal advisers that we will implement the measures necessary to prevent any U.S. nexus in any of our future business activities involving Sanctioned Countries or Sanctioned Persons; (vi) revenue derived from operations of our entities in Iran and Sudan (and Myanmar pre-July 2012) represented a minimal percentage of our global revenue in the past five fiscal years and we expect our business in Iran, Sudan and Syria to remain at a low level in the future; and (vii) the risk of sanctions being imposed by the U.S. government against us or our subsidiaries under U.S. secondary sanctions in connection with our past business activities in the Sanctioned Countries or with Sanctioned Persons is not material.

In light of the above and based on our legal advisers' view, we believe that: (i) it is very unlikely that we could be deemed to have violated U.S. sanctions prohibitions as a result of our past business activities in the Sanctioned Countries or with Sanctioned Persons; and (ii) it is also very unlikely that our existing and ongoing business activities in the Sanctioned Countries or with Sanctioned Persons expose us to enforcement or designation risk under U.S. sanctions (provided that the execution and performance of contracts which are prohibited by U.S. sanctions does not involve any U.S. Persons or U.S.-origin items).

After consulting with our legal advisers, whose views are based on information provided by the Group, and based on our legal advisers' view, we believe that the above analysis is also applicable to the Relevant Persons. Accordingly, the Relevant Persons are unlikely to face a risk of enforcement action for an alleged violation of, or designation under, U.S. sanctions as a result of their participation in the Listing given the limited nature and low level of revenue arising from our business activities in the Sanctioned Countries or with Sanctioned Persons. Further, after the Listing, such Relevant Persons are only likely to be exposed to a risk of enforcement action or designation in circumstances where they exercise control over the Company and/or its subsidiaries and their actions and cause such entities to engage in conduct which is contrary to U.S. sanctions; or, alternatively, such Relevant Persons are otherwise involved in any of our business activities in (or which relate to) Sanctioned Countries or which involve Sanctioned Persons. For details related to sanctions risks, see "Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions."

E.U. Sanctions

Taking into account the views expressed by our legal advisers (which are in turn based on information provided by the Group), we believe that:

- (i) with the exception of a subsidiary incorporated in Lithuania, the Company and its subsidiaries are not incorporated in the E.U. and (with the exception of the subsidiary incorporated in Lithuania) are likely to constitute an E.U. Person with

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respect to activities relating to Sanctioned Countries only to the extent that such activities were done in whole or in part within the E.U. or the E.U.'s jurisdiction. Given that we are not aware of any factual basis to justify a conclusion that the Company and its subsidiaries are (or were) E.U. Persons in relation to any business relating to Sanctioned Countries, none of our activities in Sanctioned Countries would constitute a breach of E.U. sanctions by the Company or its subsidiaries, and such activities are unlikely to be subject to any form of enforcement activity against the Company and its subsidiaries by the E.U. or the competent authorities in an E.U. Member State on the basis of an alleged contravention of EU sanctions;

- (ii) in relation to our contracts in Albania and Bulgaria, the E.U. does not maintain any sanctions in relation to those jurisdictions, nor were any of the counterparties or end-users under the contracts a Sanctioned Person. Accordingly, those contracts did not implicate E.U. sanctions;
- (iii) in relation to our contracts in Belarus, Bosnia and Herzegovina, Côte d'Ivoire, Congo, Iraq, Myanmar, South Sudan and Sudan (which include one ongoing contract in Myanmar and two ongoing contracts in Sudan), none of the counterparties or end-users under those contracts was a Sanctioned Person, nor was the subject matter of such contracts prohibited by E.U. sanctions. Accordingly, it is unlikely for those contracts to implicate E.U. sanctions;
- (iv) in relation to our two contracts in Libya, there were no E.U. sanctions relating to Libya in force at the time when the relevant contracts were entered into. One of the contracts was concluded prior to the E.U. sanctions taking effect, and so did not implicate the E.U. sanctions. The second contract was suspended prior to the E.U. sanctions taking effect. Under the second contract, the owner of units to be constructed in Libya (as well as a bank that would have been involved in payments relating to the contract) became Sanctioned Persons after the contract was suspended; in both cases, the listing of those entities as Sanctioned Persons has since been revoked. In light of the fact that the second contract was suspended prior to the E.U. sanctions taking effect and the above-mentioned parties becoming Sanctioned Persons, it is unlikely that the second contract would implicate E.U. sanctions;
- (v) in relation to our eight contracts in Russia, none of the counterparties or end-users was a Sanctioned Person. Two contracts terminated before the E.U. first introduced sanctions, and a third contract terminated before August 1, 2014, when the E.U. extended its sanctions beyond an asset freeze against Sanctioned Persons (and related prohibitions). Of the remaining five contracts, four have terminated and one remains ongoing. The contracts did not involve any provision of goods or services that were prohibited by the E.U. sanctions. Accordingly, it is unlikely that any of these contracts would implicate E.U. sanctions;

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- (vi) in relation to Syria, Northeast Electric Power Design Institute Co., Ltd. has entered into a memorandum of understanding with an entity owned by the Government of Syria, and which may lead to the execution of an engineering, construction and procurement contract in relation to a power plant in Syria. Since Northeast Electric Power Design Institute Co., Ltd. is not an E.U. Person, the entry into the memorandum of understanding was not prohibited by the E.U. sanctions; however, an E.U. Person could not be involved in the execution or performance of the engineering, construction and procurement contract, nor any related activities (such as payment processing or the supply of goods and technology for use in that project);
- (vii) in relation to Iran, neither the counterparties nor the end-users for our contracts (including three ongoing contracts) are Sanctioned Persons, nor was the provision of goods or services under those contracts prohibited by E.U. sanctions. However, for certain contracts (including three ongoing contracts and four contracts which have not yet become effective), the counterparties and/or end user was either IWPC, or its parent, Iran Water Resources Management Company. Iran Water Resources Management Company is a state-owned entity, which is owned and/or controlled by the Government of Iran (through the Iran Ministry of Energy). The Iran Ministry of Energy became a Sanctioned Person under the E.U. sanctions on October 16, 2012. Equipment supplied under the contracts would fall within the definition of an “economic resource,” and the E.U. sanctions would prohibit an E.U. Person from making available an economic resource, directly or indirectly, to or for the benefit of the Iran Ministry of Energy. In addition, one of the contracts originally involved performance by a consortium involving CGGC and SEPASAD Engineering Company. SEPASAD Engineering Company became a Sanctioned Person under the E.U. sanctions in June 2010, although it ceased to be a member of the consortium in July 2009. We are not aware of any factual basis to conclude that the Company or its subsidiaries were E.U. Persons for the purposes of these contracts. The contracts were denominated and paid in RMB. In the event that any of these contracts had involved (or were in the future to involve) EUR payments, it is possible that it could be alleged that payment processing by an E.U. financial institution of a payment in which the Company or its subsidiaries had an interest could constitute business done in part within the E.U.; and, furthermore, that if the Company or its subsidiaries are an E.U. Person in relation to the payment, then they are an E.U. Person in relation to the transaction to which the payment relates.

In relation to our transactions with Bank Mellat and Bank Tejarat, both of which are Sanctioned Persons, we understand that no payments either from or to Bank Mellat or Bank Tejarat were made in EUR. Accordingly, those transactions do not appear to implicate E.U. sanctions.

In light of the above, our Directors believe that: (i) it is unlikely that the Company and its subsidiaries could be deemed to have violated E.U. sanctions prohibitions as a result of their past business activities in the above-mentioned countries or with Sanctioned Persons; (ii) it is also unlikely that the Company and its subsidiaries’ existing and ongoing business activities in

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the above-mentioned countries would be subject to E.U. sanctions risks (provided that the execution and performance of contracts which are prohibited by E.U. sanctions does not involve any E.U. Persons); and (iii) the Relevant Persons (including Relevant Persons who are E.U. Persons) are unlikely to violate or become listed under E.U. sanctions as a result of their participation in the offering. For details related to sanctions risks, see “Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions.”

Australia Sanctions

Based on our legal advisers’ view, we believe that (i) the Company and its subsidiaries in Iraq, Belarus, Myanmar, Libya, Iran, Sudan, Russia, Bosnia and Herzegovina, Côte d’Ivoire, The Republic of South Sudan, Albania, Bulgaria, The Republic of Congo and others (including the payment arrangements) do not involve Australian persons (individual or entities) and Australian territory, and thus such business activities are not subject to relevant Australian laws; and (ii) our business and contracts in Sanctioned Countries do not involve industries or sectors that are specifically listed under relevant Australian laws. Even if there is some extent of involvement, such involvement was not related to the sanctioned supply or sanctioned service, and thus no Australian sanction laws will be applicable.

In light of the above, our Directors believe that: (i) it is unlikely that the Company and its subsidiaries could be deemed to have violated Australian sanctions prohibitions as a result of the Company and its subsidiaries’ past business activities in the above-mentioned countries or with Sanctioned Persons; and (ii) it is also unlikely that the Company and its subsidiaries’ existing and ongoing business activities in the above-mentioned countries would be subject to Australian sanctions risk under current law.

Also, we believe that the Relevant Persons are unlikely to violate or become designated under Australian sanctions due to transactions involving the Company and its subsidiaries, assuming such Relevant Persons are not subject to Australian sanctions laws, do not have the ability to control us, and are not involved in any of our business activities related to Sanctioned Countries or which involve Sanctioned Persons. For details related to sanctions risks, see “Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions.”

United Nations Sanctions

Taking into account the views expressed by our legal advisers (which are in turn based on information provided by the Group), we believe that our activities in Sanctioned Countries do not violate U.N. sanctions. This is because (i) our businesses do not involve industries, sectors, goods or activities that are the subject of sanctions imposed by the UNSC; (ii) our counterparties in Côte d’Ivoire, Democratic Republic of Congo, Iran, Iraq, Libya, South Sudan and Sudan were not persons or entities that were subject to sanctions imposed by the UNSC; and (iii) the UNSC does not maintain any sanctions relating to Belarus, Bosnia-Herzegovina, Myanmar, Russia or Syria.

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In light of the above, our Directors believe that it is unlikely that the Company and its subsidiaries could be deemed to have acted contrary to U.N. sanctions prohibitions as a result of the Company and its subsidiaries' past business activities in the above-mentioned countries or with Sanctioned Persons. For details related to sanctions risks, see "Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions."

Hong Kong Sanctions

Based on our legal advisers' view, we believe that our activities in Sanctioned Countries do not violate any U.N. sanction that is applicable in Hong Kong. This is because (i) our businesses do not involve the industry, sectors or goods that are sanctioned by U.N. Security Council; and (ii) our counter-parties in Iran and Sudan were not Sanctioned Persons that were sanctioned by the U.N. Security Council.

In light of the above, our Directors believe that: (i) it is unlikely that the Company and its subsidiaries could be deemed to have violated Hong Kong sanctions prohibitions as a result of the Company and its subsidiaries' past business activities in the above-mentioned countries or with Sanctioned Persons; and (ii) it is also unlikely that the Company and its subsidiaries' existing and ongoing business activities in the above-mentioned countries would be subject to Hong Kong sanctions risk under current law. For details related to sanctions risks, see "Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of our historical and planned operations in certain countries and with certain persons that are subject to economic sanctions."

Parameters/Criteria that We Consider in Assessing Whether to Continue our Existing and Ongoing Business in the Sanctioned Countries

We will continuously monitor and evaluate our existing and ongoing business in the Sanctioned Countries in order to control our exposure to sanctions risk. In assessing whether to continue our existing and ongoing business in the Sanctioned Countries, the parameters or criteria that we would take into consideration include: (i) the value and size of the business activities as a percentage of our total revenue; (ii) whether the counterparties to the existing transaction have become subject to any economic sanctions taking into account any changes in applicable sanction laws; (iii) whether the relevant business activities involve any industries or sectors that are subject to any applicable sanctions taking into account any changes in applicable sanction laws; and (iv) the potential legal and reputational risk to us of continuing such activities.

In addition, we would take into consideration the similar parameters and criteria when determining whether to embark on new business opportunities in the Sanctioned Countries, including: (i) the expected value and size of the new business activities as a percentage of our total revenue; (ii) whether the counterparties to the new transaction fall into any restricted persons lists maintained by the U.S., the E.U., Australia and the U.N.; (iii) whether the business activities involve any industries or sectors that are subject to any applicable sanctions; and (iv) the potential legal and reputational risk to us of engaging in such activities.

Our Undertakings and Internal Control Procedures

We have undertaken to the Hong Kong Stock Exchange that: (i) we will not use the proceeds from the Global Offering or any other funds raised through the Hong Kong Stock Exchange to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Sanctioned Country or any Sanctioned Persons (which for the avoidance of doubt shall not include activity or business that is not prohibited with entities targeted under E.U. and U.S. Russian sectoral sanctions); (ii) if we think that our transactions entered into in Sanctioned Countries or with Sanctioned Persons may expose us or our investors and shareholders to sanctions risk, we will make disclosure on the website of the Stock Exchange and our website and disclose the results of our monitoring of sanctions risks to which our businesses are exposed, any further operations in Sanctioned Countries or with Sanctioned Persons (if any) (which for the avoidance of doubt shall not include activity or business that is not prohibited with entities targeted under E.U. and U.S. Russian sectoral sanctions) and any intention regarding such businesses in our annual/interim reports; and (iii) should any U.S. authority approach us to request information with regard to our ongoing activities in Iran, we will fully cooperate with any such request and will terminate any activity the U.S. authorities may determine to be sanctionable activities within the timeframe requested by the U.S. authorities. In addition, we have no present intention to undertake any future business that would cause us or the Relevant Persons to violate or become designated under sanctions of the U.N., the United States, the E.U., Australia or Hong Kong. We have also made an undertaking to the Hong Kong Stock Exchange that we will not enter into sanctionable transactions that would expose us or the Relevant Persons to risks of being designated. If we breach any of these undertakings that we made to the Hong Kong Stock Exchange after the Listing, it is possible that the Hong Kong Stock Exchange may delist our H Shares.

We will continuously monitor and evaluate our business and take measures to comply with the undertakings made to the Hong Kong Stock Exchange and to protect the interests of the Group and our Shareholders. The following measures have been fully implemented as at the date of this Prospectus.

- We will monitor and regulate the use of the net proceeds of the Global Offering as well as of any other funds raised through the Hong Kong Stock Exchange, and ensure that such proceeds and funds currently are not being used for or applied to and will not be used for or applied to any sanctioned businesses. In addition, we will deposit the proceeds from the Global Offering as well as any other funds raised through the Hong Kong Stock Exchange in a bank account separated from those of our other funds.
- To further enhance our existing internal-risk-control functions, we have established an overseas risk control committee (the “Overseas Risk Control Committee”). The members of such committee include a chief sanction-laws-compliance officer with overall responsibility for the implementation and monitoring of the sanctions-compliance policies and procedures, members from our top management, senior members from our relevant departments such as the finance department, the legal

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department and the international business department and a manager responsible for information disclosure; the responsibilities of the committee include, among others, monitoring and minimizing our exposure to risk arising from violating sanction laws risks, our implementation and monitoring of the related internal control procedures and our compliance with the undertakings we made to the Hong Kong Stock Exchange. Our Overseas Risk Control Committee will hold at least four meetings each year to monitor our exposure to sanctions risks.

- Under the Overseas Risk Control Committee, we have also set up an overseas risk control and management working group (the “Overseas Risk Control Working Group”), which is headed by our international business department and consisted of other members from our international business department and legal department as well as business managers of our subsidiaries who are involved in our business in the Sanctioned Countries.

Specifically, in order to align our compliance with the undertaking to the Hong Kong Stock Exchange that we will not enter into sanctionable transactions that would expose us or the Relevant Persons to risks of being designated, we have also put in place the following internal control policies and procedures:

- According to our internal control policies, our Overseas Risk Control Working Group must review and approve all new business opportunities and to make sure that such business involves no risks of violating sanction laws. In particular, our Overseas Risk Control Working Group will review the related information and the draft of the new contract of our business parties. Our Overseas Risk Control Working Group will look up the open lists of sanctioned parties and countries kept by the U.N., the United States, the E.U., Australia and Hong Kong and determine whether our business parties are owned or controlled by persons from Sanctioned Countries or by sanctioned individuals or are themselves. In addition, our Overseas Risk Control Working Group will state clearly in our contracts that we will terminate a contract if it would cause us to be exposed to sanctions risk.
- In addition, our Overseas Risk Control Working Group has to review our existing contracts on a regular basis and if an executed contract is updated or amended, our Overseas Risk Control Working Group will have to make sure that the business activities carried out under the updated or amended contract do not fall within the scope of industries and activities subject to sanctions, and we will not face any potential legal or reputational risk due to our participation in such business activities.
- To minimize the sanctions risk of our existing and ongoing business activities in the Sanctioned Countries, the Overseas Risk Control Working Group also has to (1) check and prevent U.S. persons, U.S. based subsidiaries, affiliates and persons operating from the U.S., E.U. residents or E.U.-based subsidiaries and affiliates and Australian persons from taking part in such business activities; (2) monitor new

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sanctions laws or any change to the existing laws (particularly with respect to Iran) and seek advice from external legal counsel as necessary to make sure that our existing business activities do not violate any latest applicable sanction laws; and (3) conduct internal checking and ensure that our employees who are involved in business in the Sanctioned Countries understand and comply with our internal control regulations. The Overseas Risk Control Working Group will also keep a list of U.S.-produced products and technology used in our projects to prevent exporting products that are subject to U.S. export control laws and sanctions to countries, individuals and entities that are subject to U.S. sanctions and to Sanctioned Persons when necessary.

- The Overseas Risk Control Working Group will provide a quarterly report for the Overseas Risk Control Committee's review, which will include, among others, an updated list of Sanctioned Countries and Sanctioned Persons and a list of projects whose contracts have been reviewed by the legal department.
- If any potential sanctions risk is identified by the Overseas Risk Control Working Group, it will seek advice from reputable external international legal counsel with needed expertise and experiences. Based on the advice of the external international legal counsel, the Overseas Risk Control Working Group will report to the Overseas Risk Control Committee, which will then decide whether to continue our existing business or terminate any new business that may involve sanctions risk. When making such decisions, the major factors or criteria that the Overseas Risk Control Committee would take into consideration include: (1) whether such business constitutes a predominant portion of our business based on the revenue or value of the contract as a percentage of our total revenue; (2) whether the counterparties to the existing transaction have become subject to any economic sanctions based on any changes in applicable sanction laws and regulations; (3) whether the relevant business activities involve any industries or sectors that are subject to any applicable sanctions based on any changes in applicable sanction laws and regulations; and (4) the potential legal and reputational risk to us of continuing such activities. The Overseas Risk Control Committee would also take into consideration similar factors and criteria when deciding whether to seize new business opportunities in the Sanctioned Countries.
- If we believe that any transaction would put us or the Relevant Persons at risk of being designated based on the internal control measures described above, the Overseas Risk Control Committee will instruct us not to enter into such transaction.
- We will retain external international legal counsel with needed expertise and experience in sanctions law matters on an ongoing basis. Our Overseas Risk Control Committee and Overseas Risk Control Working Group, advised by our external international legal counsel, will review our internal control policies and procedures with respect to sanctions law matters on a regular basis and provide us with recommendations and advice when necessary.

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- Our Overseas Risk Control Working Group will invite our external international legal counsel to provide regular training relating to relevant sanctions laws to our Directors, senior management, the Overseas Risk Control Committee, the Overseas Risk Working Group and other related members from our international business department and subsidiaries who are involved in our business in the Sanctioned Countries to assist them in evaluating the potential sanctions risks in our daily operations.
- We have also established the Export Control Office that will report to the Overseas Risk Control Committee. The Export Control Office will ensure compliance with applicable export control regulations, including export control regulations of the U.S. and E.U.

Our legal advisers have reviewed and evaluated the internal control measures and are of the view that our implementation of these measures would be adequate and effective for our Company to comply with our undertaking to the Hong Kong Stock Exchange.

Taking into account our legal advisers' view above, our Directors are of the view that these measures will provide a reasonably adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to sanctions laws so as to protect both our interests and the interests of our Shareholders.

LEGAL PROCEEDINGS

As of the Latest Practicable Date, we were involved in the following five ongoing legal proceedings as a respondent involving disputed amount of no less than RMB50.0 million.

In April 2015, Hunan No. 4 Engineering Corporation Co., Ltd., a subcontractor, initiated two separate arbitration proceedings against Anhui Power Construction 2 Company, one of our subsidiaries, to claim unpaid amounts of RMB54.3 million and RMB72.0 million, respectively, under two separate fixed-price subcontracting contracts with Anhui Power Construction 2 Company. Both arbitrations involved disputes over price adjustments for alleged increases in labor and materials costs. The arbitration with the disputed amount of RMB54.3 million is now pending a decision; and the other arbitration has not commenced yet.

In July 2015, Dongfang Electric Group Dongfang Boiler Co., Ltd. initiated an arbitration against Guangdong Institute, one of our subsidiaries, to claim RMB113.2 million under an equipment sales and purchase contract. The arbitration involved disputes over unpaid contract amount. The arbitration is now pending a decision at CIETAC.

In July 2015, Lin Zhihong and Guo Qiyang, two individuals, initiated a lawsuit against Gezhouba Engineering 5 Company, one of our subsidiaries, to claim RMB104.0 million under a share transfer agreement. The lawsuit involved disputes over the outstanding balance for the share transfer payment. The lawsuit is pending a decision in the local court.

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In August 2015, Hechang (Shiyan) Real Estate Development Co., Ltd., a subcontractor, appealed against a local court's decision made in favor of one of our subsidiaries, Gezhouba Engineering 6 Company. The appeal involves disputes over the return of deposit and payment of liquidated damages in an amount of RMB62.0 million under the subcontracting contract. The appeal is now pending a decision by the Supreme People's Court of the People's Republic of China.

Having consulted our PRC legal advisers, Dentons Law Offices, our Directors believe the five legal proceedings above are not material to this Global Offering nor would they have a material impact on our results of operations. In addition, as of the Latest Practicable Date, none of our Directors, Supervisors or senior management had or expected to have any material pending or potential litigation or arbitration issue.

NON-COMPLIANCE

Our Directors, having consulted our PRC legal advisers, Dentons Law Offices, confirm that we have been in compliance with applicable laws and regulations in all material aspects by considering the relevance of various matters to our business activities and whether there has been, or is likely to be, any material adverse impact on our business, results of operations and financial position. Furthermore, having consulted Dentons Law Offices, our Directors confirm that we have obtained all necessary licenses, approval documents and permits that are material for our business operations in the PRC.

CONNECTED TRANSACTIONS

OVERVIEW

Following the completion of the Global Offering, Energy China Group will directly and indirectly hold approximately 70.3% of our total issued share capital (assuming no Over-allotment Option is exercised) and remain as our Controlling Shareholder. Pursuant to Rules 14A.07(1) and (4) of the Listing Rules, Energy China Group and its associates will become our connected persons upon the Listing. As we will continue to have certain transactions with Energy China Group and/or its associates following the Listing, these transactions will constitute our continuing connected transactions as defined under Chapter 14A of the Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions are conducted in the ordinary course of business of our Group and on normal commercial terms or better, where each of the relevant percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be less than 0.1% on an annual basis. By virtue of Rule 14A.76(1)(a) of the Listing Rules, these transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Trademark Assignment and License Agreement

Parties: Energy China Group (as the assignor and licensee); and our Company (as the assignee and licensor).

Principal terms: We entered into a trademark assignment and license agreement (the "Trademark Assignment and License Agreement") with Energy China Group on December 18, 2014, pursuant to which Energy China Group has agreed to assign certain trademarks to us with a nominal consideration of RMB1.0 (the "Trademarks Assignment"). Energy China Group has agreed to grant us a license on an exclusive basis to use the above trademarks prior to the completion of the Trademarks Assignment. Upon completion of the Trademarks Assignment, we will grant Energy China Group a license to use the above trademarks at nil consideration. For details of these trademarks, see "Appendix VIII – Statutory and General Information – 2. Further Information about Our Business – B. Our Intellectual Property Rights – (b) Trademarks–licensed."

The Trademark Assignment and License Agreement, effective as of December 18, 2014, will be valid throughout the term during which our Company is the legal owner of the relevant trademarks.

Reasons for the transaction: In order to continue to leverage on the brand awareness, it is important that after completion of the Global Offering we continue to use the relevant trademarks of Energy China Group that we had been using for several years before the Reorganization. As such, Energy China Group has agreed to assign the relevant trademarks to us at nominal consideration. As a reciprocal arrangement, and because certain associates of Energy China Group also need to continue to use the relevant trademarks after the Trademarks Assignment, we have agreed to license the relevant trademarks to Energy China Group at nil consideration.

CONNECTED TRANSACTIONS

Historical amounts: The amounts of the transactions carried out in 2012, 2013 and 2014 and the five months ended May 31, 2015 were nil, nil, nil and nil, respectively.

2. Custodian Service Agreement

Parties: Energy China Group (as the principal); and our Company (as the custodian).

Principal terms: We entered into a custodian service agreement with Energy China Group and its associates on December 17, 2014 and a supplement agreement on July 15, 2015 (the “Custodian Service Agreement”), pursuant to which we will provide Energy China Group certain custodian services and can exercise various management and operation rights over China Energy Engineering Group Beijing Electric Power Construction Company (中國能源建設集團北京電力建設公司) and China Energy Engineering Group Shanxi Electric Power No. 2 Construction Company (中國能源建設集團山西電力建設二公司) (the “Custodian Target Companies”), including but not limited to (i) preparing and implementing the annual operation plans and financial budgets; (ii) determining and implementing bidding, investment, major borrowings, guarantees and litigations related matters; and (iii) attending internal decision-making meetings in relation to the operation and production, participating in discussions and providing opinions. Any decision at the internal meetings of the Custodian Target Companies in relation to major operation and management matters can only be implemented by the Custodian Target Companies upon obtaining our prior written consent. In addition, the Company has also been granted the pre-emptive rights over the Custodian Target Companies to better safeguard the interests of our Group and the Shareholders. There is no termination clause in the Custodian Service Agreement. Our Company would not share any profit/loss from the Custodian Target Companies except for receiving a custodian fee determined as follows pursuant to the Custodian Service Agreement.

The Custodian Service Agreement, effective as of December 17, 2014, is valid for a term of five years. The annual service fee payable to our Group for provision of the custodian services shall be 0.07% of the total revenue of the Custodian Target Companies per calendar year, calculated from January 1, 2015. Our Directors are of the view that the annual service fee is at normal commercial term as it is determined following arm’s length negotiations between our Company and Energy China Group after taking into account the following:

- the estimated labor cost and management expenses to be incurred by our Company in the amount of approximately RMB1.5 million per year;
- the average revenue of the Custodian Target Companies for the three years ended December 31, 2014 in the amount of approximately RMB2,200 million;
- the incentive effect to our Company to provide the services by linking the service fee to the revenue of the Custodian Target Companies; and
- the complexity and difficulty in the operation and management of the Custodian Target Companies.

CONNECTED TRANSACTIONS

Reasons for the transaction: Energy China Group (including the Custodian Target Companies) retains certain power engineering construction related businesses. For details, see “Relationship with Controlling Shareholder.” In order to avoid potential competition from Energy China Group and safeguard the interests of our Group and our Shareholders, our Group would be placed in a better position to monitor the operation and management of the Custodian Target Companies through the custodian services and the exercise of the rights and powers associated therewith. In addition, our Group has been granted the pre-emptive rights over the Custodian Target Companies to better safeguard the interests of our Group. Therefore, our Directors are of the view that the custodian arrangement would provide our Group with a sound opportunity to integrate the businesses of the Custodian Target Companies and our Group, and facilitate a smooth transfer of Energy China Group’s equity interests in the Custodian Target Companies to our Group when an appropriate opportunity emerges.

Historical amounts: There was no historical custodian service provided by our Group to Energy China Group, thus the amounts of the transactions carried out in 2012, 2013 and 2014 and the five months ended May 31, 2015 were nil, nil, nil and nil, respectively.

3. Technology Project Agreement

Parties: Beijing Luosida (as the service provider); and
our Company (as the service recipient).

Principal terms: During the Track Record Period, our Company and our subsidiaries entered into a number of technology project agreements with Beijing Luosida Science and Technology Development Co., Ltd. (北京洛斯達科技發展有限公司) (“Beijing Luosida”), a subsidiary of EPPE Company (the “Technology Project Agreement”), pursuant to which Beijing Luosida provides our Group with technology services regarding the establishment and maintenance of an integrated information technology platform for the storage and management of the data for our various projects and research.

Reasons for the transaction: Beijing Luosida is one of the first companies in the power planning industry in China that has applied information technology to the power grid business. Beijing Luosida has completed the establishment of an information technology platform for integrated operation and management of power grid business with a comprehensive information database and a real-time monitoring and warning system. We consider it is in our Group’s interests to enter into the aforesaid transactions with Beijing Luosida to ensure the effectiveness and efficiency of our information technology platform, as well as to better facilitate our business and operation.

Historical amounts: The amounts of technology service fee incurred in 2012, 2013 and 2014 and the five months ended May 31, 2015 were approximately RMB40.2 million, RMB22.9 million, RMB29.3 million and RMB8.2 million, respectively.

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into the following transactions in our ordinary course of business of our Group, which will, upon the completion of the Global Offering, constitute continuing connected transactions of our Company subject to the reporting, annual review and announcement requirements (as the case may be) under Chapter 14A of the Listing Rules.

The following table sets forth a summary of the agreements and transactions with Energy China Group and/or its associates, including the waivers sought.

<u>No.</u>	<u>Nature of transaction</u>	<u>Applicable Listing Rules</u>	<u>Waiver sought</u>	<u>Proposed annual cap</u>		
				<u>2015</u>	<u>2016</u>	<u>2017</u>
<i>(RMB million)</i>						
1.	Property Lease Framework Agreement	14A.34, 14A.35, 14A.49, 14A.52, 14A.53 to 59 and 14A.71	Announcement requirement	111.568	166.478	166.478
2.	920 Funds Time Deposit	14A.34, 14A.35, 14A.49, 14A.52, 14A.53 to 59 and 14A.71	Announcement requirement	1,245	1,261	604

Continuing connected transactions that are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement

The following transactions are conducted in the ordinary and usual course of business of our Group and on normal commercial terms or better, where each of the relevant percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be more than 0.1% but less than 5% on an annual basis. By virtue of Rule 14A.76(2)(a) of the Listing Rules, the transactions will be subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement.

CONNECTED TRANSACTIONS

1. Property Lease Framework Agreement

Parties: Energy China Group (as the lessor); and our Company (as the lessee).

Principal terms: We entered into a property lease framework agreement (the “Property Lease Framework Agreement”) with Energy China Group on November 18, 2015, pursuant to which we may lease properties from Energy China Group and/or its associates.

The Property Lease Framework Agreement is valid for a term of three years commencing from the Listing Date and is renewable upon its expiration. Relevant associates of both parties will enter into separate leases which will set out the specific terms and conditions according to the principles and conditions provided in the Property Lease Framework Agreement.

Reasons for the transaction: During the Reorganization, the relevant properties that we have been occupying were not injected into our Group and remained under the management of Energy China Group. Since the relocation of our offices, warehouses and plants to other premises would result in unnecessary business interruption as well as relevant expenses, we entered into the above transactions to ensure smooth operation and save costs.

Pricing policy: Under the Property Lease Framework Agreement, the rentals and other charges shall be determined and paid as follows:

- both parties shall review and adjust the rentals upon the renewal of the Property Lease Framework Agreement by reference to the prevailing market rate (including but not limited to factors such as the geographical location, the standard of construction and the surrounding area); and
- we shall bear all utility charges, heating fees, and other miscellaneous expenses incurred in using the relevant properties during the term of the lease, and also be responsible for costs for maintenance and repair, property taxes and land use taxes.

Existing leases: We have leased 549 buildings with an aggregate GFA of 624,936.16 sq.m., various structures and ten parcels of granted lands with an aggregate site area of 151,576.22 sq.m. (the “Leased Properties”) located in several provinces in the PRC with annual rentals of RMB79.718 million. These properties have been leased for a term of five years and are mainly used for office, staff dormitory, storage, production and auxiliary purposes.

We also entered into an office building lease agreement (the “Office Lease”) on July 30, 2015 with an associate of Energy China Group. The building is located in Beijing and has been leased from June 1, 2015 until December 31, 2017 for use as our headquarters office. Pursuant to the Office Lease, we have leased an aggregate GFA of 20,873 sq.m. for 2015 and 37,855 sq.m. for each of 2016 and 2017, with rentals of RMB31.85 million for 2015 (June – December 2015) and RMB86.76 million for each of 2016 and 2017, respectively.

CONNECTED TRANSACTIONS

Historical amounts: The amounts of rental expenses incurred in 2012, 2013 and 2014 and the five months ended May 31, 2015 were nil, nil, nil and RMB33.216 million, respectively.

Annual caps: The maximum aggregate annual amounts in 2015, 2016 and 2017 shall not exceed the caps as set out below:

	Proposed annual cap		
	2015	2016	2017
	<i>(RMB million)</i>		
Total rental	111.568	166.478	166.478

Basis of caps: The annual cap for 2015 was estimated on the basis of: (i) the annual rental of the Leased Properties (i.e. RMB79.718 million) and (ii) the rental for the seven months from June 1, 2015 until December 31, 2015 under the Office Lease (where our Group has leased 19,316 sq.m. of GFA at RMB7.5/sq.m. per day and 1,557 sq.m. of underground GFA at RMB3.0/sq.m. per day). The annual caps for 2016 and 2017 were estimated on the basis of (i) the annual rental of the Leased Properties (i.e. RMB79.718 million) and (ii) the rental under the Office Lease (where our Group has leased 27,585 sq.m. of GFA at RMB7.5/sq.m. per day and 10,270 sq.m. of underground GFA at RMB3.0/sq.m. per day).

Our independent property valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, has confirmed that the rentals under the Property Lease Framework Agreement for the Leased Properties and the Office Lease are fair and reasonable and reflect the market rates for similar premises in the vicinity of the relevant property.

2. 920 Funds Time Deposit

Parties: Energy China Group; and
Gezhouba Finance Company.

Principal terms: In March 2012, MOF issued a notice regarding the allocation of funds to Energy China Group for realizing 9200 MW power generation assets to finance five types of labor costs and expenses (the “920 Funds”), namely: (i) the cost of early retired employees of Energy China Group; (ii) the overall cost of employees who officially retired; (iii) the cost of surviving dependants and widows after employees’ death (including those who suffered from work-related injury or occupational disease, and those who were deprived of jobs due to organizational streamlining); (iv) the cost of people waiting for employment; and (v) the localized cost of social insurance of Energy China Group.

CONNECTED TRANSACTIONS

Energy China Group had placed part of the 920 Funds in a total amount of RMB1,100 million in the form of fixed-term deposits with Gezhouba Finance Company (the “920 Funds Time Deposit”), details of which are set out below:

Starting date	Amount	Term	Annual interest rate
April 17, 2013	RMB600 million	three years	4.675%
April 17, 2013	RMB500 million	five years	5.225%

Gezhouba Finance Company is a licensed financial institution under the PRC laws regulated by China Banking Regulatory Commission and is permitted to provide relevant banking and finance services, including deposit service. The 920 Funds Time Deposit has been retained in a designated account with separate statements at Gezhouba Finance Company, and cannot be freely utilized by our Group in the ordinary course of business, except for the fact that as part of the deposits received by Gezhouba Finance Company, the 920 Funds Time Deposit can be used by Gezhouba Finance Company for the provision of general banking services in compliance with the relevant PRC laws and regulations with respect to financial institutions. Our Directors are of the view that such arrangement is in the interest of the Group and the Shareholders for the following reasons: (i) Gezhouba Finance Company could benefit from utilizing the 920 Funds for providing general banking services during its ordinary course of business; and (ii) from a long-term perspective, the employees of the Group could benefit from the utilization of the 920 Funds in terms of the five types of labor costs and expenses (if applicable). Therefore the utilization of the 920 Funds, although only for a specific purpose, would contribute to the wellbeing of the Group’s employees as well as the dynamic development of the Group, and so directly and indirectly benefit the Group and the Shareholders as a whole.

Reasons for the transaction: Pursuant to the requirement of MOF, the 920 Funds, which is a governmental subsidy in nature, is retained by Energy China Group and deposited in designated bank accounts with separate statements. Before the Reorganization, Energy China Group deposited part of the 920 Funds in Gezhouba Finance Company, which has become one of our subsidiaries after the Reorganization, as Gezhouba Finance Company was familiar with the business operations, funding needs and overall financial administrative system within Energy China Group and had historically provided efficient and flexible financial services to the companies within Energy China Group.

During the Reorganization, some of the entities to which the beneficiaries of the 920 Funds belong had become part of our Group, and some remained to be operated by Energy China Group. In line with the requirements of MOF to utilize the 920 Funds for specified purposes only and appropriate such funds in installments in accordance with relevant entities’ annual budgets, and considering that the terms of various time deposits of the 920 Funds under the name of Energy China Group had not expired, the 920 Funds were not transferred to our Company during the Reorganization and would remain to be kept in the original bank accounts after the Listing. See “Relationship with Controlling Shareholder – Independence from Energy China Group” for further details.

CONNECTED TRANSACTIONS

Pricing policy: According to PBOC's policy, the interest rate applicable to a domestic company's time deposit shall be the base interest rate published by PBOC at the time of the deposit, with a floating range up to 10% above the base interest rate. At the time of depositing the 920 Funds, the applicable base interest rate published by PBOC is 4.25% for a three-year deposit and 4.75% for a five-year deposit, respectively. The interest rates applicable to the 920 Funds Time Deposit are determined based on the applicable floating range of interest rate stipulated by PBOC. Gezhouba Finance Company has been consistently implementing PBOC's such interest rate policy to the other companies for deposits of a similar type and term. Therefore, our Directors are of the view that the interest rates applied to the 920 Funds are fair and reasonable.

Historical amounts: The historical maximum daily aggregated balance of deposits in 2012, 2013 and 2014 and the five months ended May 31, 2015 was nil, RMB1,100 million, RMB1,100 million and RMB1,100 million, respectively, and the historical interest income payable in the same period was nil, RMB36.7 million, RMB91.2 million and RMB113.7 million, respectively.

Annual caps: The maximum aggregate annual amounts in 2015, 2016 and 2017 shall not exceed the caps as set out below:

	Proposed annual cap in		
	2015	2016	2017
	<i>(RMB million)</i>		
Maximum daily aggregated balance of deposits and interest income payable	1,245	1,261	604

Basis of caps: The annual caps were determined on the basis of the term and conditions and the interest rate of the fixed-term deposits for the 920 Funds.

Given the Property Lease Framework Agreement and the 920 Funds Time Deposit have been entered into with Energy China Group in the ordinary and usual course of business of our Group and on normal commercial terms or better, our Directors (including our independent non-executive Directors) are of the view that the Property Lease Framework Agreement, the 920 Funds Time Deposit, the transactions contemplated thereunder and the respective proposed annual caps set out above are fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

WAIVER FROM THE STOCK EXCHANGE

The transactions under “– Non-exempt Continuing Connected Transactions” constitute the continuing connected transactions of our Company and are subject to the reporting, annual review and announcement requirements (as the case may be) under Chapter 14A of the Listing Rules.

As these non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis, our Directors (including our independent non-executive Directors) consider that compliance with the above announcement requirement would add

CONNECTED TRANSACTIONS

unnecessary administrative costs and would be unduly burdensome. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver under Rules 14A.04 and 14A.105 of the Listing Rules from strict compliance with the announcement requirement in respect of the above non-exempt continuing connected transactions. We will comply with the applicable requirements under the Listing Rules if any of the proposed annual caps set out above are exceeded, or when there is a material change in the terms of these transactions.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that (i) the non-exempt continuing connected transactions as set out above have been entered into and will be entered into in our ordinary and usual course of business on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions as set out above have been entered into and will be entered into in the ordinary and usual course of business of our Group on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole and (ii) the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of eight Directors, including three executive Directors, one non-executive Director and four independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business. The functions and duties of the Board include but are not limited to: convening shareholders' meetings, reporting the Board's work at the shareholders' meetings, implementing the resolutions passed at the shareholders' meetings, preparing our business strategies and investment plans, preparing annual budget and final accounts, formulating proposals for profit distribution, recovery of losses and increase or reduction of registered capital, as well as exercising other powers conferred by the Articles of Association.

The following table sets forth certain information of our Directors:

Name	Age	Position	Date of appointment	Date of joining our Group	Principal roles and responsibilities
Wang Jianping (汪建平)	55	Chairman of the Board and executive Director	December 19, 2014	November 1982	Participating in formulating and implementing the business and operation strategies of our Company through the Board, making significant business and operational decisions of our Company
Ding Yanzhang (丁焰章)	51	Vice Chairman of the Board, executive Director and general manager	December 19, 2014	July 1984	Participating in formulating and implementing the business and operation strategies of our Company, taking charge of the overall daily management, production and operational affairs of our Company
Zhang Xianchong (張羨崇)	56	Executive Director and deputy general manager	December 19, 2014	August 2011	Assisting in managing the overall daily operation of our Company, presiding over human resources management and corporate culture management of our Company

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of appointment	Date of joining our Group	Principal roles and responsibilities
Ma Chuanjing (馬傳景)	58	Non-executive Director	December 19, 2014	December 2014	Participating in formulating the general business plans and operational strategies of our Company through the Board
Ding Yuanchen (丁原臣)	66	Independent non-executive Director	December 19, 2014	November 2011	Participating in the decision-making of major issues of our Company through the Board
Wang Bin (王斌)	61	Independent non-executive Director	December 19, 2014	December 2014	Participating in the decision-making of major issues of our Company through the Board
Zheng Qiyu (鄭起宇)	61	Independent non-executive Director	December 19, 2014	December 2014	Participating in the decision-making of major issues of our Company through the Board
Cheung Yuk Ming (張鈺明)	62	Independent non-executive Director	May 28, 2015	May 2015	Participating in the decision-making of major issues of our Company through the Board

Executive Directors

Mr. Wang Jianping (汪建平), aged 55, is an executive Director and the chairman of the Board. He is responsible for developing the general corporate and business strategies of our Company and making significant business and operational decisions of our Company through the Board. Mr. Wang started his career in Northeast Electric Power Design Institute (東北電力設計院) in November 1982, and has more than 30 years of management experience in the energy construction industry. Mr. Wang's primary work experience prior to joining our Company includes: serving at Northeast Electric Power Design Institute (東北電力設計院) as the deputy head of the Electric Department and the chief design engineer successively from February 1995 to March 1997, the vice president and president successively from April 1998 to August 2000; the assistant chief engineer of Electric Power Planning & Design Institute (電力規劃設計總院) from March 1997 to April 1998; the general manager of China Power Construction Engineering Consulting Co., Ltd. (中國電力建設工程諮詢公司) from August 2000 to October 2000; the vice president of Electric Power Planning and Engineering Institute (電力規劃設計總院) and the deputy general manager of CPECC from October 2000 to June 2003; the president of Electric Power Planning & Engineering Institute (電力規劃設計總院) and the general manager of CPECC from June 2003 to November 2011; the vice chairman of

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

the board of directors of Energy China Group from August 2011 to March 2013; the chairman of the board of directors of Energy China Group since March 2013; and the general manager of Energy China Group since July 2015.

Mr. Wang obtained a bachelor's degree in electric power system and automation from Xi'an Jiaotong University (西安交通大學) in July 1982. Mr. Wang obtained the qualification of professor-level senior engineer from Northeast Electric Power Design Institute (東北電力設計院) in October 1993.

Mr. Ding Yanzhang (丁焰章), aged 51, is an executive Director and the vice chairman of the Board and the general manager of our Company. He is mainly responsible for assisting the chairman of the Board in formulating and implementing the general business and operational strategies of our Company, as well as the overall daily management, production and operational affairs of our Company. Mr. Ding started his career in Qi'an Branch of Gezhouba Engineering Bureau (葛洲壩工程局起安分局) in July 1984, and has more than 30 years of management experience in the energy construction industry. Mr. Ding's primary work experience prior to joining our Company includes: the general manager of Gezhouba Engineering 2 Company from September 1996 to September 1998; the vice president and president of Lancang River Construction Bureau of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司瀾滄江施工局) successively from September 1998 to June 2001; the deputy general manager of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司) from June 2001 to March 2004; the deputy general manager of CGGC Group and the chairman of the board of directors and deputy general manager of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司) from March 2004 to October 2007; the director and general manager of CGGC and the chairman of the board of directors of Gezhouba International Company from October 2007 to October 2011; the general manager of Energy China Group from August 2011 to July 2015; and the director of Energy China Group since October 2011, during which period he concurrently served as the general manager of CGGC Group and the chairman of the board of directors of CGGC from October 2011 to May 2013.

Mr. Ding obtained a bachelor's degree in engineering, majoring in hydraulic engineering machinery from Gezhouba Hydropower Engineering College (葛洲壩水電工程學院) (currently known as China Three Gorges University) in July 1984, obtained a master's degree in management, majoring in administrative management from Central China Normal University (華中師範大學) in January 2000, and graduated therefrom in April 2000. Mr. Ding obtained the qualification of professor-level senior engineer from CGGC Group in December 2005.

Mr. Zhang Xianchong (張羨崇), aged 56, is an executive Director and the deputy general manager of our Company. He is mainly responsible for assisting the chairman of the Board and general manager in the overall daily operation of our Company, as well as presiding human resources management and corporate culture management of our Company. Mr. Zhang started his career in Northeast China Institute of Electric Power (東北電力學院) in August 1982, and has more than 30 years of management experience in the energy construction industry. Mr. Zhang's primary work experience prior to joining our Company includes: the head of the Cadres Office under the Personnel and Education Department of the Ministry of Electric Power

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(電力部人事教育司幹部處) from September 1993 to July 1997; the deputy director of Human Resources Bureau of State Grid Corporation of China (國家電力公司人事勞動局) from July 1997 to January 2000; the deputy director of the Human Resources and Directors Department of State Grid Corporation of China (國家電力公司人事與董事部) from January 2000 to July 2000; the acting deputy secretary and acting secretary of the Party Committee of China Electric Power Technology IMP. & EXP. Corporation (中國電力技術進出口公司) successively from July 2000 to May 2004; the general manager of China Electric Power Technology IMP. & EXP. Corporation (中國電力技術進出口公司) from May 2004 to November 2004; the deputy general manager of Sichuan Electric Power Corporation (四川省電力公司) from November 2004 to November 2007; the general manager of Jilin Province Electric Power Company Limited (吉林省電力有限公司) from November 2007 to April 2011; the deputy chief engineer in State Grid Corporation of China (國家電網公司) from April 2011 to August 2011; and the deputy general manager of Energy China Group from August 2011 to July 2015.

Mr. Zhang obtained a bachelor's degree in engineering, majoring in power plant and electric power system from Northeast China Institute of Electric Power (東北電力學院) (currently known as Northeast Dianli University) in July 1982, and a master's degree in engineering from Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力大學) (currently known as Wuhan University) in June 1996. Mr. Zhang obtained the qualification of professor-level senior engineer from Energy China Group in December 2014.

Non-executive Director

Mr. Ma Chuanjing (馬傳景), aged 58, is a non-executive Director of our Company, and is also an external director of Sinotrans & CSC Holdings Co., Ltd. (中國外運長航集團有限公司). He is mainly responsible for participating in the formulation of the general business plans and operational strategies of our Company through the Board. Mr. Ma's primary work experience prior to joining our Company includes: the vice president and president of the Economic Editorial Department and the head of the International Department of *Qiu Shi Magazine Press* (《求是》雜誌社) successively from December 1993 to May 2001; the vice president of the Comprehensive Research Department under the Research Office of the State Council (國務院研究室綜合研究司) from May 2001 to December 2001; and the inspector, vice president and president of the Industry, Transportation and Trade Research Department under the Research Office of the State Council (國務院研究室工交貿易研究司) successively from December 2001 to February 2013.

Mr. Ma graduated from Shandong University (山東大學) in January 1982 and obtained a bachelor's degree in economics therefrom in July 1982, graduated from the Theory Department of the Party School of the Central Committee of C.P.C. (中共中央黨校理論部) in July 1986 and obtained a master's degree therefrom in September 1988, and obtained a doctor's degree in economics from Wuhan University (武漢大學) in December 2004. Mr. Ma obtained the qualification of editor from *Qiu Shi Magazine Press* (《求是》雜誌社) in December 1999.

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Independent Non-executive Directors

Mr. Ding Yuanchen (丁原臣), aged 66, is an independent non-executive Director of our Company, and is also the external director of China National Agricultural Development Group Co., Ltd. (中國農業發展集團有限公司). Mr. Ding's primary work experience prior to joining our Company includes: the vice president and president of the No.17 Engineering Bureau of Ministry of Railways (鐵道部第十七工程局) successively from January 1992 to December 1999; the president of the China Railway No.17 Engineering Bureau (中鐵第十七工程局) from December 1999 to March 2001; the deputy general manager of China Railway Construction Corporation Co., Ltd. (中國鐵道建築總公司) from April 2001 to August 2001; the general manager of China Civil Engineering Construction Corporation (中國土木工程集團公司) from August 2001 to August 2005; the vice chairman of the board of directors of China Railway Construction Corporation Co., Ltd. (中國鐵建股份有限公司) (Stock Code: 601186.SH; 1186.HK) from November 2007 to June 2010; and the independent director of CGGC from November 2011 to August 2015.

Mr. Ding obtained an academic diploma of secondary education from the Faculty of Project Coordinating of the Institute of Railway Corps of Chinese People's Liberation Army (中國人民解放軍鐵道兵學院工程指揮系) in July 1979, and an academic diploma of undergraduate education majoring in economics and management from the Open College of the Central Party School of C.P.C. (中共中央黨校函授學院) in December 2001. Mr. Ding obtained the qualification of senior engineer from China Civil Engineering Construction Corporation (中國土木工程集團公司) in August 2002.

Mr. Wang Bin (王斌), aged 61, is an independent non-executive Director of our Company. Mr. Wang's primary work experience prior to joining our Company includes: the deputy general manager of the Futures Department of China Rural Development Trust Investment Company (中國農村發展信托投資公司) from April 1994 to November 1996; the chairman of the board of directors and general manager of Huanong Futures Brokerage Co., Ltd. (華農期貨經紀有限公司) from November 1996 to October 1999; the general manager of CNFC Overseas Fisheries Co., Ltd. (中水集團遠洋股份有限公司) (Stock Code: 000798.SZ) from October 1999 to June 2005; the deputy general manager of China National Agricultural Development Group Corporation (中國農業發展集團總公司) from December 2004 to January 2011, during which period he concurrently served as the general manager of China Huanong Property & Casualty Insurance Co., Ltd. (華農財產保險股份有限公司) from September 2005 to August 2007; and the deputy general manager of the China National Agricultural Development Group Co., Ltd. (中國農業發展集團有限公司) from January 2011 to November 2014.

Mr. Wang obtained a bachelor's degree in economics from Liaoning University (遼寧大學) in July 1982, a master's degree in economics from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院) in July 1988, a doctor's degree in economics from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院) in June 2010 and graduated in July 2010. Mr. Wang obtained the qualification of senior economist from Ministry of Agriculture of China in January 1995.

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Mr. Zheng Qiyu (鄭起宇), aged 61, is an independent non-executive Director of our Company. Mr. Zheng's primary work experience prior to joining our Company includes: the general manager of China Geo-Engineering Company (中國地質工程公司), the chairman and the general manager of the board of directors of China Geo-Engineering Corporation (中國地質工程集團公司), the deputy general manager of China New Era Group Corporation (中國新時代控股(集團)公司), and the deputy general manager of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司) since December 1996; and the chairman of the board of directors of China Ground Source Energy Industry Group Limited (中國地能產業集團公司) (Stock Code: 8128.HK) from August 2012 to May 2015.

Mr. Zheng obtained a bachelor's degree in economics from the branch of Beijing Economics College (北京經濟學院) in January 1983, a master's degree in economics from Nankai University (南開大學) in July 1997, and a master's degree in engineering from Jilin University (吉林大學) in June 2002. Mr. Zheng obtained the qualification of national first-class construction engineer in conservancy and hydropower engineering from Ministry of Construction of China in February 2005.

Mr. Cheung Yuk Ming (張鈺明), aged 62, joined our Company in May 2015 as an independent non-executive Director. His principal duty is participation in the decision making of our Company's major strategy and operations. Mr. Cheung is also an independent non-executive director of TravelSky Technology Limited (Stock Code 0696.HK) and Birmingham International Holdings Limited (Stock Code 2309.HK). Before joining our Company, Mr. Cheung's principal work experience include acting as an audit assistant and senior accountant at Pricewaterhouse from December 1979 to February 1984, a partner of Lau, Cheung, Fung & Chan Certified Public Accountants since October 1985, a director of Lawrence Chartered Accountants Limited (formerly known as Lawrence CPA Limited) since January 2005, an independent non-executive director of Metallurgical Corporation of China Limited (Stock Code: 601618.SH; 1618.HK) from June 2009 to September 2014 and an independent non-executive director of EPI Holdings Limited (Stock Code: 689.HK) from June 2011 to July 2013. Mr. Cheung did not act as a director of any other listed companies in the three years immediately before the date of this prospectus.

Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has worked in the fields of construction management and manufacturing management before 1979. He has studied at the Construction Management Association of America and the Institute of Construction Claims Practitioners and is a member of both organizations. Mr. Cheung has completed Pace University's New York Bar Preparatory Course and the professional course of the Chartered Institute of Arbitrators. He is a member of the Chartered Institute and the Society of Construction Law in Hong Kong.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORY COMMITTEE

Our Supervisory Committee consists of five Supervisors, including two employee representative supervisors. The functions and duties of the Supervisory Committee include but are not limited to: reviewing and verifying the financial reports, business reports and profit distribution proposals prepared by the Board; monitoring the financial activities of our Company; supervising the performance of the Directors and the senior management when carrying out their duties; requiring the Directors and senior management to correct their behaviors which are harmful to the interests of our Company; and exercising other powers conferred by the Articles of Association.

The table below sets out certain information of our Supervisors.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of appointment</u>	<u>Date of joining our Group</u>	<u>Principal roles and responsibilities</u>
Wang Baoguo (王保國)	59	Chairman of the Supervisory Committee	December 19, 2014	February 1978	Directing the activities of the Supervisory Committee and arranging for the Supervisors to supervise the operating and financial activities of our Company
Lian Yongjiu (連永久)	56	Employee representative Supervisor and head of auditing department	December 19, 2014	March 1982	Supervising the operating and financial activities of our Company
Mao Xiangqian (茅向前)	46	Employee representative Supervisor and member of the preparatory team of International Company	December 19, 2014	June 1988	Supervising the operating and financial activities of our Company
Wei Zhongxin (韋忠信)	62	Supervisor	May 28, 2015	May 2015	Supervising the operating and financial activities of our Company
Fu Dexiang (傅德祥)	65	Supervisor	May 28, 2015	May 2015	Supervising the operating and financial activities of our Company

Mr. Wang Baoguo (王保國), aged 59, is the chairman of the Supervisory Committee of the Company. Mr. Wang started his career in Northeast Electric Power Design Institute (東北電力設計院) in February 1978, and has over 30 years of experience in energy construction industry and management. Mr. Wang's primary work experience prior to joining our Company includes: the deputy head of the Propaganda Department and the head of the Party Committee Office of Northeast Electric Power Design Institute (東北電力設計院) successively from June 1995 to August 2000; the deputy head of the General Office of the Party, Politics and

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Employees and the head of General Manager Office of CPECC successively from August 2000 to August 2003; the compliance team leader and a Party Committee member of CPECC from June 2003 to November 2011; and the general counsel of Energy China Group since November 2011.

Mr. Wang obtained an academic diploma of post-secondary education in Chinese language from Changchun University of Employees (長春職工大學) in June 1985, and a master's degree in business administration from the University of Northern Virginia in August 2005. Mr. Wang obtained the qualification of senior administration engineer from Electric Power Planning & Engineering Institute of the Ministry of Power Industry (電力工業部電力規劃設計總院) in November 1996.

Mr. Lian Yongjiu (連永久), aged 56, is the employee representative Supervisor and head of the Auditing Department of our Company. Mr. Lian started his career in Northwestern Electric Power Design Institute (西北電力設計院) in March 1982, and has over 30 years of experience in energy construction industry and management. Mr. Lian's primary work experience prior to joining our Company includes: the deputy director of the Planning and Operation Department of Northwestern Electric Power Design Institute (西北電力設計院) from April 1995 to September 1997; the deputy head of the Operation and Planning Department and the assistant to the president of Electric Power Planning & Engineering Institute (電力規劃設計總院) from February 1997 to March 1998; the assistant to the president and the vice president of Northwestern Electric Power Design Institute successively from October 1997 and September 2001; the general manager of Beijing Guodian North China Electric Power Engineering Co., Ltd. (北京國電華北電力工程有限公司) from October 2001 to June 2010, during which period he concurrently served as the vice president of Guandian North China Electric Power Design Institute Engineering Co., Ltd. (國電華北電力設計院工程有限公司) from October 2001 to December 2005; the director and the general manager of China Power Engineering Consulting Group North China Electric Power Design Institute Engineering Co., Ltd. (中國電力工程顧問集團華北電力設計院工程有限公司) from July 2010 to October 2011; and the head of the Audit Department of Energy China Group from October 2011 to February 2015.

Mr. Lian obtained a bachelor's degree in engineering, majoring in power plant thermal power engineering from Northeast China Institute of Electric Power (東北電力學院) (currently known as Northeast Dianli University) in January 1982. Mr. Lian obtained the qualification of senior engineer entitled to treatment equivalent to professor and researcher from Electric Power Planning & Engineering Institute under the State Grid Corporation of China (國家電力公司電力規劃設計總院) in December 1999.

Mr. Mao Xiangqian (茅向前), aged 46, is the employee representative Supervisor of the Company and member of the preparatory team of International Company. Mr. Mao started his career in the Vocational Education Center of CGGC in June 1988, and has over 20 years of management experience in energy construction industry. Mr. Mao's primary work experience prior to joining our Company includes: the deputy head and head of the Corporate Governance Division under the General Manager Office of China Gezhouba Water Conservancy and

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Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司) successively from September 1994 to June 2000; the deputy head of the General Manager Office of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司) from June 2000 to November 2007; the deputy head and head of the General Manager Office of CGGC Group and CGGC successively from November 2007 to October 2011; and the deputy head of the Party Work Department and the head of the Labour Union of Energy China Group from October 2011 to February 2015.

Mr. Mao obtained an academic diploma of post-secondary education in Chinese language from Yichang Normal College (宜昌師範專科學校) in June 1988, and a master's degree in administrative management from the Graduate School of Huazhong University of Science and Technology (華中科技大學) in May 2005. Mr. Mao obtained the qualification of economist from the State Personnel Ministry (國家人事部) in November 1998.

Mr. Wei Zhongxin (韋忠信), aged 62, is a Supervisor of our Company. Mr. Wei's primary work experience prior to joining our Company includes: the head of the General Office, the deputy chief economist and assistant to the president of China Railway Engineering Corporation (中國鐵路工程總公司) successively from March 1990 to March 2008; the director and secretary of the party committee of CRGL Resource Group Company Limited (中鐵資源集團有限公司) from March 2008 to October 2009; the external director of China Railway Group Limited (中國中鐵股份有限公司) (Stock Code: 601309.SH), the chairman of the board of directors of China Railway Assignment No.2 Bureau (中國中鐵外派中鐵二局) and the chairman of the supervisory committee of China Railway Assignment No.9 Bureau (中國中鐵外派中鐵九局) from November 2009 to November 2013.

Mr. Wei obtained a bachelor's degree in philosophy from Hangzhou University (杭州大學) (currently known as Zhejiang University (浙江大學)) in July 1982. Mr. Wei obtained the qualification of senior economist from China Railway Group Limited (中國鐵路工程總公司) in September 2002.

Mr. Fu Dexiang (傅德祥), aged 65, is a Supervisor of our Company, and is also a senior consultant of China Shipbuilding Industrial Complete Equipment & Logistics Co., Ltd. (中船工業成套物流公司). Mr. Fu's primary work experience prior to joining our Company includes: the deputy manager of the Service Branch, deputy manager and manager of the Operation and Service Department, deputy head and head of the Finance Department of Hudong Shipyard (滬東造船廠) successively from September 1986 to February 2001; and the deputy head and head of the Finance Department of China State Shipbuilding Corporation (中國船舶工業集團公司), as well as the general manager of Zheng Chuan Finance Co., Ltd and senior specialist of China State Shipbuilding Corporation (中國船舶工業集團公司) successively from February 2001 to September 2012.

Mr. Fu obtained an academic diploma of post-secondary education in business management from Shanghai Television University (上海電視大學) (currently known as Shanghai Open University (上海開放大學)) in July 1986. He obtained the qualification of senior accountant from China Shipping Company (中國船舶總公司).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, none of the Directors and Supervisors hold any position as director or supervisor in any other listed companies in the last three years immediately preceding the date of this prospectus. Meanwhile, to the best knowledge, information and belief of our Directors, having made all reasonable enquiries, there are no additional matters with respect to the appointment of the Directors and Supervisors which need to be brought to the attention of the Shareholders, and there is no additional information relating to the appointment of the Directors and Supervisors which is required to be disclosed in accordance with Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

The table below sets forth certain information on the senior management of our Company:

Name	Age	Position	Date of appointment	Date of joining our Group	Principal roles and responsibilities
Ding Yanzhang (丁焰章)	51	Vice chairman of the Board, executive Director and general manager	December 19, 2014	July 1984	Participating in formulating and implementing the business and operating strategies of our Company, taking full charge of the daily management, production and operational affairs of our Company
Zhang Xianchong (張羨崇)	56	Executive Director and deputy general manager	December 19, 2014	December 2014	Assisting in managing the daily operation of our Company, presiding over human resources management and corporate culture management of our Company
Zhao Jie (趙潔)	59	Deputy general manager	December 19, 2014	March 1983	Assisting in managing the daily operation of our Company, presiding over corporate development, strategies management, reform and reorganization and investment of our Company

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Name	Age	Position	Date of appointment	Date of joining our Group	Principal roles and responsibilities
Nie Kai (聶凱)	57	Deputy general manager	December 19, 2014	February 1982	Assisting in managing the daily operation of our Company, presiding over the operation of CGGC Group
Yu Gang (于剛)	54	Deputy general manager	December 19, 2014	March 2001	Assisting in managing the daily operation of our Company, presiding over international and legal affairs management of our Company
Zhou Hougui (周厚貴)	53	Deputy general manager	December 19, 2014	August 1982	Assisting in managing the daily operation of our Company, presiding over work safety, quality control, environmental protection, technology and information of our Company
Lan Chunjie (蘭春杰)	57	Deputy general manager	December 19, 2014	August 2011	Assisting in managing the daily operation of our Company, presiding over market development, audit, internal control and risk management of our Company
Chen Guanzhong (陳關中)	46	Chief accountant	December 19, 2014	November 2004	Assisting in managing the daily operation of our Company, presiding over financial matters management of our Company
Duan Qiurong (段秋榮)	54	Secretary to the Board	March 31, 2015	October 1982	Assisting in managing the daily operation of our Company, presiding over daily management of the shareholders' general meeting and the Board

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Mr. Ding Yanzhang (丁焰章), aged 51, is an executive Director and the vice chairman of the Board and the general manager of our Company. See “– Board of Directors – Executive Directors” above for the biographical details of Mr. Ding.

Mr. Zhang Xianchong (張羨崇), aged 56, is an executive Director and the deputy general manager of our Company. See “– Board of Directors – Executive Directors” above for the biographical details of Mr. Zhang.

Ms. Zhao Jie (趙潔), aged 59, is the deputy general manager of our Company. Ms. Zhao joined North China Electric Power Design Institute (華北電力設計院) in March 1983, and has more than 30 years of management experience in the energy construction industry. Ms. Zhao’s primary work experience prior to joining our Company includes: the project manager, deputy chief engineer and vice president of North China Electric Power Design Institute (華北電力設計院) successively from June 1995 to August 1998; the vice president of Electric Power Planning & Engineering Institute (電力規劃設計總院) from August 1998 to November 2011, during which time she concurrently served as the general manager of China Power Engineering Consulting Corporation (中國電力建設工程諮詢公司) from April 1999 to November 1999, and the deputy general manager of CPECC from June 2003 to November 2011; the deputy general manager of Energy China Group from August 2011 to July 2015, during which she concurrently served as the president of Electric Power Planning & Engineering Institute (電力規劃設計總院) from November 2011 to February 2015, an independent non-executive director of Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) (Stock Code: 601991.SH; 0991.HK) from August 2010 to August 2015, and an executive director of EPPE Company from August 2014 to February 2015.

Ms. Zhao obtained a bachelor’s degree in engineering, majoring in electrical engineering from Tsinghua University Branch Campus (清華大學分校) in January 1983. Ms. Zhao obtained the qualification of professor-level senior engineer from China Power Engineering Consulting Corporation (中國電力建設工程諮詢公司) in September 1998.

Mr. Nie Kai (聶凱), aged 57, is the deputy general manager of our Company, and is also the executive director and general manager of CGGC Group and the president of CGGC. Mr. Nie started his career in Gezhouba Engineering Bureau (葛洲壩工程局) in February 1982, and has more than 30 years of management experience in energy construction industry. Mr. Nie’s primary work experience prior to joining our Company includes: the deputy head, head and deputy superintendent of the Electromechanical Department of Gezhouba Three Gorges Headquarter (葛洲壩三峽指揮部) successively from August 1994 to March 2001; the vice chairman of the board of directors and general manager of Gezhouba Engineering 1 Company from March 2001 to March 2004; the deputy general manager of CGGC Group from March 2004 to January 2008, during which period he concurrently served as the director and deputy general manager of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司) and the general manager of Gezhouba International Company from March 2004 to October 2007; the vice chairman of the board of directors and general manager of Gezhouba International Company from October 2007 to October 2011, during which period he concurrently served as the deputy general manager of

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CGGC from January 2008 to October 2011; the director of CGGC from June 2009 to May 2013; the deputy general manager of Energy China Group from September 2011 to July 2015; the chairman of the board of directors of CGGC and the general manager of CGGC Group since May 2013; and the executive director of CGGC Group since December 2014.

Mr. Nie obtained a bachelor's degree from Huazhong College of Science and Technology (華中工學院) in January 1982, and a master's degree in engineering, majoring in electronic and information engineering from Xi'an Jiaotong University (西安交通大學) in December 2000. Mr. Nie obtained the qualification of senior engineer entitled to treatment equivalent to professor and researcher from CGGC Group in December 1998.

Mr. Yu Gang (于剛), aged 54, is the deputy general manager of our Company. Mr. Yu started his career in Shandong Weifang Electricity Affairs Bureau Overhaul Plant (山東濰坊電業局修驗廠) in July 1982, and has more than 30 years of management experience in the energy construction industry. Mr. Yu's primary work experience prior to joining our Company includes: the vice president and president of Shandong Weifang Electricity Affairs Bureau (山東濰坊電業局) successively from February 1993 to August 1998; the president of Shandong Electric Power Engineering Consulting Institute (山東電力工程諮詢院) from August 1998 to March 2001; the deputy general manager and general manager of China Power Construction Engineering Consulting Corporation (中國電力建設工程諮詢公司) from March 2001 to June 2003; the deputy general manager of CPECC and the vice president of Electric Power Planning & Engineering Institute (電力規劃設計總院) from June 2003 to November 2011; and the deputy general manager of Energy China Group from August 2011 to July 2015.

Mr. Yu obtained a bachelor's degree in engineering, majoring in electric power system and automation from Shandong Industrial College (山東工學院) (currently known as Shandong University (山東大學)) in July 1982, and a doctor's degree in engineering, majoring in electrical engineering from Tsinghua University (清華大學) in July 2007. Mr. Yu obtained the qualification of advanced grade senior engineer from CPECC in December 2004.

Mr. Zhou Hougui (周厚貴), aged 53, is the deputy general manager of our Company. Mr. Zhou started his career in Gezhouba Engineering Bureau (葛洲壩工程局) in August 1982, and has more than 30 years of management experience in the energy construction industry. Mr. Zhou's primary work experience prior to joining our Company includes: the deputy chief engineer, deputy head of Engineering Management Department and chief engineer of Gezhouba Engineering Bureau Three Gorges Headquarter (葛洲壩工程局三峽指揮部) successively from August 1994 to July 1997; the deputy chief engineer, head of Technology Department, chief engineer of Three Gorges Headquarter, chief engineer and deputy general manager of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司) from July 1997 to October 2007, during which period he concurrently served as the chief engineer of CGGC from July 1997 to June 1998; the deputy general manager and chief engineer of CGGC Group from March 2004 to December 2007; the deputy general manager and chief engineer of CGGC from January 2008 to November 2011; the deputy general manager of Energy China Group from August 2011 to July 2015, during which period he concurrently served as the chief engineer from December 2011 to July 2015, and the president of the Engineering Institute from November 2012 to February 2015.

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Mr. Zhou obtained a bachelor's degree in engineering, majoring in river mechanics and river restoration engineering from Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力學院) in July 1982, and a doctor's degree in engineering, majoring in water structural engineering from Tsinghua University (清華大學) in January 2000. Mr. Zhou obtained the qualification of senior engineer entitled to treatment equivalent to professor and researcher from CGGC Group in December 1998.

Mr. Lan Chunjie (蘭春杰), aged 57, is the deputy general manager of our Company. Mr. Lan started his career in Design Department of Guiyang Survey and Design Institute (貴陽勘測設計研究院) in August 1982, and has over 30 years of experience in energy construction industry and management. Mr. Lan's primary work experience prior to joining our Company includes: the deputy head of the Science and Technology Department, the head of Quality of Science and Technology Department, the vice president and the president of Guiyang Survey and Design Institute successively (貴陽勘測設計研究院) from February 1994 to September 2007; the assistant to the general manager, the head of the Human Resources Department and the deputy general manager of China Hydropower Engineering Consulting Group Company Limited (中國水電工程顧問集團公司) successively from September 2007 to August 2011; and the deputy general manager of Energy China Group from August 2011 to July 2015.

Mr. Lan obtained a bachelor's degree in engineering, majoring in water conservancy and hydropower engineering construction from Zhengzhou Institute of Engineering and Technology (鄭州工學院) in July 1982, and a master's degree in engineering, majoring in hydraulic engineering from Wuhan University (武漢大學) in June 2004. Mr. Lan obtained the qualification of professor-level senior engineer from Guiyang Survey and Design Institute (貴陽勘測設計研究院) in December 1997.

Mr. Chen Guanzhong (陳關中), aged 46, is the chief accountant of our Company. Mr. Chen started his career in China National Chemical Engineering Six Construction Company (中國化學工程第六建設公司) in July 1990, and has over 20 years of experience in financial management. Mr. Chen's primary experience prior to joining our Company includes: the deputy head and head of the Finance Department, the head of the Audit Department, the deputy chief accountant and the chief accountant at China National Chemical Engineering Six Construction Company (中國化學工程第六建設公司) successively from February 1995 to November 2004; the chief accountant of CPECC from November 2004 to November 2011; and the deputy chief accountant and chief accountant of Energy China Group successively from November 2011 to July 2015.

Mr. Chen obtained a bachelor's degree in economics, majoring in enterprise management from Wuhan University (武漢大學) in July 1990. Mr. Chen obtained the qualification of senior accountant from China National Chemical Engineering Six Construction Company (中國化學工程第六建設公司) in April 2001.

Mr. Duan Qiurong (段秋榮), aged 54, is the secretary to the Board of our Company. Mr. Duan started his career in Shashi Branch of Gezhouba Engineering Bureau (葛洲壩工程局砂石局) in October 1982, and has over 30 years of experience in energy construction industry and management. Mr. Duan's primary work experience prior to joining our Company includes: the

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deputy head and head of the Party Committee Office of CGGC Group successively from November 1995 to April 2003; the head of the Reform and Development Department and the head of the Strategic Investment Department of CGGC Group from April 2003 to October 2007; the head of the Strategic Investment Department of CGGC Group and CGGC from October 2007 to October 2011; the head of the Strategic Development Department of Energy China Group from October 2011 to August 2013; the head of the Strategic Investment Department of Energy China Group from August 2013 to February 2015; the director of CEEEC since August 2012; and the director of CGGC since May 2013.

Mr. Duan obtained an academic diploma of post-secondary education in Chinese language and literature from Hubei Broadcasting and Television University (湖北廣播電視大學) in June 1988, and a master's degree in engineering, majoring in control engineering from Huazhong University of Science and Technology (華中科技大學) in June 2006. Mr. Duan obtained the qualification of senior economist from CGGC Group in December 2004.

KINSHIP

There is no family or blood relationship among any of the Directors, Supervisors and senior management of our Company.

JOINT COMPANY SECRETARIES

Mr. Duan Qiurong (段秋榮), is the joint company secretary of our Company. See “– Senior Management” for the biographical details of Mr. Duan.

Given that Mr. Duan does not possess the qualifications under Rule 3.28 of the Listing Rules, we have applied for and have been granted a waiver by the Stock Exchange from strict compliance with Rules 3.22 and 8.07 of the Listing Rules. For details, see “Waivers from Compliance with the Listing Rules – Company Secretary.”

Ms. Yung Mei Yee (翁美儀), is the joint company secretary of our Company. Ms. Yung is a senior manager of KCS Hong Kong Limited (凱譽香港有限公司) and has over 20 years of experience in the company secretarial field. Ms. Yung is currently a joint company secretary of several companies, including L'Occitane International S.A. (Stock Code: 0973.HK), China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (Stock Code: 6881.HK), Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (Stock Code: 3636.HK) and Chongqing Rural Commercial Bank Co., Ltd. (重慶農村商業銀行股份有限公司) (Stock Code: 3618.HK), all of which are listed on the Stock Exchange. Ms. Yung has extensive knowledge and experience in dealing with corporate governance, regulatory and compliance affairs of listed companies.

Ms. Yung obtained a bachelor's degree of arts in accountancy from City Polytechnic of Hong Kong (香港城市理工大學) in November 1993, a master's degree of arts in language and law from City University of Hong Kong (香港城市大學) in November 2000 and a bachelor's degree of laws from University of London in August 2010. Ms. Yung is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrator in United Kingdom.

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BOARD COMMITTEES

Our Company has established four Board committees in accordance with the relevant PRC laws and regulations and the corporate governance practice under the Listing Rules, including the Strategy Committee, the Nomination Committee, the Remuneration and Assessment Committee, and the Audit Committee.

Strategy Committee

The Strategy Committee of our Company consists of three Directors: Mr. Wang Jianping (executive Director), Mr. Ding Yanzhang (executive Director) and Mr. Ma Chuanjing (non-executive Director). Mr. Wang Jianping is the chairman of the Strategy Committee. The primary responsibilities of the Strategy Committee include (among other things):

- (a) to conduct research and make recommendations to the Board on the medium and long-term development strategies of our Company;
- (b) to conduct research and make recommendations to the Board on the proposals regarding industrial restructuring, major organization adjustment and vital business restructuring of our Company;
- (c) to conduct research and make recommendations to the Board on the significant investment plans and significant financing plans which need to be decided by the Board;
- (d) to conduct research and make recommendations to the Board on the significant projects of capital management and assets operation which need to be decided by the Board;
- (e) to supervise and evaluate on, and propose adjustment to as necessary, the implementation of the above-mentioned matters; and
- (f) to exercise other authorities granted by the Board.

Nomination Committee

The Nomination Committee of our Company consists of three Directors: Mr. Wang Jianping (executive Director), Mr. Wang Bin (independent non-executive Director) and Mr. Cheung Yuk Ming (independent non-executive Director). Mr. Wang Jianping is the chairman of the Nomination Committee. The primary responsibilities of the Nomination Committee include (among other things):

- (a) to formulate the standards, procedures and methods for election of Directors and senior management of our Company and submit the same to the Board for consideration;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- (b) to review the structure, number of members and composition and the relevant qualifications of the Board regularly every year, to make suggestions on the related issues, and to formulate Board diversity policy;
- (c) to assist the regulatory authorities to review the candidates for Directors, general managers and the secretary of the Board and make recommendations thereon;
- (d) to assist the regulatory authorities to examine the candidates proposed by general managers for other management positions and provide opinion to the Board;
- (e) to assess the independence of independent non-executive Directors;
- (f) to propose the human resources retention scheme and provide recommendations thereon;
- (g) to make recommendations to the Board on the appointment and re-appointment of Directors and succession plan for Directors; and
- (h) to exercise other authorities granted by the Board.

Remuneration and Assessment Committee

The Remuneration and Assessment Committee of our Company consists of three Directors: Mr. Zheng Qiyu (independent non-executive Director), Mr. Zhang Xianchong (executive Director) and Mr. Wang Bin (independent non-executive Director). Mr. Zheng Qiyu is the chairman of the Remuneration and Assessment Committee. The primary responsibilities of the Remuneration and Assessment Committee include (among other things):

- (a) to make recommendations to the Board on our Company's remuneration policy and structure for all Directors and senior management of our Company and on the establishment of formal and transparent procedures for developing the remuneration policy;
- (b) to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and to make recommendations to the Board on the remuneration of non-executive Directors;
- (c) to formulate management measures on the performance evaluation of senior management of our Company, make evaluation plans and determine evaluation objectives;
- (d) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such compensation arrangements are in accordance with the relevant contractual terms or are otherwise reasonable and appropriate;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- (e) to supervise the performance evaluation and remuneration assessment of the persons in charge of internal departments, branch entities and subsidiaries of our Company (except for those in charge of internal audit department);
- (f) to review the performance of the Directors and senior management in discharging their duties and to conduct annual evaluation on their performance;
- (g) to make recommendations to the Board on policies of and plans on the salary, benefits, rewards and punishments of our Company, and monitor the implementation thereof; and
- (h) to exercise other authorities granted by the Board.

Audit Committee

The Audit Committee of our Company consists of three Directors: Mr. Ding Yuanchen (independent non-executive Director), Mr. Ma Chuanjing (non-executive Director) and Mr. Cheung Yuk Ming (independent non-executive Director). Mr. Ding Yuanchen is the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and supervise our financial reporting process, including (among other things):

- (a) to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, approve the remuneration and terms of engagement of the external auditors, and handle issues relating to the resignation or removal of such external auditors;
- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to formulate and execute policies relating to engagement of external audit firms for non-audit services;
- (d) to monitor the truthfulness, completeness and accuracy of our Company's financial statements, and reports, and review important opinions regarding financial reporting therein;
- (e) to review the finance management, internal control and risk management systems of our Company;
- (f) to take charge in the liaison between the internal audit department and the external audit firm, so as to ensure coordination of their work;
- (g) to examine our Company's financial and accounting policies and practice;
- (h) to consider our Company's risk management strategies and the solutions for major risk management; and
- (i) to exercise other authorities granted by the Board.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

COMPENSATION OF OUR DIRECTORS AND SUPERVISORS

In 2012, 2013 and 2014 and the five months ended May 31, 2015, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension schemes contribution and other benefits in kind (if applicable) paid by our Company to our Directors and Supervisors were approximately nil, nil, nil and RMB1,170,000, respectively.

In 2012, 2013 and 2014 and the five months ended May 31, 2015, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension schemes contribution and other benefits in kind (if applicable) paid by our Company to our senior management were approximately nil, nil, nil and RMB2,072,000, respectively.

In 2012, 2013 and 2014 and the five months ended May 31, 2015, the aggregate amount of fees, salaries, allowances, discretionary bonus, benefit schemes contributions and other benefits in kind (if applicable) received by the five highest-paid individuals (neither Directors nor Supervisors) were RMB5,777,000, RMB5,367,000, RMB5,603,000 and RMB3,369,000, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors has waived or agreed to waive any remuneration or benefits in kind for the past three years. Save as disclosed above, there was no other payments paid or payable by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

Under the remuneration policy of our Company, the Remuneration and Assessment Committee will consider various factors such as salaries paid by comparable companies, tenure, commitment, responsibilities and performance of our Directors, Supervisors and the senior management (as the case may be), in assessing the amount of remuneration payable to our Directors, Supervisors and such employees. It is estimated that under the arrangements currently in force, the aggregate amounts of remuneration payable by our Company to our Directors and Supervisors for the year ending December 31, 2015 is approximately RMB1,904,000 (excluding any discretionary bonus).

DIRECTORS' AND SUPERVISORS' INTEREST

Save as disclosed in this prospectus, each of our Directors and Supervisors (i) did not hold other positions in our Company or other members of our Group as of the Latest Practicable Date; (ii) had no other relationship with any Directors, Supervisors, senior management or substantial or controlling Shareholders of our Company as of the Latest Practicable Date; and (iii) did not hold any directorship in any other listed companies in the three years immediately prior to the date of this prospectus.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Shenwan Hongyuan Capital (H.K.) Limited as our compliance advisor pursuant to Rule 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we must consult with and, if necessary, seek advice from our compliance advisor on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;
- (c) where our Company intends to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus, or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate or other data in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, our compliance adviser will, in a timely manner, inform us of any amendments or supplements to the Listing Rules that are announced by the Stock Exchange. Our compliance adviser will also inform us of any amendment or supplement to applicable laws and guidelines.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

SHARE CAPITAL

SHARE CAPITAL

As of the Latest Practicable Date, the registered share capital of our Company was RMB21,600,000,000, consisting of 21,600,000,000 Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately following the completion of the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage to total share capital
20,800,000,000	Domestic Shares ⁽¹⁾	70.3%
800,000,000	H Shares to be offered for sale by the Selling Shareholders under the Global Offering ⁽²⁾	2.7%
8,000,000,000	H Shares to be issued under the Global Offering	27.0%
<hr/> 29,600,000,000 <hr/>		<hr/> 100.0% <hr/>

Note:

- (1) As of the Latest Practicable Date, these Domestic Shares were held by Energy China Group and EPPE Company.
- (2) In accordance with relevant PRC regulations regarding the reduction of state-owned shares, our state-owned shareholders are required to transfer to NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the new Shares to be issued by the Company under the Global Offering, or pay the equivalent cash at the Offer Price under the Global Offering to NSSF, or a combination of both. NSSF issued a letter on October 28, 2015 to instruct us to arrange for the sale of the Sale Shares and remit the proceeds therefrom to the account designated by NSSF. See “Reduction of State-owned Shares” below for more details.

SHARE CAPITAL

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following the completion of the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage to total share capital
20,680,000,000	Domestic Shares ⁽¹⁾	67.1%
920,000,000	H Shares to be offered for sale by the Selling Shareholders under the Global Offering ⁽²⁾	3.0%
9,200,000,000	H Shares to be issued under the Global Offering	29.9%
<hr/> 30,800,000,000 <hr/>		<hr/> 100.0% <hr/>

Notes:

- (1) As of the Latest Practicable Date, these Domestic Shares were held by Energy China Group and EPPE Company.
- (2) In accordance with relevant PRC regulations regarding the reduction of state-owned shares, our state-owned shareholders are required to transfer to NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the new Shares to be issued by the Company under the Global Offering, or pay the equivalent cash at the Offer Price under the Global Offering to NSSF, or a combination of both. NSSF issued a letter on October 28, 2015 to instruct us to arrange for the sale of the Sale Shares and remit the proceeds therefrom to the account designated by NSSF. See “Reduction of State-owned Shares” below for more details.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Conversion of Unlisted Shares

We have two classes of ordinary shares, H Shares and Domestic Shares. Our Domestic Shares are unlisted Shares which are currently not listed or traded on any stock exchange. Upon completion of the Global Offering, all unlisted Shares are Domestic Shares held by Energy China Group and EPPE Company and therefore, the scope of our unlisted Shares is the same as the scope of our Domestic Shares. The term “unlisted Shares” is used to describe whether certain Shares are listed on a stock exchange and is not unique to PRC laws.

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, our unlisted Shares may be converted into H Shares. The conversion of H shares only applies to our unlisted Shares. Such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes have been duly completed and the

SHARE CAPITAL

approval from the relevant PRC regulatory authorities, including CSRC, have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required if any of our unlisted Shares are to be converted into and traded as H Shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong.

No Shareholder voting by class is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial Listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

As confirmed by our PRC legal advisers, Dentons Law Offices, the Articles of Association are consistent with the relevant PRC laws and regulations on the conversion of domestic shares.

Mechanism and Procedures for Conversion

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant unlisted Shares will be withdrawn from our Domestic Shares register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (i) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (ii) the admission of the H Shares to trade on the Stock Exchange complying with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

So far as our Directors are aware, none of our promoters currently proposes to convert any of the unlisted Shares held by it into H Shares, except for the unlisted Shares to be converted and transferred to the NSSF in connection with the Global Offering, which is detailed in the sub-section headed "Reduction of State-owned Shares" of this section.

SHARE CAPITAL

RANKING

Our Domestic Shares and H Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC or through Shanghai-Hong Kong Stock Connect, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares (unlisted), on the other hand, can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors and qualified foreign strategic investors. We shall pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in RMB. See “Appendix VII – Summary of Articles of Association” for details of the circumstances under which general meetings and class meetings of our Company are required.

Except as described in this prospectus and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix VII to this prospectus, our Domestic Shares and our H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the Listing Date. We have not approved any share issue plan other than the Global Offering.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The Company Law provides that in relation to the Hong Kong Public Offering of a company, the shares issued by a company prior to the Hong Kong Public Offering shall not be transferred for a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and shall not be transferred for a period of one year from the Listing Date. However, the H Shares to be transferred to NSSF by state-owned Shareholders in accordance with relevant PRC regulations regarding the reduction of state-owned shares, are not subject to such statutory restrictions on transfer following their transfer to NSSF.

SHARE CAPITAL

REDUCTION OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding the reduction of state-owned shares, the Selling Shareholders are required to transfer to NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the new Shares to be issued by the Company under the Global Offering (being 800,000,000 H Shares before the exercise of the Over-allotment Option and 920,000,000 H Shares after the exercise in full of the Over-allotment Option), or pay the equivalent cash at the Offer Price under the Global Offering to NSSF, or a combination of both. Pursuant to a letter issued by NSSF (She Bao Ji Jin Fa [2015] No. 168) on October 28, 2015, NSSF instructed us to (i) arrange for the sale of the Sale Shares as part of the Global Offering, and (ii) remit the proceeds from the sale of the Sale Shares to an account designated by NSSF.

The reduction of state-owned shares by the Selling Shareholders was approved by SASAC on June 10, 2015. The conversion of those shares into H Shares and the offering for sale of the Sale Shares were approved by CSRC on September 25, 2015. We have been advised by our PRC legal advisers, Dentons Law Offices, that the transfer and the conversion, and the offering for sale of the Sale Shares, have been approved by the relevant PRC authorities and are legal under the PRC laws and regulation.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by CSRC, an overseas listed company seeking initial public offering of overseas listed foreign shares is required to register its shares that are not listed on an overseas stock exchange with the China Securities Depository and Clearing Corporation Limited within 15 business days upon overseas listing and provide a written report to CSRC regarding the centralized registration and deposit of its non-overseas listed shares as well as the current offering and listing of shares.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following person will, immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

Shareholder	Class of Shares to be held after the Global Offering	Nature of interest	Number of Shares to be held after the Global Offering	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering ⁽¹⁾	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering ⁽²⁾
Energy China Group ⁽³⁾	Domestic Shares	Beneficial interest/interest of controlled corporation	20,800,000,000	100%	70.3%
CEZN Limited	H Shares	Beneficial interest	1,400,764,000	15.9%	4.7%
State Grid International Development Co., Ltd.	H Shares	Beneficial interest	933,842,000	10.6%	3.2%

Notes:

- (1) The calculation is based on the percentage of shareholding in Domestic Shares sold of our Company after the Global Offering.
- (2) The calculation is based on the total number of 29,600,000,000 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is not exercised).
- (3) Immediately after the Global Offering (assuming the Over-allotment Option is not exercised), Energy China Group is beneficially interested in 20,701,257,778 Domestic Shares, representing 99.53% of the domestic share capital of our Company. EPPE Company is a wholly-owned subsidiary of Energy China Group and is interested in 98,742,222 Domestic Shares, representing 0.47% of the domestic share capital of our Company. Energy China Group is deemed to be interested in the Domestic Shares held by EPPE Company as well under the SFO.
- (4) CEZN Limited is a wholly-owned subsidiary of Cyan Amber Investment Limited, which is in turn wholly owned by Silk Road Fund Co., Ltd. Therefore, each of Cyan Amber Investment Limited and Silk Road Fund Co., Ltd. is deemed to be interested in the H Shares held by CEZN Limited under the SFO. The number of H Shares and percentage of shareholding of CEZN Limited are calculated based on the Offer Price of HK\$1.66 (being the mid-point of the Offer Price range set out in this prospectus).

SUBSTANTIAL SHAREHOLDERS

- (5) State Grid International Development Co., Ltd. owns all the issued ordinary shares of State Grid International Development Limited, and is in turn wholly owned by State Grid Corporation of China, a PRC state-owned enterprise. Therefore, each of State Grid International Development Co., Ltd. and State Grid Corporation of China is deemed to be interested in the H Shares held by State Grid International Development Limited under the SFO. The number of H Shares and percentage of shareholding of State Grid International Development Limited are calculated based on the Offer Price of HK\$1.66 (being the mid-point of the Offer Price range set out in this prospectus).

For details of our Directors', Supervisors' and chief executive's interests in the Shares immediately following the completion of the Global Offering, see "Appendix VIII – Statutory and General Information – 4. Disclosure of Interests."

Save as disclosed herein, the Directors are not aware of any person who will immediately following the Global Offering, have an interest or short position in Shares or underlying shares of our Company, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

OVERVIEW

Our Company was established as a joint stock limited liability company on December 19, 2014 in accordance with PRC laws. Energy China Group is one of the promoters of our Company. Upon our establishment, Energy China Group directly owned 99.53% of our issued share capital while indirectly owning 0.47% of our issued share capital through EPPE Company, another promoter of ours. Immediately following completion of the Global Offering, Energy China Group will own approximately 70.3% of our total issued share capital directly and indirectly through EPPE Company (assuming no Over-allotment Option is exercised), and will continue to be our Controlling Shareholder.

Pursuant to the Reorganization Agreement, Energy China Group injected into our Company all of its principal business relating to survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, and investment and others in the power industry, which has become the principal business and the development foundation of our Company. For more details about the Reorganization Agreement, see “History and Corporate Structure – Reorganization – Establishment of Our Company.”

DELINEATION OF BUSINESS AND COMPETITION

We are one of the largest comprehensive solution providers for the power industry in China and globally, and are principally engaged in the business of survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, and investment and others (the “Principal Business”).

Energy China Group is a state-owned company directly and wholly owned by SASAC. According to the Reorganization Agreement, after the completion of the Reorganization, Energy China Group would no longer be able to independently operate businesses similar to those of our Principal Business. Apart from certain power engineering businesses (the “Retained Business,” details of which are set out below), which has not been included in our Group, Energy China Group (excluding our Group) is also engaged in research and study on development strategy and planning, government and industry policies in the power industry and standardization of scientific research through EPPE Company and its subsidiaries, and the provision of certain community services such as health care, education and public security.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Rather than becoming a group member of the Company, EPPE Company has been selected by Energy China Group to be one of the promoters of our Company for the following reasons:

- (i) as a group member of the Energy China Group, selecting EPPE Company as a promoter will facilitate the communication and coordination in the Company's listing process and keep the stabilization of the Shareholders;
- (ii) the business scope of EPPE Company does not directly or indirectly compete with that of the Group (as explained below); and
- (iii) EPPE Company is also undertaking the responsibility of providing technical support and services to governmental departments.

There is a clear delineation between the principal businesses operated by EPPE Company and our Group, as EPPE Company concentrates its business on the upstream of the power industry, mainly including research and study on development strategy and planning, and government and industry policies, while our Group is primarily engaged in power survey, design, construction, manufacturing, civil explosives and cement production, investment and other related business, the relative downstream of the power industry. EPPE Company concentrates on the "upstream" power industry in the sense that it is mainly involved in the areas of research and planning for the national or provincial power industry on the macro level for the government, while our Group conducts the Principal Business in the planning, design and construction of specific power projects for energy enterprises. Though our Group also conducts few industry research, it is only project-driven and applicable in the scope of a small area. EPPE Company also reviews and/or approves the feasibility and design plans provided by the companies in the industry for potential power projects. Such review and/or approval is a mandatory process and also "upstream" work as without which the potential power projects cannot be commenced. The research, study, planning, review and approval services EPPE Company provides are of different nature from the Principal Business of the Group, and therefore do not and will not overlap or compete with the Principal Business of the Group. As of the Latest Practicable Date, EPPE Company did not have any interest in a business (other than our Group) which competes or is likely to compete, directly or indirectly, with our Principal Business.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Details of the Retained Business are summarized below:

Retained companies	Equity interest percentages	Principal business	Customer type	For the year ended/as of December 31, 2014			Reasons for exclusion
				Total assets	Revenue	Net profits	
<i>(RMB million)</i>							
China Energy Engineering Group Beijing Electric Power Construction Company (中國能源建設集團北京電力建設公司)	100% by Energy China Group	Construction of power engineering projects in Hebei province	State-owned energy enterprises, including major power grid operators and power generation companies	1,295	1,610	(47)	It recorded negative net assets and net loss before the Reorganization and could not satisfy the conditions for restructuring into a limited liability company under the PRC laws, which does not accord with the overall reorganization plan of our Group.
China Energy Engineering Group Shanxi Electric Power No. 2 Construction Company (中國能源建設集團山西電力建設二公司)	100% by Energy China Group	Construction of power engineering projects in Shanxi province	State-owned energy enterprises, including major power grid operators and power generation companies	556	542	(90)	It recorded negative net assets and net loss before the Reorganization and could not satisfy the conditions for restructuring into a limited liability company under the PRC laws, which does not accord with the overall reorganization plan of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Our Directors are of the view that the potential competition between our Group and Energy China Group is limited, for the following reasons:

- (i) the Custodian Target Companies are engaged in the construction of power engineering projects only, whereas our Group's business consists of five segments, including survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, investment and others, which enables us to provide one-stop integrated solutions and full life-cycle project management services. Therefore, the potential competition between our Group and the Retained Business is limited in terms of the comprehensiveness of business;
- (ii) the Custodian Target Companies conduct their businesses mainly in Shanxi and Hebei provinces, of which Hebei province is not a key market of our Group and the scale of operation of the Custodian Target Companies in Shanxi province is extremely small as compared to that of our Group, whereas our Group's business expands across a broad range of regions both in China and overseas. In 2014, the revenue of the Custodian Target Companies generated in Shanxi and Hebei provinces were approximately RMB985 million. In addition, the businesses the Custodian Target Companies operate in other areas such as Inner Mongolia and Shangdong province are relatively small portion proportionately when compared to the business the Custodian Target Companies operate in Shanxi and Hebei provinces, which are therefore almost negligible as compared to that of the Group. The Custodian Target Companies currently have no plans to expand their business to other districts in the PRC. Therefore, the potential competition between our Group and the Retained Companies is limited in terms of the geographical coverage;
- (iii) in 2014, the total revenue of the Custodian Target Companies was approximately RMB2,152 million, representing approximately 1.5% of the revenue for the construction and contracting segment of our Group during the same period, and the total new contract value of the Custodian Target Companies was approximately RMB2,390 million, representing approximately 0.89% of the new contract value for the construction and contracting segment of our Group during the same period. Therefore, the potential competition between our Group and the Retained Business is limited in terms of the scale of operation;
- (iv) to safeguard the interests of our Group and our Shareholders, we have entered into the Custodian Service Agreement (details as set out below) with Energy China Group, pursuant to which we can exercise various management and operation rights over the Retained Business, and have been granted pre-emptive rights over the Custodian Target Companies under certain circumstances. Therefore, we are able to effectively manage and control the potential competition between our Group and Energy China Group; and
- (v) to avoid potential competition from Energy China Group, Energy China Group has issued the Non-competition Undertaking (details as set out below) and undertaken, among others, that Energy China Group will not engage in any business which directly or indirectly competes with the Principal Business after the Global Offering.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

In order to avoid potential competition from Energy China Group and safeguard the interests of our Group and our Shareholders, we entered into the Custodian Service Agreement with Energy China Group, pursuant to which we will provide Energy China Group with certain custodian services and can exercise various management and operation rights over the Custodian Target Companies, namely China Energy Engineering Group Beijing Electric Power Construction Company (中國能源建設集團北京電力建設公司) and China Energy Engineering Group Shanxi Electric Power No. 2 Construction Company (中國能源建設集團山西電力建設二公司), including but not limited to (i) preparing and implementing the annual operation plans and financial budgets; (ii) determining and implementing bidding, investment, major borrowings, guarantees and litigations related matters; and (iii) attending internal decision-making meetings in relation to the operation and production, participating in discussions and providing opinions. Any decision at the internal meetings of the Custodian Target Companies in relation to major operational and management matters can only be implemented by the Custodian Target Companies upon obtaining our prior written consent.

In addition, we have also been granted the pre-emptive rights over the Custodian Target Companies under the Custodian Service Agreement, including (i) when Energy China Group intends to transfer to a third party any equity interests held by it in any of the Custodian Target Companies, we have the pre-emptive right to acquire such equity interests on the same conditions; and (ii) when any of the Custodian Target Companies intends to dispose of any of its assets to a third party, we have the pre-emptive right to acquire such assets on the same conditions. The consideration payable by us in relation to the acquisition of the equity interests in or assets of the Custodian Target Companies, if taking place, will be determined based on arm's length negotiations among relevant parties with reference to independent valuations of the target equity interest or assets.

Our Company will not share any profit/loss from the Custodian Target Companies except for receiving a custodian fee determined at a fixed rate of revenue of the Custodian Target Companies pursuant to the Custodian Service Agreement.

For more details about the Custodian Service Agreement, see “Connected Transactions – Exempt Continuing Connected Transactions – 2. Custodian Service Agreement.”

Save as disclosed above, Energy China Group has not engaged and will not engage in any business which competes or is likely to compete, directly or indirectly, with the Principal Business as of the Latest Practicable Date.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

NON-COMPETITION UNDERTAKING

In order to limit potential competition between our Group and Energy China Group, Energy China Group entered into a non-competition undertaking (the “Undertaking”) on December 3, 2014 for a term of five years and a supplementary non-competition deed (the “Deed”, together with the “Undertaking”, the “Non-competition Undertaking”) with our Group dated November 18, 2015. The Deed will be effective until the earliest of (i) the Company’s H Shares ceasing to be listed on the Hong Kong Stock Exchange, (ii) the Company ceasing to carry out its Principal Business, and (iii) Energy China Group ceasing to be the Controlling Shareholder of the Company. The terms of the Undertaking will be covered by the Deed, and if there is any conflict between any term of the Undertaking and the Deed, the Deed shall prevail. The Non-competition Undertaking does not apply to (i) any holding of securities in any member of our Group by Energy China Group and (ii) any holding of securities in a company that is engaged in the Principal Business and whose securities are listed on any stock exchange, provided that Energy China Group or its associates do not individually and/or in aggregate hold or control more than 10% of the voting rights in its issued share capital. Pursuant to the Non-competition Undertaking, Energy China Group has irrevocably undertaken that:

- Save for the Retained Business as disclosed above, it will not and will procure that its associates (except any member of our Group) will not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, engage, participate or hold any right or interest in (in each case whether as a shareholder, director, partner, agent, employee or otherwise be involved, whether for profit, reward or otherwise) or render any services to or otherwise be involved in any business which competes directly or indirectly, or may result in direct or indirect competition with, the Principal Business of any member of our Group from time to time.
- If there is any new business investment or other commercial opportunities in the Principal Business given, identified or offered to Energy China Group and/or any of its associates (except any member of our Group) (“New Business Opportunities”), Energy China Group shall first refer such New Business Opportunities to our Group within 10 business days in the following manner:
 - (a) Energy China Group is required to and shall procure any of its associates (except any member of our group) to, refer, or to procure the referral of, the New Business Opportunities to our Company, and shall give written notice to our Company of any New Business Opportunities containing all information reasonably necessary for our Company to consider whether (i) such New Business Opportunities would constitute competition with the Principal Business; and (ii) it is in the interest of our Group to pursue such New Business Opportunities, including the nature of the New Business Opportunities and the details of investment or acquisition costs (“Offer Notice”);

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

- (b) Energy China Group and/or any of its associates (except any members of our Group) (“Offeror”) will be entitled to pursue the New Business Opportunities only if (i) the Offeror has received a notice from our Company declining the New Business Opportunities and confirming that such New Business Opportunities would not constitute competition with our Principal Business; or (ii) the Offeror has not received such notice from our Company within 10 business days from our Company’s receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Business Opportunities pursued by the Offeror, the Offeror will refer the New Business Opportunities as so revised to our Company in the manner as set out in (a) above.
 - (c) Upon receipt of the Offer Notice, our Company shall seek opinions and decisions from our independent non-executive Directors as to whether (i) such New Business Opportunities would constitute competition with the Principal Business; and (ii) it is in the interest of our Company and our Shareholders as a whole to pursue the New Business Opportunities. The decision on whether or not to exercise the option to pursue the New Business Opportunities will be made by our independent non-executive Directors to ensure the decision will give due regard to the interests of our independent Shareholders. Our independent non-executive Directors will consider all relevant factors including but not limited to any feasibility study, counterparty risk, estimated profitability, our pipeline and the legal, regulatory and contractual landscape with a view to arriving at a decision which is in the best interests of our Company and our Shareholders as a whole.
 - (d) If our Company decides not to take up such New Business Opportunities, Energy China Group and/or its associates (except any members of our Group) may subsequently take up such New Business Opportunities on its own. Energy China Group has granted an option for us to acquire any equity interest, assets or other interests in respect of the New Business Opportunities taken up by Energy China Group and/or its associates (except any members of our Group) (“Acquisition Option”). Our Company has the right to exercise the Acquisition Option at any time. Energy China Group granted us the Acquisition Option in consideration that the purchase price will be determined after arm’s length negotiations by both parties in the ordinary and usual course of business and that the acquisition shall be based on valuation conducted by an Independent Third Party valuer and in the best interests of our Group.
- It has granted an option for us to acquire any equity interest, asset or other interests in respect of the Retained Business carried out by Energy China Group, which is exercisable at any time whether or not Energy China Group intends to dispose of its interest in such Retained Business. Through the arrangements contemplated under the Custodian Service Agreement, details of which are set out in “Connected Transactions – Exempt Continuing Connected Transactions – 2. Custodian Service Agreement,” we will be able to track the status and performance of the Retained

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Business that is being managed by us on a regular basis and therefore will be in a position to know whether such Retained Business meets our investment criteria or whether the Energy China Group has any plans to dispose of its interest therein. Our ability to exercise such right will be subject to compliance by us and the Energy China Group with all applicable laws (particularly those in the PRC) as well as the applicable requirements of the Listing Rules. If we decide to exercise our right, the terms and conditions for the acquisition from the Energy China Group will be determined after arm's length negotiations by both parties in the ordinary and usual course of business and that the acquisition shall be based on valuation conducted by an Independent Third Party valuer and shall be in the best interests of our Group.

Energy China Group has further undertaken that, subject to the relevant laws, requirements or contractual arrangements with third parties:

- (i) upon our request, it or its associates (except any members of our Group) shall provide us with all necessary information for the implementation of the Non-competition Undertaking;
- (ii) it will allow our authorized representatives or our auditors to have reasonable access to the financial and corporate information necessary for its transactions with third parties, which would assist with our judgments regarding whether Energy China Group or its associates (except any members of our Group) has complied with the Non-competition Undertaking; and
- (iii) it will, within 10 business days upon receipt of our written request, confirm in writing regarding the compliance and performance of the Non-competition Undertaking by Energy China Group and its associates (except any members of our Group) and consent to disclosing such confirmation in our annual reports.

Pursuant to the Non-competition Undertaking, the restrictions mentioned above will be terminated at the earliest of (i) our Company's H Shares ceasing to be listed on the Stock Exchange; (ii) our Company ceasing to carry out the Principal Business; and (iii) Energy China Group ceasing to be our Controlling Shareholder.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest:

- our independent non-executive Directors will review, on an annual basis, the compliance by Energy China Group and/or its associates of their undertakings under the Non-competition Undertaking;
- Energy China Group undertakes to provide all information requested by our Company which is necessary for the performance of the Non-competition Undertaking, including an annual review by the independent non-executive Directors;

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of Energy China Group's undertakings in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- Energy China Group will provide an annual confirmation that it is in compliance with its undertakings under the Non-competition Undertaking for disclosure in our annual report;
- we believe that our Board has a sufficiently balanced composition of executive Directors, non-executive Director and independent non-executive Directors that can facilitate the exercise of independent judgment. Our Directors believe that the independent non-executive Directors have the necessary expertise to form and exercise independent judgment in the event of any conflict of interest between our Company and Energy China Group. Further, the independent non-executive Directors will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's cost in respect of matters relating to the Non-competition Undertaking;
- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall not participate in the Board decision-making process and shall abstain from voting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting; and
- in the event of any potential conflict of interests at the shareholders' level, Energy China Group shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions.

In addition, any contemplated transaction between our Group and Energy China Group and/or their respective associates will be subject to the Listing Rules, including, where applicable, the announcement, reporting and independent shareholders' approval requirements.

INDEPENDENCE FROM ENERGY CHINA GROUP

Having considered the following factors, we believe that we can conduct our business independently from Energy China Group and its associates after completion of the Global Offering.

Management Independence

Our Board consists of eight Directors including four independent non-executive Directors. Among the eight Directors, only two Directors, namely Mr. Wang Jianping and Mr. Ding Yanzhang, hold a directorship and/or a senior management position with Energy China Group. In addition, none of our senior management members (excluding executive Directors) holds a directorship or senior management position with Energy China Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Set out below is a table summarizing the positions held by our Directors and senior management and their positions with Energy China Group:

Name	Position with our Group	Position with Energy China Group
Mr. Wang Jianping	Executive Director, chairman of the Board	Chairman of the board of directors, and general manager
Mr. Ding Yanzhang	Executive Director, vice chairman of the Board, general manager	Director
Mr. Zhang Xianchong	Executive Director, deputy general manager	None
Mr. Ma Chuanjing	Non-executive Director	None
Mr. Ding Yuanchen	Independent non-executive Director	None
Mr. Wang Bin	Independent non-executive Director	None
Mr. Zheng Qiyu	Independent non-executive Director	None
Mr. Cheung Yuk Ming	Independent non-executive Director	None
Ms. Zhao Jie	Deputy general manager	None
Mr. Nie Kai	Deputy general manager	None
Mr. Yu Gang	Deputy general manager	None
Mr. Zhou Hougui	Deputy general manager	None
Mr. Lan Chunjie	Deputy general manager	None
Mr. Chen Guanzhong	Chief accountant	None
Mr. Duan Qiurong	Secretary to the Board	None

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Saved as disclosed above, none of our Directors or senior management members holds any position with Energy China Group. Our Company and Energy China Group are managed by different management teams. Therefore, there are sufficient non-overlapping Directors who are independent and have the relevant experience to ensure the proper functioning of the Board.

Our Directors believe our Company is capable of managing its business independently of our Controlling Shareholder after the Listing for the following reasons:

- our management personnel have clear reporting lines and ultimately the management team reports to our executive Directors who are responsible for reporting to the Board. The Board supervises and monitors the performance of our management team generally through the regular reports made by our executive Directors to the Board, regular meetings of the Board, and ad hoc meetings of the Board to consider, deliberate and approve material matters that exceed the delegated authorities of our management team, as well as the regular updates of operational and financial data and information that are provided to our Directors;
- none of our Directors or members of the senior management has any shareholding interest in our Controlling Shareholder;
- each of our Directors is aware of his fiduciary duties as a Director, which requires among other things, that he acts for the benefit and in the best interests of our Company and the Shareholders; and
- according to the Articles of Association, in case of any conflict of interest or potential conflict of interest issues relating to the transaction entered into by our Company with any corporation or entity in which our Directors or their associates hold concurrent positions, the interested Directors shall abstain from voting on the resolutions to approve such matters, and shall not vote by proxy from other Directors. Resolutions of the Board shall be subject to the approval of more than half of the disinterested Directors. Directors, Supervisors and senior management shall perform their fiduciary duties and prevent their own interests and obligations from being subject to conflicts of interest. For example, the above-mentioned persons shall not contract, trade or arrange with our Company unless the Articles of Association provides otherwise or the well-informed Shareholders' meeting approves otherwise; shall not compete against or impair the interests of our Company by connected relations unless the well-informed Shareholders' meeting approves otherwise.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Operational Independence

Currently, we make operational decisions independently of our Controlling Shareholder. We have our own organizational structure with independent departments, each with specific areas of responsibility. We also maintain a set of comprehensive internal control measures to facilitate the effective operation of our business. Our operating functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholder and its associates. We have independent access to customers and are not dependent on our Controlling Shareholder and its associates with respect to suppliers for our business operations. We have our own employees to operate our business and can independently manage our human resources. We have obtained the relevant licenses, approvals and permits from the relevant regulatory authorities that are material to our operations in China.

As regards the agreements entered into by our Company and our Controlling Shareholder and its associates (see “Connected Transactions” for further details about these agreements), our Directors consider that, even if such agreements are terminated, our Company will be able to identify other suitable partners through fair consultation on terms and conditions in line with the market terms to meet our business and operational needs without causing any undue delay.

Based on the above, our Directors believe that we are able to operate our business independently.

Financial Independence

We have sufficient capital and banking facilities to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. We have access to Independent Third Party financing and are capable of obtaining such financing without the need to rely on any guarantees or security provided by Energy China Group.

We have an independent finance department with its own staff, as well as a sound and independent audit system, a standardized financial and accounting system and a complete financial management system. We can make financial decisions independently and Energy China Group does not intervene with our use of funds. We maintain basic accounts with banks independently and Energy China Group does not share any bank account with us. We have made independent tax registrations and paid tax independently pursuant to applicable PRC tax laws and regulations. There has not been any tax paid by us together with Energy China Group and other enterprises under its control on a combined basis.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

In March 2012, MOF issued a notice regarding the allocation of the 920 Funds to Energy China Group for realizing 9200 MW power generation assets to finance five types of labor costs and expenses, namely: (i) the cost of early retired employees of Energy China Group; (ii) the overall cost of employees who officially retired; (iii) the cost of surviving dependants and widows after employees' death (including those who suffered from work-related injury or occupational disease, and those who were deprived of jobs due to organizational streamlining); (iv) the cost of people waiting for employment; and (v) the localized cost of social insurance of Energy China Group.

Pursuant to such notice, the 920 Funds were earmarked and allocated by MOF to Energy China Group for specified purposes only, and shall be deposited in designated bank accounts with separate accounting statements. In addition, the allocation and utilization of the 920 Funds are under the supervision of both MOF and SASAC, and shall be reported by Energy China Group to MOF and SASAC. In accordance with such requirements, Energy China Group had instructed a specific department to be in charge of the 920 Funds related matters and implementing internal administrative rules to regulate the allocation of the 920 Funds among its subsidiaries. Pursuant to such internal administrative rules, Energy China Group shall (i) record the 920 Funds under separate accounting ledgers, (ii) appropriate the 920 Funds to its relevant subsidiaries in installments according to their annual budgets, (iii) annually consolidate the utilization of the 920 Funds by its subsidiaries, and (iv) report the allocation and utilization of the 920 Funds to MOF and SASAC.

During the Reorganization, some of the entities to which the beneficiaries of the 920 Funds (as set out above) belong had become part of our Group, and some remained to be operated by Energy China Group. Given that (i) the 920 Funds were earmarked and allocated to Energy China Group for specified purposes only, (ii) the 920 Funds had been appropriated in installments in accordance with the relevant entities' annual budgets under the overall management of Energy China Group before the Reorganization, which was in line with the requirements of MOF, and (iii) the terms of various time deposits of the 920 Funds in certain commercial banks and Gezhouba Finance Company under the name of Energy China Group had not expired, it would be more efficient and in the interest of the beneficiaries of the 920 Funds that the 920 Funds continue to be retained and managed by Energy China Group after the Reorganization. Therefore, the 920 Funds were not transferred to our Company during the Reorganization.

The 920 Funds designated by Energy China Group in 2012 for our Group's use was RMB3,283,313,000. Such designated funds are accounted for as a defined benefit plan asset (the "Defined Benefit Plan Asset") consisting of time deposits operated under the name of Energy China Group, which was recorded as a shareholder contribution by Energy China Group to our Group in 2012 for presentation purpose in the Accountants' Report. Energy China Group made some cash payments to our Group in 2012, 2013 and 2014, and the five months ended May 31, 2015 to settle part of the Defined Benefit Plan Asset. The outstanding portion of the Defined Benefit Plan Asset as of December 31, 2012, 2013 and 2014 and May 31, 2015 was offset by the defined benefit obligations of our Group for presentation purpose in the Accountants' Report. As of May 31, 2015, our Group was entitled to a total amount of approximately RMB2,578.1 million of the 920 Funds representing time deposits operated under the name of Energy China Group. For further details, see page I-21 and I-95 in "Appendix I – Accountants' Report."

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Before the Reorganization, Energy China Group deposited part of the 920 Funds in a total amount of RMB1,100 million in the form of fixed-term deposits, namely the 920 Funds Time Deposit, with Gezhouba Finance Company, one of our subsidiaries. See “Connected Transactions – 920 Funds Time Deposit” for further details. Since the 920 Funds were allocated by MOF in the form of governmental subsidy to Energy China Group and its subsidiaries, rather than funds of Energy China Group, Energy China Group merely acts as a channel for appropriation to relevant entities, and the 920 Funds Time Deposit cannot be freely utilized by our Group in the ordinary course of business, our Directors are of the view that the 920 Funds Time Deposit does not constitute our financial dependence on Energy China Group.

As of the Latest Practicable Date, we did not have any outstanding loan granted by Energy China Group or any guarantee provided for our benefit by Energy China Group, and had settled all amounts due to Energy China Group of a non-trade nature save as the 920 Funds Time Deposit.

In light of the above, our Directors believe that our Company will be financially independent from Energy China Group upon the Listing.

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The following discussion and our analysis should be read in conjunction with our consolidated financial information included in “Appendix I – Accountants’ Report,” together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this prospectus.

OVERVIEW

We are one of the largest comprehensive solutions providers for the power industry in China and globally. Our strong capabilities across the full industry chain, especially in survey and design, enable us to provide customers with one-stop integrated solutions and full life-cycle project management services. We have gained extensive experience in power engineering and construction from projects across China and over 80 overseas countries and regions.

We have the following five business segments:

- Survey, design and consultancy;
- Construction and contracting;
- Equipment manufacturing;
- Civil explosives and cement production; and
- Investment and other businesses.

Our revenue increased from RMB139,178.1 million in 2012 to RMB183,824.0 million in 2014, while our profit for the year increased from RMB2,769.3 million in 2012 to RMB4,095.6 million in 2014. In the five months ended May 31, 2015, our revenue increased to RMB67,438.2 million from RMB60,616.8 million in the same period in 2014, while our profit for the period increased to RMB2,029.5 million from RMB1,220.9 million in the same period in 2014.

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BASIS OF PRESENTATION

Our financial statements have been prepared in accordance with IFRSs and include applicable disclosure requirements of the Hong Kong Listing Rules and the Companies Ordinance. We prepared our financial statements on the historical cost basis, except for certain financial instruments that are measured at their fair value, as explained in the description of the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Our financial statements are presented in Renminbi, which is our functional currency.

The financial information incorporates our financial statements and financial statements of entities that we control (our subsidiaries). Control is achieved where we have the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by our other members. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in subsidiaries are presented separately from our equity therein.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following are the key factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects:

Investment in power infrastructure in the PRC

Our main operations involve engineering and construction of power projects in China. As a consequence, our results of operations have been driven substantially by China's investments in power infrastructure, including investments in power plants and power grids. To meet the demand for continued and sustained economic growth, investment in China's power infrastructure is expected to reach RMB5.9 trillion from 2015 to 2020. We expect that continued investment in power infrastructure construction in China will generate significant business opportunities for us in the next few years. However, if spending on power projects in China decreases and we fail to access new markets in or outside China, our revenue could decrease.

Pricing of our products and services

We typically secure our contracts through bidding or bi-lateral negotiation process. The costs of a project are estimated by professional cost consultants and cost engineers based on a set of project costs estimation procedures. When we provide services or sell products, we formulate and adjust the prices with reference to domestic and overseas competitors' prices, taking into account various factors, including production cost, product capabilities, market supply, market demand, prevailing market conditions and technical innovations and improvements. As we are subject to our contract terms, we may not always be able to claim for additional costs arising from fluctuations of prices of components and parts and raw materials

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or changes in laws. If this occurs, our profitability on the relevant project may be reduced. Moreover, we may not be able to maintain the prices of our products and services at the same level in the future. If our pricing does not effectively cover the possible increases in the costs of components and parts, raw materials, labor and other costs, or any additional requirements on the technical specifications of projects, our profit may decrease, which may have an adverse effect on our financial condition and results of operations.

Cost of sales

Our cost of sales were RMB123,554.5 million, RMB137,099.3 million, RMB163,607.5 million, RMB54,168.4 million and RMB59,457.0 million in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively. Subcontracting costs, raw materials and equipments and staff and labor costs constitute significant portions of our cost of sales.

Subcontracting costs

Our subcontracting costs accounted for 41.4%, 39.8%, 38.8%, 40.5% and 41.0% of our cost of sales in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively. Subcontracting costs principally include project and labor subcontracting costs. We carefully select subcontractors through a bidding process in order to reduce our overall costs. As a result of our long-term relationships with our subcontractors, we are generally able to realize higher gross margins on projects on which we use such subcontractors due to the stable fees they charge. We intend to continue using subcontractors to meet the additional capacity required for the growth of our business.

Raw materials and equipment

Our raw materials and equipment purchased accounted for 38.6%, 38.5%, 39.9%, 42.6% and 40.2% of our cost of sales in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively. Raw materials principally consist of steel, cement, sand and timber. The availability and prices of these raw materials fluctuate, sometimes significantly, depending on local and global market conditions. Equipment comprises principally boilers, turbines, generators, cranes, lifting equipment and concrete mixers that are used in the construction of power plants, power grids, railways, highways, bridges and other infrastructure. Recently, we have further integrated our internal resources to enhance our cost efficiency. Particularly, we have adopted measures such as centralized procurement in order to implement our cost reduction initiatives more effectively.

Staff and labor costs

Our staff and labor costs accounted for 10.2%, 10.0%, 9.3%, 10.0% and 9.5% of our cost of sales in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively. In recent years, our staff and labor costs have increased due to an increase in salaries, which has been driven by increases in business volumes. The actual staff and labor costs we incur in performing a contract may vary from the assumptions underlying the agreed

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contract price for a variety of reasons beyond our control. These include an increase in the scope of the project, unforeseen construction conditions, and delays caused by local weather conditions or the failure of the customer to obtain requisite environmental and other approvals. Unanticipated increases in our staff and labor costs may negatively affect our profit margin and result in our experiencing reduced profitability.

In 2012, 2013 and 2014 and the five months ended May 31, 2015, if our staff and labor costs had been 3% higher or lower, with all other variables held constant, our net profit would decrease or increase by RMB398.2 million, RMB431.0 million, RMB476.7 million and RMB176.4 million, respectively.

In 2012, 2013 and 2014 and the five months ended May 31, 2015, if our staff and labor costs had been 5% higher or lower, with all other variables held constant, our net profit would decrease or increase by RMB663.6 million, RMB718.3 million, RMB794.5 million and RMB293.9 million, respectively.

Taxation

Currently, a number of our subsidiaries are entitled to a preferential income tax rate of 15.0% available to high technology businesses or businesses that participate in the PRC Government's development plan for the western regions of China. Other subsidiaries were generally subject to the statutory income tax rate of 25.0% applicable to Chinese enterprises during the Track Record Period. According to the Implementation Rules of the Enterprise Income Tax Law of the PRC since January 1, 2008, we are entitled to benefit from certain tax incentives from the research and development expenditure incurred by us in the development of new technology and new products. Termination of or a change in preferential tax treatment that certain of our subsidiaries currently enjoy would have a negative impact on our results of operations and financial condition.

Our effective tax rates were 32.2%, 35.4%, 31.9%, 24.9% and 26.0% in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively. Our effective tax rate was higher than the statutory tax rate of 25.0%, mainly due to the effect of unrecognized deductible losses and unrecognized deductible temporary differences and the effect of expenses that are not deductible for tax purposes.

Seasonality

We experience seasonality in our business, particularly in our construction and contracting business. We typically record higher revenues in the second half of a year relative to revenue from the first half. This seasonality is largely due to decreased activities in our construction operations in the northern regions of the PRC in the winter and to the effect of the Lunar Chinese New Year, during which some of our projects are halted for the holiday.

Exchange rates

We conduct a majority of our operations in the PRC and the functional currency of our financial statements is Renminbi. During the Track Record Period, we conducted a portion of our business overseas, and we plan to continue expanding our overseas operations. We expect

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our foreign currency-denominated revenue and expenses to increase significantly as a result. Fluctuations in exchange rates could affect the pricing of our services and the cost of materials and equipment purchased with foreign currencies, which, in turn, could affect our financial condition and results of operations.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operations, are set forth in note 4 in the Accountants' Report included in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. Our management has formulated and implemented control measures with respect to estimates in accordance with our internal management manual. We have not experienced any material deviation between our management's estimates and actual results during the Track Record Period. Our management currently does not expect any changes in our accounting policies. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe involve critical estimates and judgments used in the preparation of our financial statements.

Accounting Policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business. Revenue is recognized as follows:

Revenue for services rendered including research and development, feasibility study, and operation service provided under service concession arrangements, is recognized when services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the group entities.

Revenue from survey, design and consultation contracts is recognized under the percentage of completion method, when the contract has progressed to a stage where the stage of completion and expected profit on the contract can be estimated reliably and, depending on the nature of the contract, are measured mainly by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Anticipated losses are fully provided on contracts when identified.

Our policy for the recognition of revenue from construction services is described in the accounting policy for construction contracts below.

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Revenue from the sale of goods is recognized when goods are delivered and title has passed.

Revenue from sale of properties in the ordinary course of business is recognized when the relevant properties have been completed and delivered to the purchasers pursuant to the sale agreements.

Dividend income from investments is recognized when a group entity's right to receive payment has been established (provided that it is probable that the economic benefits will flow to us and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to us and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Deposits and installments received from customers prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting periods, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the periods in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amounts due to customers for construction contracts.

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Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances are received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and bills receivables.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated statements of financial position at cost or deemed cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting periods, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress is carried at cost, less recognized impairment loss, if any. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with our accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to investment property for subsequent measurement and disclosure purposes.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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Property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following years:

Buildings	8-40 years
Machinery	4-22 years
Transportation vehicles/vessels	4-30 years
Electronic equipment	3-10 years
Office equipment	5-10 years
Others	4-15 years

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Information (as defined in the Accountants' Report included in Appendix I to this prospectus) and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with interests/investments in subsidiaries, associates and joint ventures, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting periods, to recover or settle the carrying amount of our assets and liabilities.

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Available-for-sale financial assets

Available-for-sale (“AFS”) financial assets are non-derivatives that are either designated as available for sale or are not classified as loans and receivables nor financial assets at fair value through profit or loss.

Listed equity securities held by us that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. We have investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 45 of the Accountants’ Report included in Appendix I to this prospectus. Dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when our right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Significant judgments in applying accounting policies are discussed below. For details, see note 5 in the Accountants’ Report included in Appendix I to this prospectus.

Acquisition of companies owned by our employees

In 2012, 2013 and 2014, SASAC initiated the acquisition of certain companies owned by certain of our employees for the purpose of onward injection into Energy China Group so as to enable Energy China Group to inject these companies into us pursuant to the Reorganization. Under these acquisition transactions initiated by SASAC, the total fair value of the net assets of these companies at the respective dates of acquisition were higher than the purchase consideration amounts, details of which are set out in note 51 in the Accountants’ Report included in Appendix I to this prospectus. As SASAC is the controlling party of Energy China Group, these bargain purchase gains obtained by SASAC at the date of acquisition of the above subsidiaries are recognized in our reserves as shareholder contribution upon completion of the acquisition transactions.

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De facto control over subsidiary

We have less than 50% of the ownership interest and voting rights in CGGC. Our management exercises its critical judgment when determining whether we have de facto control over an entity by evaluating its influence over the entity, which includes, but is not limited to:

- (i) the size of our holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- (ii) potential voting rights held by us, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate we have, or do not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

FINANCIAL INFORMATION

SELECTED FINANCIAL DATA

The following table sets forth certain items in our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>			<i>(Unaudited)</i>	
Revenue	139,178.1	153,635.4	183,824.0	60,616.8	67,438.2
Cost of sales	(123,554.5)	(137,099.3)	(163,607.5)	(54,168.4)	(59,457.0)
Gross profit	15,623.6	16,536.1	20,216.5	6,448.4	7,981.2
Other income	497.6	505.7	656.5	148.8	156.1
Other gains and losses	(157.0)	(86.2)	(98.2)	(2.4)	60.9
Selling expenses	(1,226.7)	(1,487.2)	(1,571.5)	(523.1)	(562.1)
Administrative expenses	(8,058.7)	(8,241.3)	(9,031.0)	(3,247.2)	(3,428.7)
Research and development expenses	(734.8)	(1,357.7)	(1,955.4)	(360.1)	(406.2)
Finance income	517.6	533.9	621.5	245.0	273.8
Finance costs	(2,544.2)	(2,644.5)	(2,962.9)	(1,131.0)	(1,351.9)
Share of profit of a joint venture	105.8	215.4	110.7	51.4	37.1
Share of profit (loss) of associates	60.1	60.0	31.6	(4.7)	(17.2)
Profit before tax	4,083.3	4,054.2	6,017.8	1,625.1	2,743.0
Income tax expense	(1,314.0)	(1,436.7)	(1,922.2)	(404.2)	(713.5)
Profit for the year or period	<u>2,769.3</u>	<u>2,617.5</u>	<u>4,095.6</u>	<u>1,220.9</u>	<u>2,029.5</u>
Profit for the year or period attributable to:					
Owners of the Company	1,548.3	1,344.2	2,152.8	617.2	1,098.5
Non-controlling interests	1,221.0	1,273.3	1,942.8	603.7	931.0
	<u>2,769.3</u>	<u>2,617.5</u>	<u>4,095.6</u>	<u>1,220.9</u>	<u>2,029.5</u>
Other comprehensive income (expense) for the year/period, net of income tax	461.5	1,449.9	433.2	(654.7)	196.2
Total comprehensive income for the year or period	<u>3,230.8</u>	<u>4,067.4</u>	<u>4,528.8</u>	<u>566.2</u>	<u>2,225.7</u>
Total comprehensive income attributable to:					
Owners of the Company	1,888.0	2,597.4	1,975.7	111.0	1,230.2
Non-controlling interests	1,342.8	1,470.0	2,553.1	455.2	995.5
	<u>3,230.8</u>	<u>4,067.4</u>	<u>4,528.8</u>	<u>566.2</u>	<u>2,225.7</u>

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We derive our revenue primarily from five business segments: (i) survey, design and consultancy; (ii) construction and contracting; (iii) equipment manufacturing; (iv) civil explosives and cement production; and (v) investment and other businesses. Our revenue represents total segment revenue adjusted by intersegment elimination. The following table sets forth our revenue by business segment for the periods indicated:

Segment	Year ended December 31,						Five months ended May 31,			
	2012		2013		2014		2014		2015	
	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions) (Unaudited)	% of revenue	Revenue (RMB in millions)	% of revenue
Survey, design and consultancy	11,736.4	8.2%	12,293.5	7.8%	12,432.2	6.6%	4,130.0	6.7%	4,104.1	5.9%
Construction and contracting	108,128.3	75.5	119,245.2	75.2	142,436.6	75.6	46,663.0	75.4	52,874.5	76.1
Equipment manufacturing	8,254.6	5.8	8,919.9	5.6	8,897.4	4.7	3,109.9	5.0	2,924.3	4.2
Civil explosives and cement production	5,844.1	4.0	7,209.1	4.5	8,117.7	4.3	3,174.6	5.1	3,054.6	4.4
Investment and other businesses	9,288.8	6.5	10,982.8	6.9	16,446.4	8.8	4,811.2	7.8	6,563.9	9.4
Sub-total	143,252.2	100.0%	158,650.5	100.0%	188,330.3	100.0%	61,888.7	100.0%	69,521.4	100.0%
Intersegment elimination ⁽¹⁾	(4,074.1)		(5,015.1)		(4,506.3)		(1,271.9)		(2,083.2)	
Total	139,178.1		153,635.4		183,824.0		60,616.8		67,438.2	

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

Survey, design and consultancy. This business generates revenue primarily from providing survey and design services for fossil-fuel, hydro, nuclear, wind and solar power generation projects and power grid projects in China and overseas. We also generate revenue from providing a wide range of consultancy services in respect of power industry policies, as well as power project testing, assessment and supervision services. The revenue from this segment accounted for 8.2%, 7.8%, 6.6%, 6.7% and 5.9% of our total revenue before intersegment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively.

Construction and contracting. This business generates revenue primarily from providing construction services for power projects in China and overseas. The revenue from this segment accounted for approximately 75.5%, 75.2%, 75.6%, 75.4% and 76.1% of our total revenue before intersegment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively.

FINANCIAL INFORMATION

Equipment manufacturing. This business generates revenue primarily from the design, manufacture and sale of equipment for use in the power industry, including ancillary equipment for power plants, power grid equipment, steel structure and energy conservation and environmental protection equipment. The revenue from this segment accounted for 5.8%, 5.6%, 4.7%, 5.0% and 4.2% of our total revenue before intersegment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively.

Civil explosives and cement production. This business generates revenue primarily from the manufacture and sale of civil explosives and cement products and the provision of blasting services. The revenue from this segment accounted for 4.0%, 4.5%, 4.3%, 5.1% and 4.4% of our total revenue before intersegment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively.

Investment and other businesses. This business generates revenue primarily from investment in, operation or sale of power projects, property development and other equity investments. The revenue from this segment accounted for 6.5%, 6.9%, 8.8%, 7.8% and 9.4% of our total revenue before intersegment elimination in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, respectively.

We conduct businesses in the PRC and overseas. The following table sets forth our revenue in the PRC and overseas for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2012		2013		2014		2014		2015	
	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions)	% of revenue	Revenue (RMB in millions)	% of revenue
PRC	123,232.8	88.5%	136,477.4	88.8%	161,140.8	87.7%	55,290.3	91.2%	59,208.3	87.8%
Overseas	15,945.3	11.5	17,158.0	11.2	22,683.2	12.3	5,326.5	8.8	8,229.9	12.2
Total	139,178.1	100.0%	153,635.4	100.0%	183,824.0	100.0%	60,616.8	100.0%	67,438.2	100.0%

We derive revenue mainly from business operations in the PRC. In 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, our business operations in the PRC accounted for 88.5%, 88.8%, 87.7%, 91.2% and 87.8% of our revenue, respectively. During the Track Record Period, our overseas operations were mainly located in Southeast Asia, Africa and Latin America.

FINANCIAL INFORMATION

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales primarily includes subcontracting costs, material costs, labor costs and depreciation and amortization. Our gross margin, which equals gross profit divided by revenue, was 11.2%, 10.8%, 11.0%, 10.6% and 11.8%, respectively, in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2012		2013		2014		2014		2015	
	Cost of sales (RMB in millions)	% of cost of sales	Cost of sales (RMB in millions)	% of cost of sales	Cost of sales (RMB in millions)	% of cost of sales	Cost of sales (RMB in millions)	% of cost of sales	Cost of sales (RMB in millions)	% of cost of sales
Subcontracting costs	51,113.3	41.4%	54,554.0	39.8%	63,471.0	38.8%	21,951.3	40.5%	24,364.3	41.0%
Raw materials and equipment purchased	47,752.7	38.6	52,823.3	38.5	65,246.7	39.9	23,087.7	42.6	23,907.5	40.2
Staff and labor costs	12,575.7	10.2	13,684.2	10.0	15,227.7	9.3	5,424.3	10.0	5,643.3	9.5
Depreciation and amortization	2,082.6	1.7	2,813.3	2.1	2,645.8	1.6	1,194.1	2.2	1,133.3	1.9
Other costs	14,078.8	11.4	15,916.0	11.6	19,161.7	11.7	5,820.3	10.8	6,239.8	10.5
Increase in inventories, properties under development for sales and completed properties for sales	(4,048.6)	(3.3)	(2,691.5)	(2.0)	(2,145.4)	(1.3)	(3,309.3)	(6.1)	(1,831.2)	(3.1)
Total	123,554.5	100.0%	137,099.3	100.0%	163,607.5	100.0%	54,168.4	100.0%	59,457.0	100.0%

FINANCIAL INFORMATION

The following table sets forth a breakdown of our cost of sales by business segment for the periods indicated:

Segment	Year ended December 31,						Five months ended May 31,			
	2012		2013		2014		2014		2015	
	Cost of sales (RMB in millions)	% of cost of sales	Cost of sales (RMB in millions)	% of cost of sales	Cost of sales (RMB in millions)	% of cost of sales	Cost of sales (RMB in millions)	% of cost of sales	Cost of sales (RMB in millions)	% of cost of sales
Survey, design and consultancy	6,855.9	5.4%	6,981.9	5.0%	7,120.2	4.3%	2,513.0	4.6%	2,427.9	4.0%
Construction and contracting	100,812.8	79.8	111,950.4	79.6	133,413.2	80.3	43,772.8	79.5	48,740.8	79.9
Equipment manufacturing	7,015.1	5.6	7,583.1	5.4	7,490.7	4.5	2,637.6	4.8	2,448.8	4.0
Civil explosives and cement production	4,193.3	3.3	5,206.6	3.7	5,663.2	3.4	2,280.8	4.1	2,192.0	3.6
Investment and other businesses	7,395.8	5.9	8,926.5	6.3	12,549.5	7.5	3,868.5	7.0	5,173.0	8.5
Sub-total	126,272.9	100.0%	140,648.5	100.0%	166,236.8	100.0%	55,072.7	100.0%	60,982.5	100.0%
Intersegment elimination ⁽¹⁾	(3,758.0)		(4,903.0)		(4,055.8)		(1,215.6)		(1,997.7)	
Unallocated items ⁽²⁾	1,039.6		1,353.8		1,426.5		311.3		472.2	
Total	123,554.5		137,099.3		163,607.5		54,168.4		59,457.0	

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

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

FINANCIAL INFORMATION

The following table sets forth a breakdown of gross profit and gross margin by business segment for the periods indicated:

	Year ended December 31,									Five months ended May 31,					
	2012			2013			2014			2014			2015		
	% of		Gross	% of		Gross	% of		Gross	% of		Gross	% of		Gross
Gross profit	gross profit	Gross margin	profit	gross profit	Gross margin	profit	gross profit	Gross margin	profit	gross profit	Gross margin	profit	gross profit	Gross margin	
(RMB in millions)			(RMB in millions)			(RMB in millions)			(RMB in millions)			(RMB in millions)			
	<i>(Unaudited)</i>														
Segment															
Survey, design and consultancy	4,880.5	28.7%	41.6%	5,311.6	29.5%	43.2%	5,312.0	24.0%	42.7%	1,617.0	23.7%	39.2%	1,676.2	19.6%	40.8%
Construction and contracting	7,315.5	43.1	6.8	7,294.8	40.5	6.1	9,023.4	40.8	6.3	2,890.2	42.4	6.2	4,133.7	48.4	7.8
Equipment manufacturing	1,239.5	7.3	15.0	1,336.8	7.4	15.0	1,406.7	6.4	15.8	472.3	6.9	15.2	475.5	5.6	16.3
Civil explosives and cement production	1,650.8	9.7	28.2	2,002.5	11.1	27.8	2,454.5	11.1	30.2	893.8	13.1	28.2	862.6	10.1	28.2
Investment and other businesses	1,893.0	11.2	20.4	2,056.3	11.5	18.7	3,896.9	17.7	23.7	942.7	13.9	19.6	1,390.9	16.3	21.2
Sub-total	<u>16,979.3</u>	<u>100.0%</u>	<u>11.9%</u>	<u>18,002.0</u>	<u>100.0%</u>	<u>11.3%</u>	<u>22,093.5</u>	<u>100.0%</u>	<u>11.7%</u>	<u>6,816.0</u>	<u>100.0%</u>	<u>11.0%</u>	<u>8,538.9</u>	<u>100.0%</u>	<u>12.3%</u>
Intersegment elimination ⁽¹⁾	(316.1)			(112.1)			(450.5)			(56.3)			(85.5)		
Unallocated items ⁽²⁾	<u>(1,039.6)</u>			<u>(1,353.8)</u>			<u>(1,426.5)</u>			<u>(311.3)</u>			<u>(472.2)</u>		
Total	<u><u>15,623.6</u></u>		<u>11.2%</u>	<u><u>16,536.1</u></u>		<u>10.8%</u>	<u><u>20,216.5</u></u>		<u>11.0%</u>	<u><u>6,448.4</u></u>		<u>10.6%</u>	<u><u>7,981.2</u></u>		<u>11.8%</u>

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

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

FINANCIAL INFORMATION

Other Income

Our other income primarily consists of government grants and dividend income from financial assets. The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Government grants	349.3	345.5	440.4	132.5	102.9
Dividend income					
from available-for-sale financial assets	62.6	81.3	159.0	6.3	24.2
Dividend income					
from financial assets at fair value through profit or loss	6.4	3.3	8.3	–	–
Compensation income on contract violation	3.1	2.2	18.7	1.7	4.7
Waiver of certain payables from suppliers and others	76.2	73.4	30.1	8.3	24.3
Total	<u>497.6</u>	<u>505.7</u>	<u>656.5</u>	<u>148.8</u>	<u>156.1</u>

FINANCIAL INFORMATION

Other Gains and Losses

Our other gains and losses consist principally of foreign exchange gain/(loss), gain on disposal of assets, and impairment losses. The following table sets forth a breakdown of the major components of our other gains and losses for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Net foreign exchange gain/(loss)	39.7	41.9	(47.4)	(8.0)	(41.2)
Gain on disposal of assets	76.6	37.7	402.1	74.5	271.0
Impairment loss (recognized)/reversal in respect of:					
– Trade receivable	(176.6)	(414.3)	(345.3)	(31.1)	(159.1)
– Other receivables	(28.0)	140.9	(70.5)	(6.2)	(47.8)
– Available-for-sale financial assets	(35.3)	(44.7)	(1.4)	–	(28.7)
– Interest in associates	–	–	(7.5)	–	(1.0)
– Property, plant and equipment	(84.3)	(28.6)	(158.0)	(5.2)	(0.6)
Fair value changes of financial assets at fair value through profit or loss	(2.5)	27.4	86.6	(13.6)	32.7
Gain on remeasurement of interest in an associate	–	38.2	–	–	–
Others	53.4	115.3	43.2	(12.8)	35.6
Total	(157.0)	(86.2)	(98.2)	(2.4)	60.9

Selling Expenses

Our selling expenses principally consist of logistics expenses, which mainly comprise transportation and packaging expenses, employee compensation and benefits, and sales service expenses, which mainly consist of marketing expenses.

FINANCIAL INFORMATION

The table below sets forth a breakdown of the major components of our selling expenses for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Logistics expenses related to sales	395.6	444.7	449.5	171.2	173.8
Employee benefits	284.6	360.8	429.5	137.6	158.5
Sales service expenses	263.6	279.2	247.4	61.3	66.6
Other expenses	282.9	402.5	445.1	153.0	163.2
Total	<u>1,226.7</u>	<u>1,487.2</u>	<u>1,571.5</u>	<u>523.1</u>	<u>562.1</u>

Administrative Expenses

Our administrative expenses consist principally of employee compensation and benefits, office expenses, and depreciation and amortization of our assets relating to administration and other expenses. Other expenses consist mainly of taxes, rents and maintenance costs.

The table below sets forth a breakdown of the major components of our administrative expenses for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Employee benefits	4,434.6	4,455.5	4,758.0	1,705.1	1,856.5
Office expenses	1,387.4	1,255.7	1,084.7	360.3	361.6
Depreciation and amortization	623.3	663.9	909.1	356.0	373.7
Other expenses	1,613.4	1,866.2	2,279.2	825.8	836.9
Total	<u>8,058.7</u>	<u>8,241.3</u>	<u>9,031.0</u>	<u>3,247.2</u>	<u>3,428.7</u>

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses mainly comprise labor costs, material costs and depreciation. In 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, our research and development expenses were RMB734.8 million, RMB1,357.7 million, RMB1,955.4 million, RMB360.1 million and RMB406.2 million, respectively.

Finance Income and Finance Costs

Our finance income mainly comprises interest income from bank and cash balances and pledged deposits, as well as from other loans. Our finance costs mainly comprise interest expenses on bank and other borrowings, corporate bonds and other interest bearing liabilities.

The following tables set forth the components of our finance income and finance costs for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Interest income on					
Bank and cash					
balances and					
pledged deposits	205.2	244.0	253.7	79.8	99.2
Other loans	284.5	210.6	275.0	124.4	137.8
Defined benefit plan					
assets	27.9	99.3	92.8	40.8	36.8
Total finance income	517.6	553.9	621.5	245.0	273.8

FINANCIAL INFORMATION

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Interest expenses on					
Bank and other borrowings					
– wholly repayable within five years	1,730.2	1,851.7	2,096.2	798.9	807.5
– not wholly repayable within five years	865.7	837.1	838.0	340.4	347.5
Corporate bonds					
– wholly repayable within five years	101.9	121.6	150.6	42.0	67.1
– not wholly repayable within five years	–	25.2	30.7	12.8	68.3
Finance lease	29.0	21.5	23.7	6.5	14.1
Discounted bills	2.0	13.1	27.3	8.3	15.9
Short-term financing notes	82.7	80.9	151.8	35.2	58.6
Defined benefit obligations	475.1	432.8	597.6	253.7	206.1
	3,286.6	3,383.9	3,915.9	1,497.8	1,585.1
Less: Interest capitalized in					
– Construction in progress	44.4	71.9	83.6	28.8	5.9
– Properties under development	698.0	667.5	869.4	338.0	227.3
Total finance costs	2,544.2	2,644.5	2,962.9	1,131.0	1,351.9

FINANCIAL INFORMATION

Share of Profit of Joint Ventures

Our share of profit of joint ventures is the profits attributable to us from our joint ventures pursuant to our equity interests in such joint ventures. A joint venture is an arrangement whereby we and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement. In 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, our share of profit of joint ventures was RMB105.8 million, RMB215.4 million, RMB110.7 million, RMB51.4 million and RMB37.1 million, respectively.

Share of Profit/(Loss) of Associates

Our share of profit/(loss) of associates is the profit or loss attributable to us from our associates pursuant to our equity interests in such associates. An associate is an entity in which we have a significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions. In 2012, 2013 and 2014, our share of profit of associates was RMB60.1 million, RMB60.0 million and RMB31.6 million, respectively. In the five months ended May 31, 2014 and 2015, our share of loss of associates was RMB4.7 million and RMB17.2 million, respectively.

Income Tax Expenses

Our income tax expenses consist principally of current enterprise income tax, deferred tax and land appreciation tax. In 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, our income tax was RMB1,314.0 million, RMB1,436.7 million, RMB1,922.2 million, RMB404.2 million and RMB713.5 million, respectively, and our effective tax rate was 32.2%, 35.4%, 31.9%, 24.9% and 26.0%, respectively. Our effective tax rate was generally higher than the statutory tax rate of 25.0% during the Track Record Period, mainly due to the effect of certain unrecognized deductible losses and certain unrecognized deductible temporary differences of RMB573.1 million, RMB674.5 million, RMB478.9 million, RMB176.5 million and RMB221.0 million in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015. Such effect was primarily because certain of our subsidiaries were loss making and there was no convincing evidence that sufficient taxable profit will be available against which we can utilize unused tax losses or other temporary differences. For a reconciliation of our effective tax rates with statutory tax rates in these periods, see Note 10 in the Accountants' Report included in Appendix I to this prospectus.

Our loss-making subsidiaries during the Track Record Period primarily comprised (i) certain equipment manufacturing subsidiaries, which were loss-making mainly because these subsidiaries were in the process of strategic transformation and upgrading, and incurred substantial setup costs in projects that were in preliminary stages; (ii) certain construction and contracting subsidiaries which were loss-making mainly because they were located in economically less developed regions of China and experienced greater competition due to an insufficient number of power projects in these regions, or were still in the process of developing new markets or adjusting their focus to non-power projects in response to policy changes and new market conditions; and (iii) certain project companies engaging in toll road

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projects, which were loss-making mainly because these projects typically take a longer period to generate profit and were still in preliminary stages during the Track Record Period. We have formulated and implemented specific measures to reduce the number of and improve the results of operations of loss-making subsidiaries, such as developing overseas markets and non-power projects, and we expect that such measures, coupled with certain external factors (such as certain equipment manufacturing and certain toll road projects' entering into more advanced developmental stages), will result in better results of operations of these subsidiaries.

Under the PRC Corporate Income Tax Law and related regulations, except for certain preferential treatments available to our subsidiaries, which were exempted from tax or taxed at a preferential rate of 15.0% during different periods in the Track Record Period primarily due to their status as entities engaging in technology development or development projects in the western regions of China, we are generally subject to the statutory tax rate of 25.0%.

During the Track Record Period, we did not have any material dispute or unresolved issues with relevant tax authorities.

Other Comprehensive Income

Other comprehensive income or losses mainly represent re-measurement of defined benefit obligations and its income tax, exchange differences on translating foreign operations, changes in fair value of the available-for-sale financial assets and income tax relating to items that may be classified subsequently to profit or loss. During the Track Record Period, we held certain listed equity interests in Hong Kong and China. The fluctuation in such equity interests' prices subsequently led to changes in fair value of our available-for-sale financial assets.

Non-controlling Interests

Non-controlling interests represent minority interests in certain of our subsidiaries and consist primarily of the public shareholding in CGGC.

RESULTS OF OPERATIONS

Five Months Ended May 31, 2015 compared to Five Months Ended May 31, 2014

Revenue

Our total revenue increased by 11.3% from RMB60,616.8 million in the five months ended May 31, 2014 to RMB67,438.2 million in the five months ended May 31, 2015. The increase was mainly attributable to an increase of revenue from our construction and contracting business and investment and other businesses, and was partially offset by a decrease of revenue from our equipment manufacturing and civil explosives and cement production businesses.

Survey, design and consultancy business

Segment revenue of our survey, design and consultancy business in the five months ended May 31, 2014 and 2015 remained stable at RMB4,130.0 million and RMB4,104.1 million, respectively.

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Construction and contracting business

Segment revenue of our construction and contracting business increased by 13.3% from RMB46,663.0 million in the five months ended May 31, 2014 to RMB52,874.5 million in the five months ended May 31, 2015. This increase was mainly attributable to (i) an increase of our business volume in China and overseas, especially from our domestic and overseas hydropower and fossil-fuel power projects, as well as domestic new energy projects and overseas non-power construction projects and (ii) an increase of EPC business driven by synergies with our survey, design and consultancy business, which is customarily engaged in projects from the early stage, providing us access to new EPC opportunities.

Equipment manufacturing business

Segment revenue of our equipment manufacturing business decreased by 6.0% from RMB3,109.9 million in the five months ended May 31, 2014 to RMB2,924.3 million in the five months ended May 31, 2015. This decrease was mainly because we exited from certain product markets with lower profit margin.

Civil explosives and cement production business

Segment revenue of our civil explosives and cement production business decreased by 3.8% from RMB3,174.6 million in the five months ended May 31, 2014 to RMB3,054.6 million in the five months ended May 31, 2015. This decrease was mainly attributable to a decrease in the average selling price of our cement products, while the sales volume remained stable, in this period.

Investment and other businesses

Segment revenue of our investment and other businesses increased by 36.4% from RMB4,811.2 million in the five months ended May 31, 2014 to RMB6,563.9 million in the five months ended May 31, 2015. The increase was primarily attributable to an increase in revenue from our property development business in this period, which was due to the increase in our total recognized GFA of properties sold, mainly in Beijing and Shanghai.

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales increased by 9.8% from RMB54,168.4 million in the five months ended May 31, 2014 to RMB59,457.0 million in the five months ended May 31, 2015, generally in line with the increase in revenue.

Our gross profit was RMB6,448.4 million and RMB7,981.2 million in the five months ended May 31, 2014 and the five months ended May 31, 2015, respectively, and our gross margin was 10.6% and 11.8%, respectively, in the same periods. The increase in gross margin was mainly due to the increase in the gross margin of our construction and contracting and equipment manufacturing businesses.

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Survey, design and consultancy business

Cost of sales for our survey, design and consultancy business decreased by 3.4% from RMB2,513.0 million in the five months ended May 31, 2014 to RMB2,427.9 million in the five months ended May 31, 2015. The decrease was mainly because we adopted stringent cost control measures and realized greater cost efficiency.

Segment gross profit of our survey, design and consultancy business was RMB1,617.0 million and RMB1,676.2 million in the five months ended May 31, 2014 and in the five months ended May 31, 2015, respectively. Segment gross margin increased slightly from 39.2% in the five months ended May 31, 2014 to 40.8% in the five months ended May 31, 2015, mainly because of our stringent cost control measures.

Construction and contracting business

Cost of sales for our construction and contracting business increased by 11.3% from RMB43,772.8 million in the five months ended May 31, 2014 to RMB48,740.8 million in the five months ended May 31, 2015, generally in line with the increase in our segment revenue.

Segment gross profit of our construction and contracting business was RMB2,890.2 million and RMB4,133.7 million in the five months ended May 31, 2014 and in the five months ended May 31, 2015, respectively, and segment gross margin was 6.2% and 7.8%, respectively, in the same periods. The increase in our gross margin was mainly because our EPC and overseas projects, which generally have higher profit margins, accounted for a greater proportion of our revenue during this period.

Equipment manufacturing business

Cost of sales for our equipment manufacturing business decreased by 7.2% from RMB2,637.6 million in the five months ended May 31, 2014 to RMB2,448.8 million in the five months ended May 31, 2015, generally in line with the decrease in revenue.

Segment gross profit of our equipment manufacturing business was RMB472.3 million and RMB475.5 million in the five months ended May 31, 2014 and in the five months ended May 31, 2015, respectively, and segment gross margin was 15.2% and 16.3%, respectively, in the same periods. The increase in our gross margin was mainly because we exited from certain product markets with lower profit margins.

Civil explosives and cement production business

Cost of sales for our civil explosives and cement production business decreased by 3.9% from RMB2,280.8 million in the five months ended May 31, 2014 to RMB2,192.0 million in the five months ended May 31, 2015, generally in line with segment revenue.

Segment gross profit of our civil explosives and cement production business was RMB893.8 million and RMB862.6 million in the five months ended May 31, 2014 and May 31, 2015, respectively, and segment gross margin remained relatively stable at 28.2% and 28.2%, respectively, in the same periods.

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Investment and other businesses

Cost of sales for our investment and other businesses increased by 33.7% from RMB3,868.5 million in the five months ended May 31, 2014 to RMB5,173.0 million in the five months ended May 31, 2015, generally in line with increased segment revenue.

Segment gross profit of our investment and other businesses was RMB942.7 million and RMB1,390.9 million in the five months ended May 31, 2014 and May 31, 2015, respectively. Segment gross margin increased slightly from 19.6% in the five months ended May 31, 2014 to 21.2% in the five months ended May 31, 2015, mainly because our property development business, which generally has a higher gross margin, accounted for a greater proportion of the segment revenue.

Other Income

Our other income increased by 4.9% from RMB148.8 million in the five months ended May 31, 2014 to RMB156.1 million in the five months ended May 31, 2015. The increase was mainly attributable to an increase in dividend income from available-for-sale financial assets.

Other Gains and Losses

Our other losses were RMB2.4 million in the five months ended May 31, 2014, compared to our other gains of RMB60.9 million in the five months ended May 31, 2015. The increase was mainly due to an increase in gains on disposal of financial assets and office buildings.

Selling Expenses

Our selling expenses increased by 7.5% from RMB523.1 million in the five months ended May 31, 2014 to RMB562.1 million in the five months ended May 31, 2015, primarily due to an increase in compensation and benefits for business development, marketing and sales personnel.

Administrative Expenses

Our administrative expenses increased by 5.6% from RMB3,247.2 million in the five months ended May 31, 2014 to RMB3,428.7 million in the five months ended May 31, 2015, primarily due to an increase in compensation and benefits for administrative personnel.

Research and Development Expenses

Our research and development expenses increased by 12.8% from RMB360.1 million in the five months ended May 31, 2014 to RMB406.2 million in the five months ended May 31, 2015. The increase was primarily due to our increased spending on research and development projects, in line with our business expansion.

Finance Income and Finance Costs

Our finance income increased by 11.8% from RMB245.0 million in the five months ended May 31, 2014 to RMB273.8 million in the five months ended May 31, 2015. The increase was mainly due to an increase in interest income from bank deposits and other loans.

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Our finance costs increased by 19.5% from RMB1,131.0 million in the five months ended May 31, 2014 to RMB1,351.9 million in the five months ended May 31, 2015. The increase was mainly due to (i) a decrease in interest capitalized in properties under development, as a result of reduced financing for our property projects, along with the completion of sales of our projects in Beijing and Shanghai; and (ii) an increase in interest on corporate bonds, including the RMB3.0 billion 10-year medium-term note we assumed from Energy China Group in the process of the Reorganization. For details, see “History and Corporate Structure – Reorganization – Establishment of Our Company.”

Share of Profit of Joint Ventures

Our share of profit of joint ventures decreased by 27.8% from RMB51.4 million in the five months ended May 31, 2014 to RMB37.1 million in the five months ended May 31, 2015, reflecting the results of operations of our joint ventures.

Share of Loss of Associates

Our share of loss of associates increased from RMB4.7 million in the five months ended May 31, 2014 to RMB17.2 million in the five months ended May 31, 2015, reflecting the results of operations of our associates.

Income Tax Expenses

Our income tax expenses increased by 76.5% from RMB404.2 million in the five months ended May 31, 2014 to RMB713.5 million in the five months ended May 31, 2015, primarily due to an increase in our profit before tax. Our effective tax rate increased from 24.9% in the five months ended May 31, 2014 to 26.0% in the five months ended May 31, 2015, mainly due to the effect of unrecognized deductible losses and unrecognized deductible temporary differences.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 66.2% from RMB1,220.9 million in the five months ended May 31, 2014 to RMB2,029.5 million in the five months ended May 31, 2015.

Profit for the Period attributable to Owners of the Company

As a result of the foregoing, our profit for the period attributable to owners of the Company, or our shareholders, increased by 78.0% from RMB617.2 million in the five months ended May 31, 2014 to RMB1,098.5 million in the five months ended May 31, 2015.

2014 Compared to 2013

Revenue

Our total revenue increased by 19.6% from RMB153,635.4 million in 2013 to RMB183,824.0 million in 2014. The increase primarily reflects increases in revenue from our construction and contracting business and investment and other businesses, and to a lesser extent, our civil explosives and cement production business.

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Survey, design and consultancy business

Segment revenue of our survey, design and consultancy business remained relatively stable at RMB12,293.5 million and RMB12,432.2 million in 2013 and 2014, respectively.

Construction and contracting business

Segment revenue of our construction and contracting business increased by 19.4% from RMB119,245.2 million in 2013 to RMB142,436.6 million in 2014, which was due to significant increase in revenue from our business volume in China and overseas. In particular, revenue generated from our overseas fossil-fuel power projects, domestic power grids, new energy and other infrastructure projects grew significantly in this period.

Equipment manufacturing business

Segment revenue of our equipment manufacturing business remained stable at RMB8,919.9 million and RMB8,897.4 million in 2013 and 2014, respectively.

Civil explosives and cement production business

Segment revenue of our civil explosives and cement production business increased by 12.6% from RMB7,209.1 million in 2013 to RMB8,117.7 million in 2014, mainly due to an increase in sales volume resulting from our business acquisitions in both the civil explosives and the cement production industries.

Investment and other businesses

Segment revenue of our investment and other businesses increased by 49.7% from RMB10,982.8 million in 2013 to RMB16,446.4 million in 2014. This increase was primarily due to an increase in the revenue from our property development business, and, to a lesser extent, an increase in the revenue from our power investment projects. Revenue from our property development business increased from RMB1,541.6 million to RMB6,277.8 million in this period, which was attributable to an increase in our total recognized GFA of properties sold.

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales increased by 19.3% from RMB137,099.3 million in 2013 to RMB163,607.5 million in 2014, generally in line with the increase in revenue in the same period.

Our gross profit was RMB16,536.1 million and RMB20,216.5 million in 2013 and 2014, respectively, and our gross margin remained stable at 10.8% and 11.0%, respectively, in the same periods.

Survey, design and consultancy business

Cost of sales for our survey, design and consultancy business largely remained stable at RMB6,981.9 million and RMB7,120.2 million in 2013 and 2014, respectively.

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Segment gross profit of our survey, design and consultancy business was RMB5,311.6 million and RMB5,312.0 million, respectively, and segment gross margin remained stable at 43.2% and 42.7%, respectively, in the same periods.

Construction and contracting business

Cost of sales for our construction and contracting business increased by 19.2% from RMB111,950.4 million in 2013 to RMB133,413.2 million in 2014, generally in line with the increase in segment revenue.

Segment gross profit of our construction and contracting business was RMB7,294.8 million and RMB9,023.4 million in 2013 and 2014, respectively, and segment gross margin remained relatively stable at 6.1% and 6.3%, respectively.

Equipment manufacturing business

Cost of sales for our equipment manufacturing business largely remained stable at RMB7,583.1 million and RMB7,490.7 million in 2013 and 2014, respectively.

Segment gross profit of our equipment manufacturing business was RMB1,336.8 million and RMB1,406.7 million in 2013 and 2014, respectively, and segment gross margin remained relatively stable at 15.0% and 15.8%, respectively, in the same periods.

Civil explosives and cement production business

Cost of sales for our civil explosives and cement production business increased by 8.8% from RMB5,206.6 million in 2013 to RMB5,663.2 million in 2014, generally in line with the increase in segment revenue.

Segment gross profit of our civil explosives and cement production business was RMB2,002.5 million and RMB2,454.5 million in 2013 and 2014, respectively, and segment gross margin was 27.8% and 30.2%, respectively, in the same periods. The increase in our gross margin in 2014 was mainly due to technological innovation, optimization of our product portfolio and cost structure, as well as higher operating efficiency.

Investment and other businesses

Cost of sales for our investment and other businesses increased by 40.6% from RMB8,926.5 million in 2013 to RMB12,549.5 million in 2014, generally in line with increased segment revenue.

Segment gross profit of our investment and other businesses was RMB2,056.3 million and RMB3,896.9 million in 2013 and 2014, respectively, and segment gross margin was 18.7% and 23.7%, respectively, in the same periods. The increase in our gross margin in 2014 was mainly because our property development business, which generally has higher gross margin, accounted for a greater proportion of the segment revenue.

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Other Income

Our other income increased by 29.8% from RMB505.7 million in 2013 to RMB656.5 million in 2014. The increase was mainly because (i) government grants increased by 27.5% from RMB345.5 million in 2013 to RMB440.4 million in 2014; and (ii) dividend income from available-for-sale financial assets increased significantly from RMB81.3 million in 2013 to RMB159.0 million in 2014, primarily due to an increase in the dividend income from our equity investments.

Other Gains and Losses

Our other losses increased by 13.9% from RMB86.2 million in 2013 to RMB98.2 million in 2014. The increase was mainly attributable to (i) our impairment loss recognized in respect of trade and other receivables increased from RMB273.4 million in 2013 to RMB415.8 million in 2014, primarily due to an increase in our trade and other receivables in 2014; (ii) our impairment loss recognized in respect of certain property, plant and equipment (in particular, certain transportation vessels) increased from RMB28.6 million in 2013 to RMB158.0 million in 2014; and (iii) we had net foreign exchange gain of RMB41.9 million in 2013 and net foreign exchange loss of RMB47.4 million in 2014. This increase was partially offset by (i) gain on disposal of prepaid lease payments increased from RMB9.9 million in 2013 to RMB141.0 million in 2014, and (ii) our gain on disposal of joint ventures increased from nil in 2013 to RMB112.6 million in 2014.

Selling Expenses

Our selling expenses increased by 5.7% from RMB1,487.2 million in 2013 to RMB1,571.5 million in 2014 primarily due to an increase in compensation and benefits of our business development, marketing and sales personnel.

Administrative Expenses

Our administrative expenses increased by 9.6% from RMB8,241.3 million in 2013 to RMB9,031.0 million in 2014, primarily due to an increase in compensation and benefits of our administrative staff and depreciation and amortization, which was partially offset by a decrease in our office expenses in this period.

Research and Development Expenses

Our research and development expenses increased by 44.0% from RMB1,357.7 million in 2013 to RMB1,955.4 million in 2014. The increase generally reflected our undertaking of new research projects aimed at promoting our strategic transformation and technological development, as well as the building of new research centers.

Finance Income and Finance Costs

Our finance income increased by 12.2% from RMB553.9 million in 2013 to RMB621.5 million in 2014. The increase mainly reflected the increase of our finance income from other loans from RMB210.6 million in 2013 to RMB275.0 million in 2014.

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Our finance costs increased by 12.0% from RMB2,644.5 million in 2013 to RMB2,962.9 million in 2014. The increase was mainly attributable to: (i) an increase in interest-bearing debts; and (ii) an increase in interest expenses on defined benefit obligations, and was partially offset by an increase in interest capitalized in properties under development.

Share of Profit of Joint Ventures

Share of profit of joint ventures decreased significantly from RMB215.4 million in 2013 to RMB110.7 million in 2014. This decrease mainly reflected a decrease in the profits of our joint ventures, in particular, CLP Guangxi Fangchenggang Power Co., Ltd.

Share of Profit of Associates

Share of profit of associates decreased by 47.3% from RMB60.0 million in 2013 to RMB31.6 million in 2014, primarily because certain associates became our subsidiaries in this period and their financial results have been consolidated in ours since then.

Income Tax Expenses

Our income tax increased by 33.8% from RMB1,436.7 million in 2013 to RMB1,922.2 million in 2014, primarily due to an increase in our profit before tax. Our effective tax rate was 35.4% in 2013 and 31.9% in 2014. Our effective tax rate decreased in this period, primarily due to a significant increase in profit before tax and a decrease in unrecognized deductible losses and unrecognized deductible temporary differences.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 56.5% from RMB2,617.5 million in 2013 to RMB4,095.6 million in 2014.

Profit for the Year attributable to Owners of the Company

As a result of the foregoing, our profit for the period attributable to owners of the Company, or our shareholders, increased by 60.2% from RMB1,344.2 million in 2013 to RMB2,152.8 million in 2014.

2013 Compared to 2012

Revenue

Our total revenue increased by 10.4% from RMB139,178.1 million in 2012 to RMB153,635.4 million in 2013. The increase primarily reflects increases in revenue from our construction and contracting business and investment and other businesses.

Survey, design and consultancy business

Segment revenue of our survey, design and consultancy business increased by 4.7% from RMB11,736.4 million in 2012 to RMB12,293.5 million in 2013. This increase was primarily due to our fossil-fuel power projects and power grids projects.

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Construction and contracting business

Segment revenue of our construction and contracting business increased by 10.3% from RMB108,128.3 million in 2012 to RMB119,245.2 million in 2013, mainly due to an increase in business volume. In particular, revenue generated from our overseas operations, hydropower projects and undertakings in the South-North Water Transfer Project grew significantly in 2014.

Equipment manufacturing business

Segment revenue of our equipment manufacturing business increased by 8.1% from RMB8,254.6 million in 2012 to RMB8,919.9 million in 2013. This increase was primarily due to new manufacturing capacity resulting from acquisitions.

Civil explosives and cement production business

Segment revenue of our civil explosives and cement production business increased by 23.4% from RMB5,844.1 million in 2012 to RMB7,209.1 million in 2013. This increase reflects our increased sales volume of civil explosives and cement products.

Investment and other businesses

Segment revenue of our investment and other businesses increased by 18.2% from RMB9,288.8 million in 2012 to RMB10,982.8 million in 2013. This increase was primarily due to revenue from (i) sale of materials used in the power and infrastructure construction business; and (ii) concession/BOT business, including toll roads.

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales increased by 11.0% from RMB123,554.5 million in 2012 to RMB137,099.3 million in 2013, in line with the increase in revenue.

Our gross profit was RMB15,623.6 million and RMB16,536.1 million in 2012 and 2013, respectively, and our gross margin remained relatively stable at 11.2% and 10.8%, respectively, in the same periods.

Survey, design and consultancy business

Cost of sales from our survey, design and consultancy business largely remained stable at RMB6,855.9 million and RMB6,981.9 million in 2012 and 2013, respectively.

Segment gross profit of our survey, design and consultancy business was RMB4,880.5 million and RMB5,311.6 million in 2012 and 2013, respectively, and segment gross margin remained relatively stable at 41.6% and 43.2%, respectively, in the same periods.

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Construction and contracting business

Cost of sales for our construction and contracting business increased by 11.0% from RMB100,812.8 million in 2012 to RMB111,950.4 million in 2013, generally in line with the increase in segment revenue.

Segment gross profit of our construction and contracting business was RMB7,315.5 million and RMB7,294.8 million in 2012 and 2013, respectively, and segment gross margin remained relatively stable at 6.8% and 6.1%, respectively, in the same periods.

Equipment manufacturing business

Cost of sales for our equipment manufacturing business increased by 8.1% from RMB7,015.1 million in 2012 to RMB7,583.1 million in 2013, in line with the increase in segment revenue.

Segment gross profit of our equipment manufacturing business was RMB1,239.5 million and RMB1,336.8 million in 2012 and 2013, respectively, and segment gross margin remained stable at 15.0% and 15.0%, respectively, in the same periods.

Civil explosives and cement production business

Cost of sales for our civil explosives and cement production business increased by 24.2% from RMB4,193.3 million in 2012 to RMB5,206.6 million in 2013, generally in line with the increased segment sales.

Segment gross profit of our civil explosives and cement production business was RMB1,650.8 million and RMB2,002.5 million in 2012 and 2013, respectively, and segment gross margin remained relatively stable at 28.2% and 27.8%, respectively, in the same periods.

Investment and other businesses

Cost of sales for our investment and other businesses increased by 20.7% from RMB7,395.8 million in 2012 to RMB8,926.5 million in 2013, generally in line with the increased segment sales.

Segment gross profit of our investment and other businesses was RMB1,893.0 million and RMB2,056.3 million in 2012 and 2013, respectively, and segment gross margin was 20.4% and 18.7%, respectively, in the same periods. The decrease in our gross margin was mainly due to the increased proportion of lower-margin business, such as sale of materials and toll roads, in this segment.

Other Income

Our other income remained relatively stable at RMB497.6 million and RMB505.7 million in 2012 and 2013, respectively.

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Other Gains and Losses

Our other gains and losses decreased by 45.1% from net loss of RMB157.0 million in 2012 to net loss of RMB86.2 million in 2013. The decrease was mainly due to (i) our impairment loss recognized in respect of property, plant and equipment decreased from RMB84.3 million in 2012 to RMB28.6 million in 2013, (ii) our gain on re-measurement of equity interest in associates increased from nil in 2012 to RMB38.2 million in 2013, and (iii) our fair value changes of financial assets at fair value through profit or loss changed from losses of RMB2.5 million in 2012 to gains of RMB27.4 million in 2013; which was partially offset by (i) our impairment loss recognized in respect of trade and other receivables increased from RMB204.7 million in 2012 to RMB273.4 million in 2013, which was attributable to slower settlement of receivables, and (ii) our gain on disposal of property, plant and equipment decreased from RMB46.0 million in 2012 to RMB22.4 million in 2013.

Selling Expenses

Our selling expenses increased by 21.2% from RMB1,226.7 million in 2012 to RMB1,487.2 million in 2013 primarily due to increase in employee compensation and benefits and logistic expenses related to sales.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB8,058.7 million and RMB8,241.3 million in 2012 and 2013, respectively.

Research and Development Expenses

Our research and development expenses increased by 84.8% from RMB734.8 million in 2012 to RMB1,357.7 million in 2013. The increase was primarily because we undertook a number of new research projects in order to enhance our technological development.

Finance Income and Finance Costs

Our finance income increased by 7.0% from RMB517.6 million in 2012 to RMB553.9 million in 2013. The increase was primarily due to an increase in finance income on defined benefit plan assets and bank deposits, partially offset by a decrease in interest income on other loans.

Our finance costs increased by 3.9% from RMB2,544.2 million in 2012 to RMB2,644.5 million in 2013, attributable to: (i) interest expenses on bank and other borrowings increased from RMB2,595.9 million in 2012 to RMB2,688.8 million in 2013, and (ii) interest expenses on corporate bonds increased from RMB101.9 million in 2012 to RMB146.8 million in 2013.

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Share of Profit of Joint Ventures

Share of profit of joint ventures increased significantly from RMB105.8 million in 2012 to RMB215.4 million in 2013, mainly reflecting increases in the profit of our joint ventures, in particular, CLP Guangxi Fangchenggang Power Co., Ltd.

Share of Profit of Associates

Share of profit of associates remained relatively stable at RMB60.1 million and RMB60.0 million in 2012 and 2013, respectively.

Income Tax Expenses

Our income tax expenses increased by 9.3% from RMB1,314.0 million in 2012 to RMB1,436.7 million in 2013, primarily due to the increase in our profit before tax. Our effective tax rate was 32.2% in 2012 and 35.4% in 2013. The increase in our effective tax rate was primarily due to increases in non-deductible expenses and unrecognized deductible losses and unrecognized deductible temporary differences.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 5.5% from RMB2,769.3 million in 2012 to RMB2,617.5 million in 2013.

Profit for the Year attributable to Owners of the Company

As a result of the foregoing, our profit for the period attributable to owners of the Company, or our shareholders, decreased by 13.2% from RMB1,548.3 million in 2012 to RMB1,344.2 million in 2013.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our liquidity requirements through cash flows from operations, bank borrowings and issuance of debt securities. Our primary liquidity requirements are to finance working capital, fund the payment of interest and principal due on our indebtedness and fund capital expenditures and growth and expansion of our facilities and operations. We expect these sources to continue to be our principal sources of liquidity, and we may use a portion of the proceeds from the Global Offering to finance a portion of our capital requirements.

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Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2012	2013	2014	2014	2015
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Net cash (used in)/generated from operating activities	(402.6)	7,202.9	5,231.7	(6,751.8)	(9,069.2)
Net cash (used in)/generated from investing activities	(5,113.4)	(7,138.4)	(5,044.8)	(1,585.9)	388.0
Net cash generated from financing activities	3,236.4	2,841.4	5,060.1	6,457.5	6,188.5
Net increase/ (decrease) in cash and cash equivalents	(2,279.6)	2,905.9	5,247.0	(1,880.2)	(2,492.7)
Cash and cash equivalents at the beginning of year or period	22,836.2	20,556.7	23,505.4	23,505.4	28,756.6
Effect of exchange rate changes	0.1	42.8	4.2	(13.6)	13.4
Cash and cash equivalents at the end of year or period	20,556.7	23,505.4	28,756.6	21,611.6	26,277.3

Net Cash Generated from/(Used in) Operating Activities

Cash flow from operating activities reflects (i) profit before tax adjusted for non-cash and non-operating items, such as depreciation and amortization and impairment allowances; (ii) the effects of movements in working capital, such as changes in trade and bills receivable, prepayments, deposits and other receivables, and inventories; and (iii) other cash items such as income tax paid.

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In the five months ended May 31, 2015, our net cash used in operating activities was RMB9,069.2 million, which was due primarily to (i) an increase in prepayments, deposits and other receivables of RMB6,990.6 million, principally because we used a substantial amount of cash to engage suppliers and provide bidding and performance bonds; (ii) an increase in amounts due from customers for construction contracts of RMB2,384.6 million due to increases of completed but unbilled project payments; and (iii) an increase in trade and bill receivables of RMB3,811.0 million. These cash outflows were partially offset by an increase in trade and bills payables of RMB2,680.1 million. The increase in trade and bills receivables and payables were in line with the increase in our business volume, while the cash outflows were primarily because we usually accelerate payment to our suppliers close to the Chinese New Year in the first half of the year.

In 2014, our net cash generated from operating activities was RMB5,231.7 million, which was due primarily to (i) an increase in trade and bills payables of RMB9,612.3 million, partially offset by an increase in trade and bill receivables of RMB6,932.1 million; and (ii) an increase in amounts due to customers for construction contracts of RMB2,429.8 million. These cash inflows were partially offset by (i) an increase in amounts due from customers for construction contracts of RMB5,111.1 million; and (ii) an increase in prepayments, deposits and other receivables of RMB1,465.5 million. The increases in our trade and bills receivables and payables were in line with the increase in our business volume in 2014, and the cash inflows from working capital were primarily because we usually make payment to our suppliers after we receive payment from our customers.

In 2013, our net cash generated from operating activities was RMB7,202.9 million, which was due primarily to: (i) an increase in trade and bills payables of RMB8,812.8 million; and (ii) an increase in other payables and accruals of RMB2,264.6 million, primarily due to the increase in pre-sales of our real estate projects in 2013. These cash inflows were partially offset by an increase in trade and bill receivables of RMB8,570.9 million. The increases in our trade and bills receivables and payables were in line with the increase in our business volume in 2013, and the cash inflows from working capital were primarily because we usually make payment to our suppliers after we receive payment from our customers.

In 2012, our net cash used in operating activities was RMB402.6 million, which was due primarily to (i) an increase in trade and bill receivables of RMB6,046.6 million; and (ii) an increase in properties under development for sale of RMB3,068.1 million. These cash outflows were partially offset by (i) an increase in trade and bills payables of RMB5,076.7 million; and (ii) an increase in amounts due to customer for construction contracts of RMB2,089.1 million. The increase in our trade and bills receivables, trade and bill payables and amounts due from customers for construction contracts were in line with the increase in our business volume in 2012, and the cash outflows from working capital were primarily because we used a substantial amount of cash in the expansion of our property development business in Beijing and Shanghai.

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Net Cash (Used in)/Generated from Investing Activities

In the five months ended May 31, 2015, our net cash generated from investing activities was RMB388.0 million, consisting primarily of collection of other loan receivables of RMB3,756.7 million due to repayment of loans to our associates, partially offset by (i) cash paid for purchase of property, plant and equipment of RMB2,858.7 million; and (ii) new other loan receivables of RMB1,212.7 million due to loans made to our associates.

In 2014, our net cash used in investing activities was RMB5,044.8 million, consisting primarily of (i) new other loan receivables of RMB6,108.5 million due to loans made to our associates and other third parties; (ii) cash paid for purchase of property, plant and equipment of RMB2,167.4 million; and (iii) acquisition of subsidiaries in the cement production sector of RMB1,128.0 million. These cash outflows were partially offset by collection of other loan receivables of RMB4,845.9 million due to repayment of loans to our associates.

In 2013, our net cash used in investing activities was RMB7,138.4 million, consisting primarily of (i) new other loan receivables of RMB4,846.5 million due to loans made to our associates and other third parties; and (ii) cash paid for purchase of property, plant and equipment of RMB4,810.2 million. These cash outflows were partially offset by collection of other loan receivables of RMB3,075.0 million due to repayment of loans to our associates.

In 2012, our net cash used in investing activities was RMB5,113.4 million, consisting primarily of (i) cash paid for purchase of property, plant and equipment of RMB3,872.8 million; (ii) addition to intangible assets (such as concession rights of toll roads) of RMB1,644.9 million; and (iii) new other loan receivables of RMB625.0 million mainly due to loans made to our associates. These cash outflows were partially offset by collection of other loan receivables of RMB900.0 million mainly due to repayment of loans to our associates.

Net Cash Generated from Financing Activities

In the five months ended May 31, 2015, our net cash generated from financing activities was RMB6,188.5 million, primarily consisting of new bank and other borrowings of RMB19,316.0 million, which was partially offset by repayment of bank and other borrowings of RMB13,212.5 million.

In 2014, our net cash generated from financing activities was RMB5,060.1 million, primarily consisting of (i) new bank and other borrowings of RMB23,273.4 million; and (ii) new short-term financing notes of RMB5,000.0 million, which was partially offset by (i) repayment of bank and other borrowings of RMB20,253.0 million; and (ii) repayment of short-term financing notes of RMB3,614.5 million.

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In 2013, our net cash generated from financing activities was RMB2,841.4 million, primarily consisting of (i) new bank and other borrowings of RMB22,928.2 million; and (ii) new short-term financing notes of RMB4,000.0 million, which was partially offset by (i) repayment of bank and other borrowings of RMB19,227.6 million; and (ii) repayment of short-term financing notes of RMB3,888.0 million.

In 2012, our net cash generated from financing activities was RMB3,236.4 million, primarily consisting of (i) new bank and other borrowings of RMB18,495.5 million; and (ii) new short-term financing notes of RMB1,800.0 million which was partially offset by (i) repayment of bank and other borrowings of RMB13,216.2 million; (ii) interests paid of RMB2,610.8 million; and (iii) repayment of short-term financing notes of RMB2,103.4 million.

Capital Expenditures

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

	Year ended December 31,			Five months ended May 31,	Nine months ended September 30,
	2012	2013	2014	2015	2015
	<i>(RMB in millions)</i>				
Property, plant and equipment	4,020.6	4,919.0	2,917.4	2,165.6	3,710.4
Prepaid land lease payment	398.8	356.5	636.6	231.6	297.6
Intangible assets	1,644.9	705.9	484.6	328.2	624.4
Investment properties	—	196.7	7.6	6.5	15.5
Total	6,064.3	6,178.1	4,046.2	2,731.9	4,647.9

We estimate that our capital expenditures in 2015 and 2016 will be approximately RMB5,908.8 million and RMB6,421.6 million, respectively, which will be mainly used for investment in fixed assets. These capital expenditures will be financed by our own funds, raised funds and other liabilities.

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Although these are our current plans with respect to our capital expenditures, such plans may change as a result of a change of circumstances and the actual amount of expenditures set out above may vary from the estimated amount of expenditures for a variety of reasons, including changes in market conditions, competition and other factors. As we continue to expand, we may incur additional capital expenditures. Our ability to obtain additional funding for our future capital expenditures is subject to a variety of uncertainties, including our future results of operations, financial condition and cash flows and economic, political and other conditions in the PRC and globally.

Working Capital

During the Track Record Period, we have met our working capital needs mainly from our cash and cash equivalents on hand, cash generated from operations and bank borrowings. We manage our cash flow and working capital by closely monitoring and managing, among other things, (i) the level of our accounts payables and receivables and (ii) our ability to obtain external financing. We also diligently review future cash flow requirements and assess our ability to meet debt repayment schedules, and if necessary, adjust the investment, financing and dividend payout plans so as to ensure we maintain sufficient working capital.

Taking into account the estimated net proceeds from the Global Offering, our available banking facilities and cash flows from our operations, our Directors are of the opinion that we have sufficient working capital to meet our financial requirements for at least the next 12 months from the date of this prospectus.

Net Current Assets

As of December 31, 2012, 2013 and 2014 and May 31, 2015, we had net current assets of RMB11,173.9 million, RMB13,178.6 million, RMB16,953.0 million and RMB19,427.7 million, respectively.

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The table below sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of May 31,	As of September 30,
	2012	2013	2014	2015	
	<i>(RMB in millions)</i>			<i>(Unaudited)</i>	
Current Assets					
Inventories	6,597.8	8,495.0	9,528.4	10,048.4	10,425.2
Properties under development for sale	13,489.1	14,908.9	16,642.9	17,952.2	18,539.9
Completed properties for sale	1,959.0	2,597.1	2,086.0	2,092.9	1,988.9
Amounts due from customers for construction contracts	10,951.8	11,451.3	16,562.4	18,947.0	20,816.7
Trade and bills receivables	29,371.6	38,257.4	41,959.8	44,912.7	47,462.1
Prepayments, deposits and other receivables	16,106.6	18,726.4	23,329.2	30,514.5	34,756.7
Prepaid lease payments	80.2	87.0	144.2	147.8	191.1
Other loans	3,075.0	4,846.5	5,291.5	2,664.6	3,196.9
Financial assets at fair value through profit or loss	219.2	205.3	161.4	142.1	54.8
Pledged deposits	819.2	1,343.5	1,803.4	1,608.7	1,621.9
Bank and cash balances	22,219.5	25,810.2	30,651.1	27,367.0	28,539.1
	104,889.0	126,728.6	148,160.3	156,397.9	167,593.3
Current Liabilities					
Trade and bills payables	31,200.6	41,870.0	51,535.7	54,215.3	57,089.9
Amounts due to customers for construction contracts	2,276.2	3,077.7	5,504.9	3,852.7	3,637.5
Other payables and accruals	39,414.4	44,666.4	44,975.5	46,059.9	50,218.9
Income tax payable	462.2	571.4	793.7	460.7	681.5
Bank and other borrowings	17,768.3	18,701.5	23,261.7	26,054.2	28,955.9
Short-term financial notes	1,827.6	2,020.5	3,557.8	4,045.9	3,521.1
Defined benefit obligations	642.9	615.5	814.6	814.6	814.6
Corporate bonds	–	1,876.9	506.0	1,083.7	710.8
Finance lease payables	112.3	133.5	144.4	231.9	396.0
Provisions	10.6	16.6	113.0	151.3	141.3
	93,715.1	113,555.0	131,207.3	136,970.2	146,167.5
Net Current Assets	11,173.9	13,178.6	16,953.0	19,427.7	21,425.8

Our net current assets increased from RMB19,427.7 million as of May 31, 2015 to RMB21,425.8 million as of September 30, 2015, mainly attributed to increases in trade and bill receivables, amounts due from customers for construction contracts and prepayments, deposits and other receivables.

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Our net current assets increased from RMB16,953.0 million as of December 31, 2014 to RMB19,427.7 million as of May 31, 2015, primarily due to increases in prepayments, deposits and other receivables, trade and bills receivables and amounts due from customers for construction contracts, driven by the expansion of our business volume.

Our net current assets increased from RMB13,178.6 million as of December 31, 2013 to RMB16,953.0 million as of December 31, 2014, primarily due to (i) increases in amounts due from customers for construction contracts and prepayments, deposits and other receivables, reflecting the growth of our business volume; and (ii) an increase in bank and cash balances, reflecting significant cash inflow from our operating and financing activities.

Our net current assets increased from RMB11,173.9 million as of December 31, 2012 to RMB13,178.6 million as of December 31, 2013, primarily due to (i) increases in trade and bills receivables and prepayments, deposits and other receivables, reflecting the growth of our business volume; and (ii) an increase in bank and cash balances, reflecting significant cash inflow from our operating and financing activities.

Inventories

Our inventories primarily comprise raw materials, finished goods and work in progress, and are mainly attributable to our construction and contracting as well as equipment manufacturing businesses.

The following table sets forth details of our inventories as of the dates indicated:

	As of December 31,			As of
	2012	2013	2014	May 31, 2015
	<i>(RMB in millions)</i>			
Materials in transit	74.1	135.9	110.9	210.1
Raw materials	3,327.2	3,404.3	3,517.3	3,585.4
Work in progress	1,199.4	1,661.4	1,624.6	1,578.9
Finished goods	1,680.5	3,047.8	4,019.4	4,337.0
Low value consumables and spare parts	316.6	245.6	256.2	337.0
Total	6,597.8	8,495.0	9,528.4	10,048.4

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As of December 31, 2012, 2013 and 2014 and May 31, 2015, our inventory balance amounted to RMB6,597.8 million, RMB8,495.0 million, RMB9,528.4 million and RMB10,048.4 million, respectively, representing 6.3%, 6.7%, 6.4% and 6.4% of our total current assets, respectively. The increase of our inventory during the Track Record Period was primarily due to the increase in our finished goods, as well as the increase of both our business volume and orders.

As of September 30, 2015, RMB8,936.8 million of our inventories as of May 31, 2015 were utilized.

The following table sets forth our average inventory turnover days for the periods indicated:

	Year ended December 31,			Five months ended May 31,
	2012	2013	2014	2015
	Inventory turnover days ⁽¹⁾	22	20	20

(1) Average inventory turnover days for the relevant periods is the average of opening and closing inventory balances divided by the cost of sales for that period and multiplied by 365 days (for 2012, 2013 and 2014) or 151 days (for the five months ended May 31, 2015).

Our average inventory turnover days decreased from 22 days in 2012 to 20 days in 2013, which was mainly attributable to our efforts to improve inventory utilization rates and enhance inventory management in our construction and contracting business. Our average inventory turnover days remained stable at 20 days in 2014, and increased to 25 days in the five months ended May 31, 2015, mainly due to fewer construction activities in the first half of the year.

Properties under Development and Completed Properties for Sale

The table below sets forth the breakdown of our properties under development and completed properties for sale as of the dates indicated:

	As of December 31,			As of May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Properties under development	13,489.1	14,908.9	16,642.9	17,952.2
Completed properties for sale	1,959.0	2,597.1	2,086.0	2,092.9
Total	15,448.1	17,506.0	18,728.9	20,045.1

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As of December 31, 2012, 2013 and 2014 and May 31, 2015, our properties under development for sale amounted to RMB13,489.1 million, RMB14,908.9 million, RMB16,642.9 million and RMB17,952.2 million, respectively. The increase in the value of our properties under development during the Track Record Period was mainly due to the increase in the number of our properties under construction.

Completed properties for sale consist of our completed properties remaining unsold or sold but not yet delivered as of the end of each reporting period. As of December 31, 2012, 2013 and 2014 and May 31, 2015, our completed properties for sale amounted to RMB1,959.0 million, RMB2,597.1 million, RMB2,086.0 million and RMB2,092.9 million, respectively.

Construction Contract Work in Progress

The following table sets forth our construction contract work-in-progress as of the dates indicated:

	As of December 31,			As of May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Gross amounts due from customers for construction work	10,951.8	11,451.3	16,562.4	18,947.0
Gross amounts due to customers for construction work	(2,276.2)	(3,077.7)	(5,504.9)	(3,852.7)
	<u>8,675.6</u>	<u>8,373.6</u>	<u>11,057.5</u>	<u>15,094.3</u>
Contract costs incurred plus recognized profit less recognized losses to date	315,334.9	390,511.3	493,635.2	497,987.5
Less: Progress billings received and receivables	(306,659.3)	(382,137.7)	(482,577.7)	(482,893.2)
	<u>8,675.6</u>	<u>8,373.6</u>	<u>11,057.5</u>	<u>15,094.3</u>

The increase in our construction contract work in progress during the Track Record Period was primarily attributable to the growth of our construction and contracting business.

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When the outcome of our survey, design and consultancy contracts and construction contracts can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting periods, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of our survey, design and consultancy contracts and construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the periods in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amounts due to customers for construction contracts.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are shown as trade and bills receivables.

Trade and Bills Receivables

Our trade and bills receivables mainly represent the credit sales of our products or services to be paid by our customers. The following table sets forth details of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of
	2012	2013	2014	May 31, 2015
	<i>(RMB in millions)</i>			
Trade receivables	24,506.6	32,252.3	36,114.4	40,182.7
Retention money receivables	4,306.5	4,754.6	4,955.3	4,530.8
Less: allowance of doubtful debts	(1,212.1)	(1,588.0)	(1,933.2)	(2,079.7)
	<u>27,601.0</u>	<u>35,418.9</u>	<u>39,136.5</u>	<u>42,633.8</u>
Bill receivables	1,770.6	2,838.5	2,823.3	2,278.9
Long-term receivables-build-transfer (“BT”) project receivable	333.7	1,693.7	4,474.6	5,265.6
Total	<u>29,705.3</u>	<u>39,951.1</u>	<u>46,434.4</u>	<u>50,178.3</u>

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The increase in our trade and bills receivables during the Track Record Period primarily reflected the increase in our business volume.

As of September 30, 2015, RMB32,991.7 million of our trade and bills receivables as of May 31, 2015 were settled.

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

	As of December 31,			As of May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
0 to 6 months	18,215.4	25,365.2	30,246.8	34,210.9
6 months to 1 year	5,668.8	5,042.9	4,644.2	6,948.2
1 to 2 years	3,569.7	6,479.7	6,231.9	4,789.1
2 to 3 years	1,240.6	1,863.9	3,899.6	2,723.6
3 years to 4 years	553.3	671.6	765.1	843.9
4 years to 5 years	330.4	338.0	402.5	423.5
Over 5 years	127.1	189.8	244.3	239.1
Total	29,705.3	39,951.1	46,434.4	50,178.3

During the Track Record Period, a majority of our trade and bills receivables had been outstanding for less than one year. As of December 31, 2012, 2013 and 2014 and May 31, 2015, our trade and bills receivables that had been outstanding for more than one year represented 19.6%, 23.9%, 24.9% and 18.0% of our total trade and bills receivables, respectively. We generally give a credit period of one to six months to our large customers and long-term customers with good payment records. However, based on the evaluation result and depending on our business development objectives, we allow additional flexibility by offering a credit period longer than six months to certain customers who are strategically important or with whom we have established a long-term relationship.

Our trade and bills receivables outstanding beyond one year mainly represented delayed payment from our clients due to long internal approval processes of certain clients and long settlement cycle of certain large projects. We continually enhance trade receivables management in order to reduce impairment risk. Additionally, after fully considering the nature of trade receivables and their recoverability on a case-by-case basis, we have made provisions for the impairment of certain long overdue trade receivables in order to ensure the quality of our assets. As of December 31, 2012, 2013 and 2014 and May 31, 2015, our provisions for the impairment of trade receivables were RMB1,212.1 million, RMB1,588.0 million, RMB1,933.2 million and RMB2,079.7 million, respectively, representing 4.2%, 4.3%, 4.7% and 4.7% of the aggregate amount of our trade receivables and retention money receivables, respectively.

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Our trade receivables due from Suzhou Wuzhong District Government (蘇州市吳中區人民政府) increased from RMB621.2 million as of December 31, 2013 to RMB2.4 billion as of December 31, 2014, and further to RMB3.0 billion as of May 31, 2015, of which RMB1.3 billion was aged over one year. On May 31, 2013, we entered into a Build-Transfer (“BT”) agreement with Suzhou Wuzhong District Government and its affiliates for a toll road construction project for a construction period of 30 months and a repurchase period of 36 months. As the project is still under construction and regular payments have been made pursuant to the schedule set forth in the BT agreement, our Directors are of the view that no provision for impairment loss in relation to our trade receivables due from Suzhou Wuzhong District Government is necessary.

The following table sets forth our trade and bills receivables turnover days for the years and period indicated:

	Year ended December 31,			Five months ended May 31,
	2012	2013	2014	2015
Average trade and bills receivables turnover days ⁽¹⁾	70	83	86	108

(1) Average trade and bills receivables turnover days for the relevant periods is the average of opening and closing balances divided by the revenue for that period and multiplied by 365 days (for 2012, 2013 and 2014) or 151 days (for the five months ended May 31, 2015).

Our average trade and bills receivables turnover days increased from 70 days in 2012 to 83 days in 2013, and further to 86 days in 2014, primarily because of longer settlement periods due to our increased business volume and greater average project size. Our trade and bills receivables turnover days increased to 108 days in the five months ended May 31, 2015, mainly because substantial amounts of our trade and bills receivables are settled close to year-end, as a matter of customary industry practice.

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Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables mainly include advance to suppliers and other receivables (mainly bidding and performance bonds). The following table sets forth details of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Advance to suppliers	10,723.4	11,949.4	13,652.7	15,706.5
Other receivables	4,966.7	5,608.0	8,254.6	13,654.3
Prepayments for acquisition of property, plant and equipment	889.7	1,003.6	1,459.8	1,436.8
Prepaid taxes	318.3	925.3	1,059.1	1,094.4
Dividends receivables	48.7	217.5	345.8	20.5
Interest receivable	49.5	26.2	17.0	38.7
Relocation compensation receivable from government	–	–	701.5	701.5
Deposits for investments	–	–	896.1	–
Deposits for prepaid leases	–	–	131.5	42.7
Total	<u>16,996.3</u>	<u>19,730.0</u>	<u>26,518.1</u>	<u>32,695.4</u>

The increase in our prepayments, deposits and other receivables during the Track Record Period primarily reflected the increase in our advance to suppliers and the bidding and performance bonds we placed with customers in line with the expansion of our design and construction contracts.

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Trade and Bills Payables

Our trade and bills payables mainly comprise payables to our suppliers of raw materials, parts and components. The following table sets forth our trade and bills payables as of the dates indicated:

	As of December 31,			As of May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Trade payables	30,066.4	39,318.0	47,097.9	49,699.0
Bills payable	1,134.2	2,552.0	4,437.8	4,516.3
Total	<u>31,200.6</u>	<u>41,870.0</u>	<u>51,535.7</u>	<u>54,215.3</u>

During the Track Record Period, our trade and bills payables increased steadily, due to increased procurement and subcontracting volume driven by the expansion of our business operations.

As of September 30, 2015, RMB32,701.0 million of our trade and bill payables as of May 31, 2015 were settled.

The following table sets forth an aging analysis of trade and bills payables, based on the invoice date, as of the dates indicated:

	As of December 31,			As of May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Within 1 year	23,862.4	32,769.0	42,349.7	42,806.3
1 to 2 years	4,759.4	5,793.0	4,944.3	6,955.7
2 to 3 years	1,404.1	1,790.0	2,143.4	2,025.8
More than 3 years	1,174.7	1,518.0	2,098.3	2,427.5
Total	<u>31,200.6</u>	<u>41,870.0</u>	<u>51,535.7</u>	<u>54,215.3</u>

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During the Track Record Period, a majority of our trade and bills payables had been outstanding for less than one year. As of December 31, 2012, 2013 and 2014 and May 31, 2015, our trade and bills payables that had been outstanding for more than one year represented 23.5%, 21.7%, 17.8% and 21.0% of our total trade and bills payables, respectively. Normally, our trade and bills payables are settled within six months. Some suppliers may allow a credit period of more than six months based on their long-term relationship with us and our good credit history.

The following table sets forth our trade and bills payables turnover days for the years and period indicated:

	Year ended December 31,			Five months ended May 31,
	2012	2013	2014	2015
Average trade and bills payables turnover days ⁽¹⁾	85	97	104	134

(1) Average trade and bills payables turnover days for the relevant periods is the average of opening and closing balances divided by the cost of sales for that period and multiplied by 365 days (for 2012, 2013 and 2014) or 151 days (for the five months ended May 31, 2015).

Our average trade and bills payables turnover days increased from 85 days in 2012 to 97 days in 2013, and further to 104 days in 2014, primarily because of longer settlement periods due to our increased business volume and greater average project size. Our trade and bills payables turnover days increased to 134 days in the five months ended May 31, 2015, mainly because substantial amounts of our trade and bills payables are settled close to year-end, as a matter of customary industry practice.

Our directors confirm that we had no material defaults in payment of trade and bills payables during the Track Record Period.

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Other Payables and Accruals

Our other payables and accruals mainly comprise advance from customers and other payables (mainly including payables made by third parties on our behalf, retention money payables and deposit payables). The following table sets forth the components of our other payables and accruals as of the dates indicated:

	As of December 31,			As of May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Advance from customers	24,655.2	29,607.5	26,859.4	28,597.4
Other payables	11,938.3	11,583.1	14,120.9	13,210.1
Accrued payroll and welfare	1,737.9	2,042.8	2,264.2	2,012.2
Non-income tax related tax payables	1,222.8	1,441.2	1,674.7	1,554.3
Dividend payables to non-controlling interests	55.6	49.5	72.9	423.8
Interest payables	16.1	55.1	94.7	374.9
Total	39,625.9	44,779.2	45,086.8	46,172.7

Our other payables and accruals remained relatively stable as of December 31, 2013, December 31, 2014 and May 31, 2015, respectively.

Our other payables and accruals increased from RMB39,625.9 million as of December 31, 2012 to RMB44,779.2 million as of December 31, 2013, primarily due to the substantial increase of pre-sales payments in our property development business.

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INDEBTEDNESS

As of September 30, 2015, which is the latest practicable date for determining our indebtedness, we had total debts of RMB70,586.0 million. The following table sets forth details of our bank borrowings, other borrowings, corporate bonds, finance lease payables and short-term financing notes as of the dates indicated:

	As of December 31,			As of	As of
	2012	2013	2014	May 31,	September 30,
	<i>(RMB in millions)</i>			<i>(Unaudited)</i>	
Long-term					
Bank borrowings					
Unsecured	13,729.3	15,919.9	14,297.3	17,715.9	20,394.1
Secured	9,699.6	11,481.9	11,566.6	11,796.8	10,802.3
Corporate bonds ⁽¹⁾	3,218.9	2,581.1	6,109.8	5,589.9	5,536.0
Finance lease payables ⁽²⁾	222.2	122.3	562.2	524.8	269.8
Sub-total	26,870.0	30,105.2	32,535.9	35,627.4	37,002.2
Short-term					
Bank borrowings					
Unsecured	15,530.8	13,135.8	18,249.5	19,848.0	24,639.9
Secured	1,194.1	2,582.7	2,015.7	1,916.7	2,542.9
Other borrowings					
Unsecured	1,043.4	2,983.0	2,996.5	4,289.5	1,773.1
Corporate bonds	–	1,876.9	506.0	1,083.7	710.8
Finance lease payables ⁽²⁾	112.3	133.5	144.4	231.9	396.0
Short-term financing notes ⁽³⁾	1,827.6	2,020.5	3,557.8	4,045.9	3,521.1
Sub-total	19,708.2	22,732.4	27,469.9	31,415.7	33,583.8
Total	46,578.2	52,837.6	60,005.8	67,043.1	70,586.0

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

⁽²⁾ We lease certain buildings and machinery for our construction operations.

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

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

	As of December 31,			As of	As of
				May 31,	September
	2012	2013	2014	2015	
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Guaranteed by					
Ultimate holding					
company	2,892.8	3,854.3	3,560.5	3,350.9	1,298.5
Third parties	2,840.2	2,684.6	2,319.2	2,210.8	2,051.4
Total	<u>5,733.0</u>	<u>6,538.9</u>	<u>5,879.7</u>	<u>5,561.7</u>	<u>3,349.9</u>

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

	As of December 31,			As of	As of
				May 31,	September
	2012	2013	2014	2015	
	<i>(RMB in millions)</i>				
	<i>(Unaudited)</i>				
Within 1 year	19,708.2	22,732.4	27,469.9	31,415.7	33,583.8
After 1 year but within					
2 years	6,432.4	7,807.3	7,588.8	9,413.6	8,482.7
After 2 years but within					
3 years	5,974.8	7,205.8	6,277.6	8,907.8	10,279.5
After 3 years but within					
4 years	2,877.0	1,549.3	2,634.9	1,580.3	2,173.7
After 4 years but within					
5 years	1,308.6	2,045.3	2,630.1	2,604.9	2,489.2
After 5 years	10,277.2	11,497.5	13,404.5	13,120.8	13,577.1
Total	<u>46,578.2</u>	<u>52,837.6</u>	<u>60,005.8</u>	<u>67,043.1</u>	<u>70,586.0</u>

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

	As of December 31,			As of	As of
	2012	2013	2014	May 31,	September 30,
			(%)		
					(Unaudited)
Bank borrowings	1.1-10.0	1.1-11.4	1.1-10.0	1.1-9.6	1.1-9.6
Other borrowings	5.5-7.5	5.5-7.5	6.0-10.0	6.0-10.0	6.0-7.5
Corporate bonds	4.3-5.9	4.3-5.9	4.3-5.9	4.3-5.9	3.8-5.9
Short-term financing notes	3.6	5.2	4.1-4.7	3.0-4.6	3.0-3.6
Finance lease payables	6.7-8.0	6.7-8.0	5.2-8.0	5.2-14.2	5.2-14.2

The following table sets forth the carrying amounts of assets that we had pledged to secure general banking facilities (including bank borrowings, bills payable and letters of credit) as of the dates indicated:

	As of December 31,			As of	As of
	2012	2013	2014	May 31,	September 30,
					(Unaudited)
Property, plant and equipment	329.7	1,301.1	1,106.1	1,310.2	1,063.3
Prepaid lease payments	118.1	93.6	101.9	80.5	56.7
Intangible assets	8,475.9	8,303.2	8,116.3	8,319.0	10,051.6
Trade receivables	233.0	412.3	767.6	709.5	1,318.6
Properties under development	1,946.0	4,858.9	5,544.2	6,286.8	7,889.9
Completed properties for sale	1,052.9	852.1	903.0	881.3	3,477.4
Bank deposits	819.2	1,343.5	1,803.4	1,608.7	1,621.9
Total	12,974.8	17,164.7	18,342.5	19,196.0	25,479.4

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Our bank borrowings were incurred primarily for the purposes of working capital and investment in fixed assets. Other borrowings mainly represented deposits with Gezhouba Finance Company from the Energy China Group and its subsidiaries (other than us).

Our indebtedness increased by RMB7,037.3 million from December 31, 2014 to May 31, 2015, mainly due to the need to meet our working capital requirements.

Our indebtedness increased by RMB7,168.2 million from December 31, 2013 to December 31, 2014, primarily due to (i) an increase in borrowings of RMB3,022.3 million to fund working capital; and (ii) as a part of the Reorganization, we assumed liabilities under the RMB3.0 billion 10-year medium-term note previously issued by Energy China Group. For details, see “History and Corporate Structure – Reorganization – Establishment of Our Company.”

Our indebtedness increased by RMB6,259.4 million from December 31, 2012 to December 31, 2013, mainly due to the expansion of our business volume, working capital requirements and investment in fixed assets.

As of September 30, 2015, the latest practicable date for the purpose of our indebtedness statement, we had RMB362.6 billion of unutilized and unrestricted bank facilities. As of the Latest Practicable Date, we were not subject to any material restrictive covenant in our borrowings. Our Directors confirm that we did not have any material defaults in payment of bank borrowings and other debt financing obligations or breaches of any restrictive covenants during the Track Record Period. In addition, as of September 30, 2015, we had RMB4.5 billion of authorized but unissued debt securities, which comprised unsecured and unguaranteed short-term financing notes. Except for incurring additional bank borrowings and issuing additional corporate bonds and short-term financing notes, our Directors confirm that we currently have no material external debt financing plan before or shortly after the Global Offering.

Save as otherwise disclosed in “– Indebtedness,” as of September 30, 2015, the latest practicable date for the purpose of our indebtedness statement, we had no other debt securities, borrowings, indebtedness, mortgages or guarantees. Since September 30, 2015, there has been no material adverse change in our indebtedness.

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CONTINGENT LIABILITIES

As of September 30, 2015, we were not involved in any material legal, arbitration or administrative proceedings which, if adversely determined, we expect would materially adversely affect our financial position or results of operations, although there can be no assurance that this will be the case in the future.

The following contingent liabilities arise from guarantees given to banks and non-financial institutions in respect of certain banking facilities, as well as mortgage loan guarantees provided to banks in favor of our customers. For details, see note 48(b) of the Accountants' Report included in Appendix I to this prospectus.

	As of December 31,			As of May 31,	As of September 30,
	2012	2013	2014	2015	
	<i>(RMB in millions)</i>			<i>(unaudited)</i>	
Guarantees given to banks and non- financial institutions in respect of banking facilities granted to:					
Fellow subsidiaries	569.0	618.0	928.0	928.0	–
Associates	289.2	555.3	536.9	2,634.1	3,571.9
Investee recognized as available-for- sale financial asset	50.0	130.5	123.0	115.5	79.5
	908.2	1,303.8	1,587.9	3,677.6	3,651.4
Mortgage loan guarantees provided by the Group to banks in favor of its customers	1,949.4	1,725.1	1,638.2	1,566.9	1,390.9
	2,857.6	3,028.9	3,226.1	5,244.5	5,042.3

Our Directors confirm that there has been no material change in our contingent liabilities since September 30, 2015 to the date of this prospectus.

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COMMITMENTS

Operating Lease Commitments

As lessee

We rent certain buildings as office premises under operating lease arrangements. The leases of our rented premises are negotiated with fixed lease term for one to ten years. We had commitments for future minimum lease payments under non-cancelable operating leases as of the dates indicated:

	As of December 31,			As of May 31,	As of September 30,
	2012	2013	2014	2015	
	<i>(RMB in millions)</i>			<i>(Unaudited)</i>	
Within one year	61.0	52.0	68.0	211.0	299.1
One to three years	89.8	65.2	148.1	432.3	425.5
Over three years	38.5	23.1	174.2	265.0	209.0
Total	<u>189.3</u>	<u>140.3</u>	<u>390.3</u>	<u>908.3</u>	<u>933.6</u>

As lessor

We lease certain investment properties and in 2012, 2013 and 2014 and the five months ended May 31, 2014 and 2015, rental income earned from our investment property was approximately RMB29.5 million, RMB46.0 million, RMB55.3 million, RMB15.7 million (unaudited) and RMB24.0 million, respectively. All of our properties leased out have committed tenants for one to three years without termination options granted to tenants.

As of the dates indicated, we had contracted with tenants for the following future minimum lease payments:

	As of December 31,			As of May 31,	As of September 30,
	2012	2013	2014	2015	
	<i>(RMB in millions)</i>			<i>(Unaudited)</i>	
Within one year	1.2	8.4	9.3	8.0	12.3
In the second to third years inclusive	43.8	45.0	46.4	45.8	42.7
Total	<u>45.0</u>	<u>53.4</u>	<u>55.7</u>	<u>53.8</u>	<u>55.0</u>

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Capital Commitments

In addition to the operating lease commitments, we had the following capital commitments as of the dates indicated:

	As of December 31,			As of May 31,	As of September 30,
	2012	2013	2014	2015	
	<i>(RMB in millions)</i>				<i>(Unaudited)</i>
Contracted for but not provided in property, plant and equipment	4,415.4	2,118.5	3,188.7	3,819.8	1,938.5
Authorized but not contracted in property, plant and equipment	–	–	–	–	15.0

OFF-BALANCE SHEET ARRANGEMENTS

As of May 31, 2015, being the date of our most recent financial statements, we did not have any off-balance sheet arrangements.

Financial Ratios

The table below sets forth a summary of our key financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the five months ended May 31,
	2012	2013	2014	2015
Current ratio (times)	1.1	1.1	1.1	1.1
Quick ratio (times)	1.0	1.0	1.1	1.1
Gearing ratio	207.7%	189.5%	136.4%	143.7%
Net debt to equity ratio	105.0%	92.1%	62.6%	81.6%
Return on assets	1.9%	1.6%	2.0%	2.2% ⁽¹⁾
Return on equity	14.9%	10.4%	11.4%	10.7% ⁽¹⁾

(1) These figures have been annualized to be comparable to prior years but are not indicative of the actual results.

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Current ratio

Current ratio represents current assets divided by current liabilities at the end of each period. Our current ratio remained relatively stable during the Track Record Period.

Quick ratio

Quick ratio represents current assets (excluding inventory) divided by current liabilities at the end of each period. Our quick ratio remained relatively stable during the Track Record Period.

Gearing ratio

Gearing ratio represents total interest-bearing debts divided by total equity at the end of each period. Our gearing ratio decreased from 207.7% as of December 31, 2012 to 189.5% as of December 31, 2013, mainly because of a significant increase in our equity due to our profit for the year and re-measurement of defined benefit obligations. Our gearing ratio decreased to 136.4% as of December 31, 2014 primarily due to a significant increase in our equity driven by an appreciation of our net assets pursuant to a valuation in the process of the Reorganization and our profit for the year. Our gearing ratio slightly increased to 143.7% as of May 31, 2015 due to an increase of total debts.

Net debt to equity ratio

Net debt represents total interest-bearing debts net of bank and cash balances and pledged deposits. Our net debt to equity ratio decreased from 105.0% as of December 31, 2012 to 92.1% as of December 31, 2013, mainly because of a significant increase in our equity due to our profit for the year and re-measurement of defined benefit obligations. Our net debt to equity ratio decreased to 62.6% as of December 31, 2014 primarily due to a significant increase in our equity driven by an appreciation of our net assets pursuant to a valuation in the process of the Reorganization, contributions by our owners and our profit for the year. Our net debt to equity ratio increased to 81.6% as of May 31, 2015 due to an increase of our net debt.

Return on assets

Return on assets is our profit for the year divided by the average value of beginning and ending balances of our total assets for each period. Our return on assets decreased from 1.9% in 2012 to 1.6% in 2013, primarily due to an increase in our total assets. Our return on assets increased to 2.0% in 2014, primarily attributable to a significant increase in our profit for the year. Our annualized return on total assets was 2.2% in the five months ended May 31, 2015.

Return on equity

Return on equity is our net profit divided by the average value of beginning and ending balances of our equity for each period. Our return on equity decreased from 14.9% in 2012 to 10.4% in 2013, primarily due to a significant increase in our equity due to our profit for the

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year and re-measurement of defined benefit obligations. Our return on equity increased to 11.4% in 2014, primarily attributable to a significant increase in our profit for the year, partially offset by a significant increase in our equity. Our annualized return on equity was 10.7% in the five months ended May 31, 2015.

LISTING EXPENSES

The estimated total listing expenses in relation to this Global Offering are estimated to be approximately RMB304.4 million (based on the midpoint of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised). These listing expenses mainly comprise sponsor fees, underwriting commissions, and professional fees paid/payable to legal advisors, the reporting accountants and professional parties for their services rendered in relation to the Listing and the Global Offering, of which a total amount of RMB291.9 million will be deducted from equity. The remaining RMB12.5 million have been or will be charged to our consolidated statement of profit or loss and other comprehensive income for 2015. Our Directors do not expect such expenses to materially impact our results of operations for 2015.

MARKET RISK DISCLOSURE

We are exposed to various types of market risks in the ordinary course of our business, including interest rate risk, currency risk, other price risk, credit risk and liquidity. We manage our exposure to these and other market risks through regular operating and financial activities. For details, see Note 45 in the Accountants' Report included in Appendix I to this prospectus.

Interest rate risk

We are exposed to fair value interest rate risk which arises from fixed rate bank and other borrowings, other loans, corporate bonds, short-term financing notes and finance lease payables.

If interest rates had been 10 basis points higher/lower for bank and cash balances and pledged deposits with all other variables held constant, our post-tax profit in 2012, 2013 and 2014 and the five months ended May 31, 2015 would increase/decrease by approximately RMB15.6 million, RMB17.5 million, RMB22.1 million and RMB8.9 million, respectively.

If interest rates had been 50 basis points higher/lower for floating rate corporate bonds and bank and other borrowings with all other variables held constant, our post-tax profit (net of interest capitalized) in 2012, 2013 and 2014 and the five months ended May 31, 2015 would decrease/increase by approximately RMB99.0 million, RMB81.1 million, RMB82.6 million and RMB58.8 million, respectively.

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Currency risk

Our exposure to currency risk is attributable to bank and cash balances, available-for-sales financial assets, trade and bills receivables, trade and bills payables and bank borrowings which are denominated in the currencies other than the functional currency of the relevant group entities. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.

The sensitivity analysis below has been determined based on a 5% increase/decrease in functional currency of respective group entities against the relevant foreign currencies. 5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in our post-tax profit and our other comprehensive income, where functional currency of respective group entities had strengthened 5% against the relevant foreign currency. For a 5% weakening of functional currency of respective group entities against the relevant foreign currency, there would be an equal and opposite impact on the post-tax profit and other comprehensive income for the year or period.

	Year ended December 31,			Five months ended May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Increase (decrease) in our post-tax profit				
– if RMB strengthens against USD	(21.9)	2.9	(17.3)	(67.6)
– if RMB strengthens against EURO	(2.3)	(3.0)	(6.4)	(3.2)
– if RMB strengthens against others	(38.7)	(20.0)	(20.8)	(11.6)
Decrease in our other comprehensive income				
– if RMB strengthens against HKD	–	–	(6.8)	(7.1)

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Other price risk

We are exposed to other price risk because the fair value of certain available-for-sale financial assets and financial assets at fair value through profit or loss are measured by reference to quoted prices or determined in accordance with Black-Scholes option pricing model. We currently do not have a policy to hedge the other price risk. However, the management closely monitors such risk by maintaining a portfolio of investments with different risks.

The sensitivity analysis below has been determined based on a 10% increase/decrease in equity price of the equity securities mentioned above. 10% is the sensitivity rate used and represents management's assessment of the reasonably possible change in equity price. A positive (negative) number below indicates an increase (decrease) in the our post-tax profit or increase (decrease) in the our other comprehensive income.

	Year ended December 31,			Five months ended May 31,
	2012	2013	2014	2015
	<i>(RMB in millions)</i>			
Increase (decrease) in our post-tax profit				
– as a result of increase in equity price	14.9	13.3	11.0	10.5
– as a result of decrease in equity price	(14.9)	(13.3)	(11.0)	(10.5)
Increase (decrease) in our other comprehensive income				
– as a result of increase in equity price	98.7	114.6	267.2	312.8
– as a result of decrease in equity price	(98.7)	(114.6)	(267.2)	(312.8)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to us. At the end of each reporting period, our maximum exposure is arising from the carrying amount of the respective recognized financial assets as stated in our consolidated statements of financial position and the amount of contingent liabilities in relation to the financial guarantees provided by us.

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We have concentration of credit risk as 5%, 6%, 4% and 5% of the total trade receivables was due from our largest five customers in the PRC as of December 31, 2012, 2013 and 2014 and the five months ended May 31, 2015, respectively. Our remaining customers individually contribute less than 1% of our total trade receivables.

In the opinion of management, we have no significant credit risk with these largest customers as we maintain long-term and stable business relationships with these companies with healthy repayment history. For other trade and bills receivables, our management performs an ongoing individual credit evaluation of our customers' and counterparties' financial conditions, and is of the opinion that the outstanding debts are recoverable.

Liquidity risk

In the management of the liquidity risk, we monitor and maintain a level of bank and cash balances as well as undrawn banking facilities deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and bills payable to ensure compliance with loan covenants.

For details of our remaining contractual maturities for our non-derivative financial liabilities, see Note 45 in the Accountants' Report included in Appendix I to this prospectus.

DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. Any proposed distribution of dividends shall be determined by our Board and will be subject to our shareholders' approval. We currently do not have a fixed dividend payout ratio. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including our results of operations, cash flow, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important. According to PRC law and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory common reserve fund equivalent to 10% of our after-tax profit, as determined under PRC GAAP; and
- allocations that are approved by the shareholders in a shareholders' meeting, if any, to any common reserve fund.

The minimum allocations to the statutory common reserve funds are 10% of our profit after tax, as determined under the Company Law. When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory common reserve fund will be required. In accordance with our Articles of

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Association, after completion of the Global Offering, dividends may be paid only out of distributable profits as determined under PRC GAAP or IFRSs, whichever is lower. Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. There is, however, no assurance that we will be able to declare dividends of such an amount or any amount each year or in any year.

Dividend Distribution Prior to the Listing

In accordance with approval of our board of directors and subject to approval of our shareholders, our shareholders prior to the Global Offering were entitled to special dividends, the amount of which shall be determined based on our consolidated distributable net profits attributable to our shareholders for the period from January 1, 2015 to October 31, 2015, as determined based on the audited consolidated financial statements prepared in accordance with PRC GAAP, after allowance has been made for the allocation to the statutory reserve. Based on our latest management accounts, we estimate such special dividend to be approximately RMB2,613.3 million. The actual amount of such special dividend will be determined upon the completion of a special audit by our independent auditor. We will make an announcement regarding the actual amount of such special dividend before we pay such special dividend.

Our Directors are of the view that we will have sufficient cash resources to pay such special dividend within twelve months after the Listing from (i) cash inflow from operating activities; and (ii) dividends received from our directly owned subsidiaries and associate.

DISTRIBUTABLE RESERVES

We do not have any available distributable reserve as of May 31, 2015.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following of unaudited pro forma statement of adjusted net tangible assets attributable to the equity shareholders of our company has been prepared in accordance with Rule 4.29 of the Listing Rules, and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the equity shareholders of our Company as of May 31, 2015 as if the Global Offering had taken place on May 31, 2015.

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The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of May 31, 2015 or at any future date.

	Consolidated net tangible assets attributable to Shareholders of the Company as of May 31, 2015 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾ <i>(RMB in millions)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of the Company per Share	
				<i>RMB⁽³⁾</i>	<i>HK\$⁽⁴⁾</i>
Based on Offer Price of HK\$1.73 per Share	21,058.0	11,078.0	32,136.0	1.09	1.32
Based on Offer Price of HK\$1.59 per Share	21,058.0	10,174.6	31,232.6	1.06	1.28

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2015 has been calculated based on the audited consolidated net assets of the Group attributable to the owners of the Company of RMB29,342.3 million after deducting intangible assets and goodwill of RMB16,925.6 million and RMB811.2 million, respectively, extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and after adjusting the share of these intangible assets and goodwill by non-controlling interests of RMB9,452.5 million.
- (2) The estimated net proceeds from the Global Offering are based on 8,000,000,000 Shares at the Offer Price of HK\$1.59 and HK\$1.73 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Shares which may be issued pursuant to any exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of RMB0.82309 to HK\$1.00, which was the PBOC rate prevailing on November 18, 2015. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at all.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share is calculated based on 29,600,000,000 Shares, comprising 21,600,000,000 Shares in issue at May 31, 2015 and 8,000,000,000 new Shares to be issued under the Global Offering. It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share is converted from RMB into Hong Kong dollars at the rate of HK\$1.00 to RMB0.82309, which was the PBOC rate prevailing on November 18, 2015. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

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- (5) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at May 31, 2015 do not take into account the Special Dividends, details of which are disclosed in “Financial Information – Dividend Policy – Dividend Distribution Prior to the Listing” in this prospectus. The Company preliminarily estimated that the Special Dividend would amount to approximately RMB2,613.3 million, which would be further adjusted based on the consolidated distributable net profits of the Group attributable to the owners of the Company for the period from January 1, 2015 to October 31, 2015, as determined based on the audited consolidated financial statements of the Group prepared in accordance with PRC GAAP, after allowance has been made for the allocation to the statutory reserve. Had the declaration of Special Dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share would be reduced to RMB0.97 (equivalent to HK\$1.17), based on an Offer Price of HK\$1.59 per Offer Share, and RMB1.00 (equivalent to HK\$1.21), based on an Offer Price of HK\$1.73 per Offer Share.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at May 31, 2015 to reflect any trading result or other transaction of the Group entered into subsequent to May 31, 2015.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE HONG KONG LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances which would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules, with respect to advance to an entity, financial assistance and guarantees to affiliated companies of an issuer, pledging of shares by the controlling shareholder, covenants in loan agreements relating to specific performance of the controlling shareholder, and breach of loan agreement by an issuer.

PROPERTY VALUATION

Our selective property interests are set forth in the Property Valuation Report in Appendix IV to this prospectus. Jones Lang LaSalle Corporate Appraisal and Advisory Limited has valued our selective property interests as of September 30, 2015. A summary of values and valuation certificates issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited are included in the Property Valuation Report set forth in Appendix IV to this prospectus.

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The following table sets forth a summary of such properties, as well as the valuation method and key parameters used in the valuation process:

Property	Total market value in existing state as of September 30, 2015 (RMB in millions)	Valuation method and key parameters
Project Grand Canal Center (京杭廣場) located at the northeast of junction of Xinhua Avenue and Xinhua North Road Tongzhou District Beijing	3,510.0	The valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”
Project Gezhouba Greentown Yulan Garden (葛洲壩綠城玉蘭花園) located on No. 1699 Nong Qinghewan Road Xianghuaqiao Area Qingpu District Shanghai	4,561.0	Our properties were valued in three groups, namely, completed properties held for sale, properties held under development and properties held for future development. For details of the valuation of our selected properties, see the Property Valuation Report in Appendix IV to this prospectus.
Project Blessed Bay (海棠福灣) located at Tufu Bay Resort Lingshui Li Autonomous County Hainan Province	2,346.0	
Project Gezhouba International Plaza (葛洲壩國際廣場) located to the northeast of the junction of Qingnian Road and Changqing Road Jiangnan District Wuhan City Hubei Province	2,170.8	
Project Gezhouba Century Garden (葛洲壩世紀花園) located on the junction of Luoyu East Road and Guandongyuan Fifth Road East Lake High-tech Development Zone Wuhan City Hubei Province	1,883.0	
A parcel of land located at the junction of Heyan Road and Anhuai Xin Cun Road Gulou District Nanjing City Jiangsu Province	Nil	
Total	14,470.8	

FINANCIAL INFORMATION

REGULATORY DISCLOSURE OBLIGATIONS OF CGGC

CGGC, one of our subsidiaries, is listed on the Shanghai Stock Exchange in China. It is required to publish on the website of the Shanghai Stock Exchange, among other things, quarterly interim financial reports containing unaudited financial information prepared in accordance with PRC GAAP, in compliance with applicable PRC securities regulatory requirements. We strongly caution you not to place any reliance on such information when considering investing in our H Shares, because (i) such unaudited financial information was prepared in accordance with PRC GAAP; and (ii) CGGC is a 42.34% indirectly-held subsidiary of ours, and its results of operations is not indicative of ours.

Pursuant to the disclosure obligations under the applicable PRC laws and regulations, including but not limited to the listing rules of the Shanghai Stock Exchange, CGGC is required to make a public announcement, in a timely manner, in the event of any incident which may potentially have a material impact on its share price. CGGC's disclosure of material information is also required to be made to all investors in order to ensure fair dissemination of information, in compliance with the principle of fairness under the applicable PRC laws and regulations. Therefore, with respect of the publication of this prospectus, CGGC is required to make a corresponding public announcement in the PRC.

In connection with the reporting obligations to the Shanghai Stock Exchange, CGGC has published its unaudited quarterly interim financial information for the third quarter of 2015 together with comparative figures for the corresponding period in 2014 prepared in accordance with PRC GAAP. Since CGGC published certain financial information for the nine months ended September 30, 2015 in the PRC prior to the date of this prospectus, we have included in Appendix III to this prospectus the unaudited interim financial information of CGGC for the nine months ended September 30, 2015 prepared in accordance with PRC GAAP together with a reconciliation of the consolidated net profit attributable to owners of CGGC for the nine months ended September 30, 2015 and the consolidated total shareholders' equity attributable to owners of CGGC as at September 30, 2015 prepared in accordance with PRC GAAP, being the same financial reporting standard adopted by CGGC in preparing its statutory financial statements, to IFRS (the "Reconciliation Information"), being the same financial reporting standard as adopted for the preparation of our financial information for the three years ended December 31, 2014 and the five months ended May 31, 2015 as set out in the Accountants' Report in Appendix I to this prospectus. This unaudited interim consolidated financial information of CGGC was reviewed by BDO China Shu Lun Pan Certified Public Accountants LLP, the statutory auditor of CGGC, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

FINANCIAL INFORMATION

The Reconciliation Information extracted from Appendix III is set out below:

Items	Consolidated net profit attributable to owners of CGGC for the nine months ended September 30, 2015	Consolidated total shareholders' equity attributable to owners of CGGC as at September 30, 2015
	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>
Financial information as reported under PRC GAAP	1,794,923,350.34	19,173,505,621.00
Adjustment for safety production expenses (<i>Note</i>)	23,851,190.86	–
Financial information as adjusted under IFRS	1,818,774,541.20	19,173,505,621.00

Note: Under PRC GAAP, CGGC and its subsidiaries accrue safety production expense pursuant to the relevant regulations, such amounts are recognized as expenses with a corresponding credit to a specific reserve within equity. Under IFRS, the expenses are recognized in profit or loss as and when incurred. CGGC and its subsidiaries appropriate the unutilized provision from retained earnings to a specific reserve under IFRS.

Deloitte Touche Tohmatsu, our reporting accountants, was engaged by us to conduct work in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“HKSAE 3000”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) on the Reconciliation Information. The work consisted primarily of:

- (i) comparing the financial information of CGGC and its subsidiaries as reported under PRC GAAP and financial information of CGGC and its subsidiaries as adjusted under IFRS in the Reconciliation Information with Appendix III, as appropriate;
- (ii) considering the adjustment made and evidence supporting the adjustment made in the Reconciliation Information, which included examining the difference in accounting treatment according to the accounting policies adopted by CGGC and its subsidiaries in accordance with PRC GAAP and IFRS; and
- (iii) checking the arithmetic accuracy of the computation of the Reconciliation Information.

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The work carried out by Deloitte Touche Tohmatsu in accordance with HKSAE 3000 did not involve independent examination of any of the underlying consolidated financial information of CGGC. It is different in scope from an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagement issued by the HKICPA and consequently, Deloitte Touche Tohmatsu did not express an audit opinion nor a review conclusion on the Reconciliation Information. Deloitte Touche Tohmatsu's engagement was intended solely for the use of the Directors in connection with this prospectus and may not be suitable for another purpose. Based on the work performed, Deloitte Touche Tohmatsu has concluded that:

- (i) the financial information of CGGC and its subsidiaries as reported under PRC GAAP and financial information of CGGC and its subsidiaries as adjusted under IFRS in the Reconciliation Information is in agreement with Appendix III;
- (ii) the adjustment made in the Reconciliation Information reflects, in all material respects, the difference in accounting treatment according to the accounting policies adopted by CGGC and its subsidiaries in accordance with PRC GAAP and IFRS; and
- (iii) the computation of the Reconciliation Information is arithmetically accurate.

RELATED-PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors believe that each of the related-party transactions set out in note 50 in the Accountants' Report in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's-length basis between the relevant parties and was entered into on normal commercial terms. Our Directors are also of the view that our related-party transactions during the Track Record Period would not distort our track record results or make our historical results not indicative of our future performance.

As of May 31, 2015, all of our balances with related parties were trade in nature, except for the following:

- (i) RMB1,651.9 million of loans to our associate companies and a joint venture, in which RMB14.6 million was settled as of August 31, 2015, RMB66.7 million will be settled prior to Listing, RMB55.2 million will be settled by December 31, 2015 and RMB615.4 million and RMB900.0 million will be settled by March 2016 and March 2017, respectively, pursuant to the respective loan agreement;
- (ii) RMB1,100.0 million of fixed term deposit that Energy China Group placed with Gezhouba Finance Company, or 920 Funds Time Deposit, in which RMB600.0 million will be due in April 2016 and RMB500.0 million will be due in April 2018, pursuant to the deposit agreements. For details, see "Connected Transactions – Non-exempt Continuing Connected Transactions – 2. 920 Funds Time Deposit;"
- (iii) RMB1,031.2 million of deposits that Energy China Group and our fellow subsidiaries placed with Gezhouba Finance Company, which amount was fully settled as of August 31, 2015;

FINANCIAL INFORMATION

- (iv) RMB803.8 million due from Energy China Group, in which RMB251.7 million were settled as of August 31, 2015, and the remaining RMB552.1 million will be settled with the special dividends determined based on our consolidated net profits attributable to our shareholders for the period from January 1, 2015 to October 31, 2015 (for details, see “– Dividend Policy – Dividend Distribution Prior to the Listing”);
- (v) RMB25.0 million of borrowings from an associate company, which amount we expect to settle by October 2016, pursuant to the loan agreement; and
- (vi) RMB54.7 million of other payables to Energy China Group, our fellow subsidiaries and an associate company, which amounts were fully settled as of August 31, 2015, and RMB17.4 million of other payables to our fellow subsidiaries, which amounts we expect to settle prior to Listing.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since May 31, 2015 (being the date to which our latest consolidated audited financial results were prepared) and there is no event since May 31, 2015, which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business – Development Strategies” in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$1.66 per H Share (being the mid-point of the stated range between HK\$1.59 and HK\$1.73 per H Share), we estimate that we will receive net proceeds of approximately HK\$12,910.2 million from the Global Offering after deducting (i) the net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering, and (ii) the underwriting commissions and other estimated expenses in connection with the Global Offering, assuming the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set out below:

- Approximately 45.0%, or HK\$5,809.6 million, is expected to be used for power and infrastructure construction and contracting projects in China and abroad including EPC and PPP projects, among which approximately 50.0% is expected to be used in China and approximately 50.0% abroad;
- Approximately 12.0%, or HK\$1,549.2 million, is expected to be used for the purchase of equipment for our core business such as hoisting equipment used for nuclear power and offshore and onshore wind power and robots for equipment manufacturing;
- Approximately 8.0%, or HK\$1,032.8 million, is expected to be used for fixed assets investment in the expansion and upgrading of our production facilities;
- Approximately 5.0%, or HK\$645.5 million, is expected to be used for significant projects promoting our research and development abilities as well as management abilities, such as power simulation systems;
- Approximately 20.0%, or HK\$2,582.0 million, is expected to be used for repayment of bank loans for working capital and projects, with interest rates ranging from 4.57% to 6.55% per annum and maturity dates ranging from December 2015 to October 2027; and
- Approximately 10.0%, or HK\$1,291.0 million, is expected to be used to fund our working capital for general corporate purpose.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is fixed at HK\$1.73 per H Share, being the high-end of the Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised, the net proceeds will be increased by approximately HK\$548.8 million. If the Offer Price is fixed at HK\$1.59 per H Share, being the low-end of the Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised, the net proceeds will be reduced by approximately HK\$548.8 million. To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes accordingly.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK\$2,034.5 million (assuming an Offer Price of HK\$1.73 per H Share, being the high-end of the Offer Price range stated in this prospectus), (ii) HK\$1,952.2 million (assuming an Offer Price of HK\$1.66 per H Share, being the mid-point of the Offer Price range stated in this prospectus) and (iii) HK\$1,869.8 million (assuming an Offer Price of HK\$1.59 per H Share, being the low-end of the Offer Price range stated in this prospectus).

Additional net proceeds received due to the exercise of any Over-allotment Option will be used for the above purposes accordingly on a pro rata basis in the event that the Over-allotment Option is exercised.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, our Directors currently intend that such proceeds will be placed in short-term interest-bearing instruments, such as liquid fixed-income securities, bank deposits or money market funds with licensed banks or financial institutions in Hong Kong or the PRC.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

Based on a letter issued by NSSF on October 28, 2015, all the net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering will be remitted to an account designated by NSSF in accordance with the relevant PRC laws and regulations. We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholders pursuant to the Global Offering.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with certain cornerstone investors (the “**Cornerstone Investors**” and each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors have agreed to subscribe, or cause their designated entities, to subscribe for such number of Offer Shares in aggregate (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of approximately US\$1,265 million (approximately HK\$9,805 million) (the “**Cornerstone Placing**”) at the Offer Price.

Assuming an Offer Price of HK\$1.59 (being the low end of the Offer Price range set out in this prospectus), the total number of Offer Shares subscribed for by the Cornerstone Investors would be approximately 6,165 million, representing approximately (i) 70.1% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 20.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 20.0% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming an Offer Price of HK\$1.66 (being the mid-point of the Offer Price range set out in this prospectus), the total number of Offer Shares subscribed for by the Cornerstone Investors would be approximately 5,905 million, representing approximately (i) 67.1% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 19.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 19.2% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming an Offer Price of HK\$1.73 (being the high end of the Offer Price range set out in this prospectus), the total number of Offer Shares subscribed for by the Cornerstone Investors would be approximately 5,666 million, representing approximately (i) 64.4% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 19.1% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 18.4% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Each of the Cornerstone Investors has agreed that, if the requirement pursuant to Rule 8.08(3) of the Listing Rules, in which no more than 50% of the Shares in public hands on the Listing Date can be beneficially owned by the three largest public Shareholders cannot be satisfied, the Joint Representatives and our Company have the right to adjust the allocation of the number of Shares to be purchased by the Cornerstone Investor in their sole and absolute discretion to satisfy the requirement pursuant to Rule 8.08(3) of the Listing Rules.

To the best knowledge of our Company, each of the Cornerstone Investors is an independent third party, independent of each other, not our connected person, and not an existing shareholder of our Company. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around December 9, 2015.

CORNERSTONE INVESTORS

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than and pursuant to the respective cornerstone investment agreements). Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial shareholder of our Company (as defined under the Listing Rules). The number of Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering described in “Structure of the Global Offering – The Hong Kong Public Offering.”

Cornerstone Investors

We have entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing. The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

1. *CEZN Limited*

CEZN Limited (“CEZN”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$300 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CEZN will subscribe for would be 1,462,432,000, representing approximately (i) 16.6% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 4.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 4.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that CEZN will subscribe for would be 1,400,764,000, representing approximately (i) 15.9% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 4.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 4.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CEZN will subscribe for would be 1,344,086,000, representing approximately (i) 15.3% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 4.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 4.4% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

CORNERSTONE INVESTORS

CEZN is a company organized in Hong Kong and principally engaged in investment holding. CEZN is wholly owned by Silk Road Fund Co., Ltd. (絲路基金有限責任公司) (“SRF”), a limited liability company organized under the laws of the PRC. SRF is a medium to long-term development and investment fund, established on 29 December 2014. Its initial capital was contributed by the State Administration of Foreign Exchange, China Investment Corporation, Export-Import Bank of China and China Development Bank. SRF invests in a broad spectrum of sectors including infrastructure, resources & energy, industry cooperation and financial cooperation.

2. State Grid International Development Limited

State Grid International Development Limited (“SGID”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$200 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that SGID will subscribe for would be 974,954,000, representing approximately (i) 11.1% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 3.3% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 3.2% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that SGID will subscribe for would be 933,842,000, representing approximately (i) 10.6% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 3.2% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 3.0% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that SGID will subscribe for would be 896,056,000, representing approximately (i) 10.2% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 3.0% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 2.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

SGID is a wholly-owned subsidiary of State Grid Corporation of China (“SGCC”), the largest state-owned PRC grid company, which primarily focuses on the construction and operation of a grid network covering 26 provinces, autonomous regions and municipalities in China. SGID is the exclusive platform to execute overseas power electric asset investment and operation for SGCC.

3. *China Southern Power Grid International (HK) Co., Limited*

China Southern Power Grid International (HK) Co., Limited (“**CSGI HK**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$60 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CSGI HK will subscribe for would be 292,486,000, representing approximately (i) 3.3% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 1.0% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that CSGI HK will subscribe for would be 280,152,000, representing approximately (i) 3.2% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CSGI HK will subscribe for would be 268,816,000, representing approximately (i) 3.1% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

CSGI HK is a wholly-owned subsidiary of China Southern Power Grid Company Limited (“**CSG**”). CSGI HK acts as the foreign investment and finance platform for CSG to conduct overseas business investments in accordance with CSG’s strategy on foreign investment projects. CSG was established on December 29, 2002 after the power sector deregulatory reform in China. CSG is a state-owned enterprise, with SASAC acting as the equity provider. CSG invests, constructs and operates power networks in Guangdong, Guangxi, Yunnan, Guizhou and Hainan provinces and regions. The service area is of one million square kilometers, with a population of 230 million.

4. *Huaneng Renewables (Hong Kong) Limited*

Huaneng Renewables (Hong Kong) Limited (“**Huaneng HK**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

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Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Huaneng HK will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Huaneng HK will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Huaneng HK will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Huaneng HK is a limited liability company incorporated in Hong Kong, and is a wholly-owned subsidiary of Huaneng Renewables Corporation Limited (“**Huaneng Renewables**”). Huaneng HK serves as the overseas platform of Huaneng Renewables and primarily engages in equity investment in companies in wind power industry and related business. Huaneng Renewables is a company incorporated in the PRC whose H shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00958.HK). Huaneng Renewables is a leading pure-play renewable energy company in the PRC with a primary focus on wind and solar power generation.

5. China Datang Overseas (Hong Kong) Co., Limited

China Datang Overseas (Hong Kong) Co., Limited (“**Datang Overseas HK**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Datang Overseas HK will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the

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Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Datang Overseas HK will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Datang Overseas HK will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Datang Overseas HK is a company incorporated in Hong Kong with limited liability, engaging in electricity and energy investment. It is a subsidiary of China Datang Corporation (“CDT”). CDT is an extra large scale power generation enterprise group established on December 29, 2002 on the basis of partial power generation assets of the former State Power Corporation. It is a solely state-owned corporation. CDT is mainly specialized in businesses such as the management of state-owned assets of CDT group, the development, investment, construction, operation and management of electric power, organization of production and sale of thermal power, electric power equipment manufacture, maintenance and commissioning, power technology development and consultation, contracting and consulting services for electronic power engineering and environmental protection projects and renewable energy development.

6. Huadian Fuxin International Investment Company Limited

Huadian Fuxin International Investment Company Limited (“**Huadian Fuxin International**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Huadian Fuxin International will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Huadian Fuxin International will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the

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Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Huadian Fuxin International will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Huadian Fuxin International was established in March 2014 as the wholly-owned subsidiary of Huadian Fuxin Energy Corporation Limited (“**Huadian Fuxin**”) and its platform in respect of the overseas clean energy investment, financing and acquisition. Huadian Fuxin, incorporated in 2011, is the sole listed clean energy company among the members of China Huadian Corporation. Huadian Fuxin possesses a portfolio of power generation business covering hydropower, wind power, effective coal-fired power, solar energy, distributed energy, nuclear energy and biomass energy, and the projects and assets are distributed in 27 provinces, cities and autonomous regions within China, and also in Spain. Huadian Fuxin held its initial public offering in June 2012 on the Hong Kong Stock Exchange (Stock Code: 0816.HK). China Huadian Corporation is one of the top five Chinese power generation groups.

7. CGN Investment (HK) Co., Limited

CGN Investment (HK) Co., Limited (“**CGN**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CGN will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that CGN will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end

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of the Offer Price range set out in this prospectus, the total number of Offer Shares that CGN will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

CGN is a company incorporated in Hong Kong. It is wholly owned and controlled by China General Nuclear Power Corporation (中國廣核集團有限公司), which is an international leading clean energy group specialized in nuclear power. China General Nuclear Power Corporation owns three listed companies in Hong Kong, which are CGN Power Co., Ltd. (Stock Code: 01816.HK), CGN Mining Company Limited (Stock Code: 01164.HK) and CGN Meiya Power Holdings Co., Ltd. (Stock Code: 01811.HK), respectively.

8. *China XD Group Corporation*

China XD Group Corporation (“**XD Group**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that XD Group will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that XD Group will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that XD Group will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

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XD Group is a large state-owned enterprise established in the PRC and is wholly owned by SASAC. The predecessor of XD Group is Xi'an Electrical Machinery Manufacturing Company (西安電力機械製造有限公司), which was established in 1959. XD Group mainly engages in research, design, manufacture and sale of electric equipment and machinery, mechatronics product, electronic and telecommunication equipment and regular machinery, and engineering contracting of entire power station and power grid.

9. Zhejiang Energy Group (Hong Kong) Limited

Zhejiang Energy Group (Hong Kong) Limited (“**Zheneng HK**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Zheneng HK will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Zheneng HK will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Zheneng HK will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Zheneng HK is a company incorporated in Hong Kong and the overseas platform directly controlled by Zhejiang Provincial Energy Group Company Ltd. (浙江省能源集團有限公司), a state-owned enterprise principally engaged in investment, development and construction in the energy industry.

10. Beijing Energy Investment Holding (Hong Kong) Co., Limited

Beijing Energy Investment Holding (Hong Kong) Co., Limited (“**Beijing Energy HK**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Beijing Energy HK will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Beijing Energy HK will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Beijing Energy HK will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Beijing Energy HK was established on March 3, 2011, which is a holding company in Hong Kong to realize the “going abroad” goal and implement the overseas investment and financing strategy of Beijing Energy Investment Holding Co., Limited (北京能源投資(集團)有限公司). Beijing Energy HK is the core international investment and financing platform of Beijing Energy Investment Holding Co., Limited (北京能源投資(集團)有限公司).

11. Zhongchuan Investment & Development Co., Ltd.

Zhongchuan Investment & Development Co., Ltd. (“**Zhongchuan Investment**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Zhongchuan Investment will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Zhongchuan Investment will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Zhongchuan Investment will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Overallotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Zhongchuan Investment is a wholly-owned subsidiary of China State Shipbuilding Corporation (中國船舶工業集團公司), with its place of registration in Beijing. Its registered capital amounted to RMB5.7 billion in aggregate as of the Latest Practicable Date. China State Shipbuilding Corporation is a large state-owned enterprise directly under the management of the central government of the PRC, comprising a group of China’s powerful key enterprises specialized in building and repairing of marine equipment. As an overseas investment platform of its Corporation, Zhongchuan Investment mainly engages in high-tech industry, industrial investment, investment management, asset management, domestic trade, and advisory services for the aforesaid businesses.

12. Shanghai Everbright Securities Asset Management Co. Ltd.

Shanghai Everbright Securities Asset Management Co. Ltd. (“**Shanghai Everbright**”) (for and on behalf of Shanghai Everbright Securities Asset Management Co. Ltd. Sunshine Finance Overseas (QDII) Directed Asset Management Scheme) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Shanghai Everbright will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Shanghai Everbright will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Shanghai Everbright will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Shanghai Everbright is a company established in China on May 9, 2012. Its predecessor is the asset management department of Everbright Securities Stock Company Limited (光大證券股份有限公司) (Stock Code: 601788.SH). Shanghai Everbright is wholly owned by Everbright Securities Stock Company Limited and is principally engaged in securities asset management business.

13. CNCB (Hong Kong) Investment Limited

CNCB (Hong Kong) Investment Limited (“**CNCB Investment**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

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Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CNCB Investment will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that CNCB Investment will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CNCB Investment will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

CNCB Investment is a company incorporated and registered in Hong Kong, whose business includes, among others, investment holdings. CNCB Investment is the overseas investment and financing platform of China CITIC Bank Corporation Limited (“**CITIC Bank**”). CITIC Bank is a joint stock limited company incorporated in the PRC the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 998.HK).

14. Sichuan Sans Venture Capital Co., Ltd.

Sichuan Sans Venture Capital Co., Ltd. (“**Sichuan Sans**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Sichuan Sans will subscribe for would be 243,738,000, representing approximately (i) 2.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Sichuan Sans will subscribe for would be 233,460,000, representing approximately (i) 2.7% of the Offer Shares under the Global

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Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Sichuan Sans will subscribe for would be 224,014,000, representing approximately (i) 2.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.8% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.7% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Sichuan Sans is an investment company established in the PRC in 2010 with a registered capital of RMB500 million. It is the wholly-owned subsidiary of Sichuan Development Holding Co., Ltd. (四川發展(控股)有限責任公司), which is the provincially integrated industrial investment and financing platform in Sichuan. Sichuan Sans is primarily engaged in the businesses of equity and debt investment and assets management.

15. Ping An of China Asset Management (Hong Kong) Company Limited

As an offshore investment manager of Ping An Life Insurance Company of China, Ltd. (“**Ping An Life Insurance**”), Ping An of China Asset Management (Hong Kong) Company Limited (“**Ping An HK**”) has agreed to subscribe, on behalf of Ping An Life Insurance, for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$30 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Ping An HK will subscribe for would be 146,242,000, representing approximately (i) 1.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Ping An HK will subscribe for would be 140,076,000, representing approximately (i) 1.6% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Ping An HK will subscribe for would be 134,408,000, representing approximately (i) 1.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.4% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

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Ping An HK, established in May 2006, is the major entity responsible for the overseas investment management business of Ping An Insurance (Group) Company of China, Ltd., a limited company incorporated in the PRC whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 2318. HK) and the Shanghai Stock Exchange (Stock Code: 601318. SH).

16. Shandong State-owned Assets Investment Holdings Co., Ltd.

Shandong State-owned Assets Investment Holdings Co., Ltd. (“**Shandong State-owned Assets Investment**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$30 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Shandong State-owned Assets Investment will subscribe for would be 146,242,000, representing approximately (i) 1.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Shandong State-owned Assets Investment will subscribe for would be 140,076,000, representing approximately (i) 1.6% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Shandong State-owned Assets Investment will subscribe for would be 134,408,000, representing approximately (i) 1.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.4% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Shandong State-owned Assets Investment is a special corporate entity performing the government’s duties both as investor and manager of the relevant state-owned enterprises. It performs the corporate functions of the government as an investor and has both policy and commercial objectives. Shandong State-owned Assets Investment, as authorized by the SASAC of the Shandong Province, acts as an investment and financing platform for material industrial projects as well as an asset transaction and disposal platform. It actively promotes the reform and reorganization of the enterprises under the provincial government’s administration as well as the optimization of industry structure, with an aim of preserving and increasing the value of state-owned assets.

17. CITIC Heavy Industries Co., Ltd.

CITIC Heavy Industries Co., Ltd. (“**CITIC Heavy Industries**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$30 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CITIC Heavy Industries will subscribe for would be 146,242,000, representing approximately (i) 1.7% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that CITIC Heavy Industries will subscribe for would be 140,076,000, representing approximately (i) 1.6% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CITIC Heavy Industries will subscribe for would be 134,408,000, representing approximately (i) 1.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.4% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

CITIC Heavy Industries is a joint stock company incorporated in the PRC and listed on the Shanghai Stock Exchange (Stock Code: 601608.SH). CITIC Heavy Industries is mainly engaged in the development, manufacturing and selling of large-scale equipment, large complete sets of technical equipment, key machinery components, as well as provision of industrial and business solutions in various industries, including mining, construction materials, metallurgy, electricity, nonferrous metals, power saving and environmental protection. CITIC Heavy Industries is one of the largest heavy machinery manufacturing enterprises in the PRC.

18. Hengjian International Investment Holding (Hong Kong) Limited

Hengjian International Investment Holding (Hong Kong) Limited (“**Hengjian International**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$30 million (inclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Hengjian International will subscribe for would be 144,784,000, representing approximately (i) 1.6% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Hengjian International will subscribe for would be 138,678,000, representing approximately (i) 1.6% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.5% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that Hengjian International will subscribe for would be 133,066,000, representing approximately (i) 1.5% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.4% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.4% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

Hengjian International, a company incorporated in Hong Kong, is wholly-owned by Guangdong Hengjian Investment Holding Co., Ltd (“**GD Hengjian**”) as its only overseas investment vehicle. GD Hengjian is wholly state-owned enterprise established by the SASAC of Guangdong Province in 2007, with the support of the People’s Government of Guangdong Province. GD Hengjian undertakes four major functionalities including fundraising, investment, assets management and capital deployment in respect of assets held by the People’s Government of Guangdong Province.

19. *China Construction Investment Co., Ltd*

China Construction Investment Co., Ltd (“**CCI**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$20 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CCI will subscribe for would be 97,494,000, representing approximately (i) 1.1% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.3% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.3% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that CCI will subscribe for would be 93,384,000, representing approximately (i) 1.1% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.3% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.3% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that CCI will subscribe for would be 89,604,000, representing approximately (i) 1.0% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.3% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.3% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

CCI, a company incorporated in the PRC, is a wholly-owned subsidiary of China Construction Technology Consulting Co., Ltd (“**CCTC**”), which is a large-scale state-owned enterprise owned by SASAC. CCI’s principal activities include project management and equity investment and management. CCTC’s principal activities include survey, design, service and construction contracting for construction and municipal engineering.

20. *GE Pacific Private Limited*

GE Pacific Private Limited (“**GE Pacific**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased with an aggregate amount of US\$15 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming the Offer Price is fixed at HK\$1.59, being the low end of the Offer Price range set out in this prospectus, the total number of Offer Shares that GE Pacific will subscribe for would be 73,120,000, representing approximately (i) 0.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.2% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.2% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.66, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that GE Pacific will subscribe for would be 70,038,000, representing approximately (i) 0.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.2% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.2% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full. Assuming the Offer Price is fixed at HK\$1.73, being the high end of the Offer Price range set out in this prospectus, the total number of Offer Shares that GE Pacific will subscribe for would be 67,204,000, representing approximately (i) 0.8% of the Offer Shares under the Global Offering, assuming that the Over-allotment Option is not exercised; (ii) 0.2% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (iii) 0.2 of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full.

GE Pacific is a company incorporated in the Republic of Singapore and is an indirect wholly-owned subsidiary of General Electric Company, which is a multinational corporation with its shares listed on the New York Stock Exchange (NYSE: GE).

CORNERSTONE INVESTORS

Conditions Precedent

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional in accordance with their respective original terms, or as subsequently varied by agreement of the parties thereto and not having been terminated;
- (b) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares and that such approval or permission having not been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (c) the respective representations, warranties, undertakings and acknowledgements of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are, at the relevant time, accurate, true and not misleading and there being no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor; and
- (d) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Global Offering and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

Restrictions on the Cornerstone Investors' Investment

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and other parties to the relevant cornerstone investment agreement, it will not, whether directly or indirectly, at any time during the period of six(6) months following the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the H Shares subscribed for by it pursuant to the relevant cornerstone investment agreement, other than in certain limited circumstances, such as transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that, among others, such wholly-owned subsidiary undertakes that it will, and the Cornerstone Investor undertakes to procure that such subsidiary will, abide by the terms and restrictions imposed on the Cornerstone Investor.

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HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
CLSA Limited
Morgan Stanley Asia Limited
Goldman Sachs (Asia) L.L.C.
CCB International Capital Limited
CMB International Capital Limited
The Hongkong and Shanghai Banking Corporation Limited
Nomura International (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 440,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Hong Kong Stock Exchange:

- there develops, occurs, exists or comes into force:
 - any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof) or Japan (each a “**Relevant Jurisdiction**”); or

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- any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the RMB against any foreign currencies) in or affecting any Relevant Jurisdiction; or
- any event or series of events in the nature of force majeure (including, without limitation, acts of government, labor disputes, strikes, lock-outs, fire, explosion, earthquake, flooding, tsunami, civil commotion, riots, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption in transportation, destruction of power plant, outbreak of diseases or epidemics, economic sanction, in whatever form) in or affecting any Relevant Jurisdiction; or
- any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or
- any moratorium, suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq Global Market, the London Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange; or
- any general moratorium on commercial banking activities in any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or
- any (A) change or prospective change in exchange controls, currency exchange rates or foreign investment regulations, or (B) any change or prospective change in taxation in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or
- any litigation or claim being threatened or instigated against any member of the Group; or
- a Governmental Authority (as defined in the Hong Kong Underwriting Agreement) or a regulatory body or organization in any Relevant Jurisdiction commencing any investigation or other Proceedings (as defined in the Hong Kong Underwriting Agreement), or announcing an intention to investigate or take other Proceedings, against any member of the Group; or

UNDERWRITING

- any of the chairman, general manager or the executive Director of the Company vacating his office, or any litigation or claim being threatened or instigated against, or a Governmental Authority or a regulatory body or organization in any Relevant Jurisdiction commencing any investigation or other Proceedings, or announcing an intention to investigate or take other Proceedings against any of the chairman, general manager or the executive Director of the Company, or any of them being charged with an indictable offence or prohibited by operation of laws or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory body of any action against any of them or an announcement by any governmental, political, regulatory body that it intends to take any such action against any of them which would affect or is likely to affect the suitability or eligibility of the Company for listing; or
- any petition being presented for the winding-up or liquidation of any member of the Group, or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of the Group; or
- the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction;

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters, (A) is or will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, shareholder's equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospects of the Company or the Group as a whole or to any present or prospective shareholder of the Company in its capacity as such; or (B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or has made or is likely to make or may make it impracticable or inadvisable or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or (C) makes or will make it or may make it impracticable or inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the prospectus, the Application Forms, the Formal Notice, the preliminary offering circular or the offering circular; or

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- there has come to the notice of the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, or any of the Hong Kong Underwriters:
 - that any statement contained in the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incomplete, incorrect or misleading in any material respect or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications so issued or used are not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or
 - non-compliance of the prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or
 - any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the prospectus, not having been disclosed in the prospectus, constitutes a material omission therefrom; or
 - there has been a material breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by the Company or it is (or would when repeated be) untrue, incorrect, incomplete or misleading in any material respect, provided however that where any of such representations, warranties, undertakings or provisions has been given on a materiality basis, then this termination right will be exercisable when such representation, warranty, undertaking or provision is (or would when repeated be) breached in any respect; or
 - any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement if such liability may materially and adversely affect the business or financial or trading position of the Group; or
 - Admission (as defined in the Hong Kong Underwriting Agreement) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld; or

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- any material breach of any of the obligations of the Company under the Hong Kong Underwriting Agreement; or
- any (i) material adverse change or (ii) prospective material adverse change (and, in respect of such prospective material adverse change, it is not or is not likely to be remedied by the Company prior to 8:00 a.m. on the Listing Date) in the earnings, results of operations, business, business prospects, financial or trading position, conditions (financial or otherwise) or prospects of any member of the Group;

then the Joint Representatives may (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters), in their sole and absolute discretion and after consultation with the Company, give notice in writing to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

Undertakings by Us

We have undertaken to the Hong Kong Stock Exchange that, except in certain circumstances prescribed by Rule 10.08 of the Listing Rules or pursuant to the Global Offering and the Over-allotment Option, no further shares or securities convertible into shares of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the date on which our H Shares first commence dealing on the Hong Kong Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing).

Undertakings by our Controlling Shareholder

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholder has undertaken to us and to the Hong Kong Stock Exchange that, except pursuant to the Global Offering (including the Over-allotment Option), it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the “First Six-month Period”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those shares or securities of the Company in respect of which it is shown by this prospectus to be the beneficial owner (as defined in the Listing Rules); or

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- (b) in the period of six months commencing on the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, it would cease to be our controlling shareholder.

In addition, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, our Controlling Shareholder has also undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

- (a) when it pledges or charges any of shares or of other share capital beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such shares or other securities so pledged or charged; and
- (b) when it receives any indications, either verbal or written, from any pledgee or chargee of any of shares or of other securities pledged or charged that such shares or securities will be disposed of, immediately inform us of any such indications.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by the our Controlling Shareholder and announce such as soon as possible after being so informed by our Controlling Shareholder.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Undertakings by Us

We have also undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the Listing Date (“First Six-month Period”), we will not without the prior written consent of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong

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Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of the Company, as applicable), or deposit any share capital or other equity securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities of the Company or any interest therein; or
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the transactions specified above is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six-month Period).

The Company has further agreed that, in the event the Company enters into any of the transactions specified above or offers to or agrees to or announces any intention to effect any such transaction after the First Six-month Period, it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any Shares or other securities of the Company.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that our Company (for itself and on behalf of the Selling Shareholders) will enter into the International Underwriting Agreement with the International Underwriters, among others. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set

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out therein, severally and not jointly, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase their respective proportions of the International Offer Shares which are not taken up under the International Offering.

Our Company and the Selling Shareholders are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot, and the Selling Shareholders to sell, up to an aggregate of 1,320,000,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over allocations (if any) in the International Offering.

It is expected the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Commission and Expenses

The Hong Kong Underwriters will receive a gross underwriting commission of 1.5% on the Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Representatives and the relevant International Underwriters (but not the Hong Kong Underwriters). The Company may also in its sole discretion pay the Hong Kong Underwriters an additional incentive fee of up to 0.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$1.66 per Offer Share (being the mid-point of the indicative Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) are expected to be approximately HK\$251.4 million. Such commissions and fees are payable by our Company. The Selling Shareholders will pay the SFC transaction levy and Hong Kong Stock Exchange trading fee in respect of their respective Sale Shares.

Assuming an Offer Price of HK\$1.66 per H Share (being the mid-point of the indicative Offer Price range), the aggregate commissions and fees (assuming the full payment of discretionary incentive fee and no exercise of the Over-allotment Option), together with listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering are estimated to be approximately HK\$369.8 million in total.

UNDERWRITING

The commission and expenses were determined after arm's length negotiation between the Company and the Hong Kong Underwriters or other parties by reference to the current market conditions.

HONG KONG UNDERWRITERS' INTERESTS IN THE COMPANY

Save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

JOINT SPONSORS' INDEPENDENCE

China International Capital Corporation Hong Kong Securities Limited, being one of the Joint Sponsors, satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

CITIC CLSA Capital Markets Limited, being the other Joint Sponsor, does not consider itself to be independent from our Company according to Rule 3A.07 of the Listing Rules. CITIC CLSA Capital Markets Limited and its affiliates have current business relationships with our Group which may be considered to affect CITIC CLSA Capital Markets Limited's independence for the purposes of Rule 3A.07 of the Listing Rules.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in China and the U.S.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging,

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investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the relevant rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares) whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

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- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangements relating to the over-allotment option and stabilization are set forth in “Structure of the Global Offering.”

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 440,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in “The Hong Kong Public Offering” below; and
- (ii) the International Offering of an aggregate of 8,360,000,000 Offer Shares (subject to reallocation as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in reliance on Rule 144A pursuant to an exemption from the registration requirements of the U.S. Securities Act.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 29.7% of the enlarged registered share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 32.9% of the enlarged registered share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in “Over-allotment Option” below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in “The Hong Kong Public Offering – Reallocation” below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 440,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 5.0% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent approximately 1.5% of the Company’s registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

STRUCTURE OF THE GLOBAL OFFERING

Completion of the Hong Kong Public Offering is subject to the conditions as set out in “Conditions of the Hong Kong Public Offering” below.

Allocation

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: 220,000,000 Offer Shares for pool A and 220,000,000 Offer Shares for pool B. The Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding 1% brokerage, 0.0027% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee payable) or less.

The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding 1% brokerage, 0.0027% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. In addition, multiple or suspected multiple applications and any application for more than 220,000,000 Offer Shares, being the maximum number of Offer Shares initially comprised in pool B in the Hong Kong Public Offering, are liable to be rejected.

Allocation of Offer Shares to investors under the Hong Kong Public Offering, both in relation to pool A and B, will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. In the event of over-applications, the Joint Representatives, after consultation with us, shall apply a clawback mechanism following the closing of the application lists on the following basis:

- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 15 times or more but less than 50 times of the number of H Shares initially available under the Hong Kong Public Offering, then H Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 660,000,000 H Shares, representing 7.5% of the H Shares initially available under the Global Offering.
- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 50 times or more but less than 100 times of the number of the H Shares initially available under the Hong Kong Public Offering, then the number of H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the H Shares available under the Hong Kong Public Offering will be 880,000,000 H Shares, representing 10% of the H Shares initially available under the Global Offering.
- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 100 times or more of the number of the H Shares initially available for subscription under the Hong Kong Public Offering, then the number of H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the H Shares available under the Hong Kong Public Offering will be 1,760,000,000 H Shares, representing 20% of the H Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate. In addition, the Joint Representatives may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

STRUCTURE OF THE GLOBAL OFFERING

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or the applicant (or any person for whose benefit he is making the application) has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$1.73 per H Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "Pricing of the Global Offering" below, is less than the maximum price of HK\$1.73 per H Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply for Hong Kong Offer Shares."

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 7,560,000,000 Offer Shares to be offered by us and 800,000,000 Sale Shares to be sold by the Selling Shareholders.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we and the Selling Shareholders are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Representatives on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Representatives have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot, and the Selling Shareholders to sell, up to 1,320,000,000 additional Offer Shares (consisting of up to 1,200,000,000 additional H Shares to be issued by the Company and up to 120,000,000 additional H Shares to be sold by the Selling Shareholders), representing 15.0% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 4.3% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building" is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Thursday, December 3, 2015, and in any event on or before Wednesday, December 9, 2015, by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company (for itself and on behalf of the Selling Shareholders) and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

STRUCTURE OF THE GLOBAL OFFERING

The Offer Price will not be more than HK\$1.73 per H Share and is expected to be not less than HK\$1.59 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Joint Representatives (for themselves and on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company (for itself and on behalf of the Selling Shareholders), reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) notices of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range. Upon issue of a notice in the reduction of the Offer Price, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholders), will be fixed within such revised offer price range. **Applicants should have regard to the possibility that any announcement of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.** Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application will be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid. In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon with our Company (for itself and on behalf of the Selling Shareholders) and the Joint Representatives (for themselves and on behalf of the Underwriter), will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Representatives may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 5% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives.

STRUCTURE OF THE GLOBAL OFFERING

The net proceeds of the Global Offering accruing to our Company (after deduction of (i) the net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering; and (ii) underwriting fees and estimated expenses payable by our Company in relation to the Global Offering and assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$12,361.4 million, assuming an Offer Price per H Share of HK\$1.59, or approximately HK\$13,459.0 million, assuming an Offer Price per H Share of HK\$1.73 (or if the Over-allotment Option is exercised in full, approximately HK\$14,231.3 million, assuming an Offer Price per H Share of HK\$1.59, or approximately HK\$15,493.5 million, assuming an Offer Price per H Share of HK\$1.73).

The Offer Price for H Shares under the Global Offering is expected to be announced on Wednesday, December 9, 2015.

The indications of interest in the Global Offering, the results of applications and the basis of allocation of Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Wednesday, December 9, 2015 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the website of the Company at www.ceec.net.cn.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, China International Capital Corporation Hong Kong Securities Limited, as Stabilizing Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in compliance with all applicable laws, rules and regulatory requirements in place. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, or its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Stabilizing Manager, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

- (i) purchase, or agree to purchase, any of the Offer Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Offer Shares;
- (ii) in connection with any action described in paragraph (i) above:
 - (A) (1) over-allocate the Offer Shares; or (2) sell or agree to sell the Offer Shares so as to establish a short position in them;
 - (B) purchase or subscribe for or agree to purchase or subscribe for the Offer Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (A) above;
 - (C) sell or agree to sell any of the Offer Shares to liquidate a long position held as a result of those purchases; or
 - (D) offer or attempt to do anything as described in paragraph (ii)(A)(2), (ii)(B) or (ii)(C) above.

The Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Offer Shares, and there is no certainty regarding the extent to which and the time period for which it will maintain any such position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, which may include a decline in the market price of the Offer Shares.

Stabilization cannot be used to support the price of the Offer Shares for longer than the stabilization period, which begins on the day on the Listing Date and ends on the thirtieth day after the last day for lodging of applications under the Hong Kong Public Offering. The stabilization period is expected to expire on Friday, January 1, 2016. After this date, when no further stabilization action may be taken, demand for the H Shares, and therefore their market price, could fall.

Any stabilizing action taken by the Stabilizing Manager, its affiliates or any person acting for it may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilization period. Stabilizing bids or market purchases effected in the course of the stabilization action may be made at any price at or below the Offer Price and can therefore be done at a price below the price the investor has paid in acquiring the Offer Shares.

In connection with the Global Offering, the Joint Representatives may over-allocate up to and not more than an aggregate of 1,320,000,000 additional H Shares and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

STRUCTURE OF THE GLOBAL OFFERING

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

THE SELLING SHAREHOLDERS

Energy China Group and EPPE Company, as the Selling Shareholders, are initially offering 796,202,222 and 3,797,778 Sale Shares respectively as part of the Global Offering. In addition, each of Energy China Group and EPPE Company may sell up to additional 119,430,334 and 569,666 respectively Sale Shares if the Over-allotment Option is exercised in full. Pursuant to a letter issued by the NSSF on October 28, 2015, the NSSF instructed us, among other things, to remit the proceeds (after deducting the SFC transaction levy and Hong Kong Stock Exchange trading fee) from the sale of the Sale Shares currently registered in the name of the Selling Shareholders in the Global Offering to an account designated by the NSSF in accordance with relevant PRC laws and regulations.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, December 10, 2015, it is expected that dealings in the Offer Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, December 10, 2015. Our H Shares will be traded in board lots of 2,000 H Shares each.

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Offer Shares to be issued or sold (including any additional Offer Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering; and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company (for itself and on behalf of the Selling Shareholders) and the Joint Representatives (for themselves and on behalf of the Underwriters), the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares.” In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, November 27, 2015 till 12:00 noon on Wednesday, December 2, 2015 from:

- (i) the following address of the Hong Kong Underwriters:

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Morgan Stanley Asia Limited

Level 46, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.

68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

CMB International Capital Limited

Units 1803-4, 18/F, Bank of America
12 Harcourt Road
Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road Central
Hong Kong

Nomura International (Hong Kong) Limited

30/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) any of the following branches of the receiving banks:

Bank of China (Hong Kong) Limited

District	Branch name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Sheung Wan Branch	252 Des Voeux Road Central
	Lee Chung Street Branch	29-31 Lee Chung Street, Chai Wan
Kowloon	Mong Kok Branch	589 Nathan Road, Mong Kok
New Territories	Ma On Shan Plaza Branch	Shop 2103, Level 2, Ma On Shan Plaza, Sai Sha Road, Ma On Shan
	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui
	Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun

HOW TO APPLY FOR HONG KONG OFFER SHARES

Standard Chartered Bank (Hong Kong) Limited

District	Branch name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong
	Mei Foo Stage I Branch	G/F, 1C Broadway, Mei Foo Sun Chuen Stage I, Lai Chi Kok
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Metroplaza Branch	Shop No. 175-176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
	Tai Po Branch	G/F Shop No. 2, 23-25 Kwong Fuk Road, Tai Po Market, Tai Po

HOW TO APPLY FOR HONG KONG OFFER SHARES

Industrial and Commercial Bank of China (Asia) Limited

District	Branch name	Address
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road Causeway Bay
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
New Territories	Shatin Branch	Shop 22J, Level 3, Shatin Centre
	Tseung Kwan O Branch	Shop Nos. 2011-2012, Level 2, Metro City, Plaza II, 8 Yan King Road, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, November 27, 2015 till 12:00 noon on Wednesday, December 2, 2015 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to Bank of China (Hong Kong) Nominees Limited – China Energy Engineering Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Friday, November 27, 2015	–	9:00 a.m. to 5:00 p.m.
Saturday, November 28, 2015	–	9:00 a.m. to 1:00 p.m.
Monday, November 30, 2015	–	9:00 a.m. to 5:00 p.m.
Tuesday, December 1, 2015	–	9:00 a.m. to 5:00 p.m.
Wednesday, December 2, 2015	–	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, December 2, 2015, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Applications Lists” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) **agree** to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law and the Articles of Association;
- (iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) **agree** that none of the Company, the Selling Shareholders, the Joint Representatives, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) **agree** to disclose to the Company, our H Share Registrar, receiving banks, the Joint Representatives, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, **agree** and **warrant** that you have complied with all such laws and none of the Company, the Selling Shareholders, the Joint Representatives and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) **agree** that your application will be governed by the laws of Hong Kong;
- (xii) **represent, warrant** and **undertake** that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) **warrant** that the information you have provided is true and accurate;
- (xiv) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) **authorize** the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you fulfill the criteria mentioned in the section "personal collection" to collect share certificate(s) and/or refund check(s);
- (xvi) **declare** and **represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) **understand** that the Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website at www.eipo.com.hk. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website at www.eipo.com.hk, you authorize the **White Form eIPO** service provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the **White Form eIPO** service provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, November 27, 2015 until 11:30 a.m. on Wednesday, December 2, 2015 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, December 2, 2015 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “CHINA ENERGY ENGINEERING CORPORATION LIMITED” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of DongJiang – Hong Kong Forest” project initiated by Friends of Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and our H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - declare that only one set of **electronic application instructions** has been given for your benefit;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Selling Shareholders, the Joint Representatives, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Joint Representatives, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures

HOW TO APPLY FOR HONG KONG OFFER SHARES

referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong;
- agree with the Company, for itself and for the benefit of each Shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each Shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):
 - (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;
 - (b) that any award made in such arbitration shall be final and conclusive; and
 - (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree with the Company (for the Company itself and for the benefit of each Shareholder) that H Shares in the Company are freely transferable by their holders; and
- authorize the Company to enter into a contract on its behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders stipulated in the Articles of Association of the Company.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Friday, November 27, 2015 – 9:00 a.m. to 8:30 p.m.⁽¹⁾
- Saturday, November 28, 2015 – 8:00 a.m. to 1:00 p.m.⁽¹⁾
- Monday, November 30, 2015 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Tuesday, December 1, 2015 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Wednesday, December 2, 2015 – 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, November 27, 2015 until 12:00 noon on Wednesday, December 2, 2015 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, December 2, 2015, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the H Share Registrar, the receiving banks, the Joint Representatives, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, December 2, 2015 or such later time under the "Effect of Bad Weather on the Opening of the Applications Lists" below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“Unlisted company” means a company with no equity securities listed on the Hong Kong Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure of the Global Offering – Pricing of the Global Offering” of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 2, 2015. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, December 2, 2015 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable” of this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, December 9, 2015 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at www.ceec.net.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.ceec.net.cn and the Hong Kong Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Wednesday, December 9, 2015;
- from the designated results of allocations website at www.iporeresults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, December 9, 2015 to 12:00 midnight on Tuesday, December 15, 2015;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, December 9, 2015 to Saturday, December 12, 2015;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, December 9, 2015 to Friday, December 11, 2015 at all the receiving bank designated branches and sub-branches.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering” of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.73 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure of the Global Offering – Conditions of the Hong Kong Public Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the check or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, December 9, 2015.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund check(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, December 9, 2015. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m., Thursday, December 10, 2015 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund check(s) and/or share certificate(s) from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, December 9, 2015 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund check(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, December 9, 2015, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before Wednesday, December 9, 2015, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, December 9, 2015, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 9, 2015 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 9, 2015, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, December 9, 2015 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, December 9, 2015, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, December 9, 2015. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 9, 2015 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, December 9, 2015. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, December 9, 2015.

15. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte.
德勤

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

27 November 2015

The Directors

China Energy Engineering Corporation Limited

China International Capital Corporation Hong Kong Securities Limited

CITIC CLSA Capital Markets Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding China Energy Engineering Corporation Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2014 and the five months ended 31 May 2015 (the “Track Record Period”) for inclusion in the prospectus dated 27 November 2015 (the “Prospectus”) in connection with the initial public offering and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was established in the People's Republic of China (the “PRC” or “Mainland China”) on 19 December 2014 (date of establishment) as a joint stock company with limited liability under the Company Law of the PRC as part of the reorganisation (the “Reorganisation”) of China Energy Engineering Group Co., Ltd. (“ENERGY CHINA GROUP”), a state-owned enterprise established in the PRC. Pursuant to the reorganisation as more fully explained in the section headed “History and Corporate Structure” of the Prospectus, the Company became the holding company of the subsidiaries now comprising the Group on 19 December 2014.

During the Track Record Period and as at the date of this report, the particulars of the Company's principal directly-held subsidiaries, which operate in the PRC, are as follows:

Name of subsidiary	Date and place of establishment	Paid up/ registered capital	Equity interests attributable to the Group					Principal activities
			At 31 December		At 31 May		At the date of this report	
			2012	2013	2014	2015		
		RMB						
中國能源建設集團東北電力第一工程有限公司 China Energy Engineering Group Northeast No. 1 Electric Power Engineering Co., Ltd. ("Northeast Power 1 Company")* (Note a)	16 September 1951 PRC	99,277,263	100%	100%	100%	100%	Construction	
中國能源建設集團安徽電力建設第二工程有限公司 China Energy Engineering Group Anhui No. 2 Electric Power Construction Engineering Co., Ltd. ("Anhui Power Construction 2 Company")* (Note b)	9 November 1952 PRC	201,261,650	100%	100%	100%	100%	Construction	
中國能源建設集團黑龍江省火電第三工程有限公司 China Energy Engineering Group Heilongjiang No. 3 Thermal Power Engineering Co., Ltd. ("Heilongjiang Thermal Power 3 Company")* (Note c)	1 January 1962 PRC	350,000,000	100%	100%	100%	100%	Construction	
中國能源建設集團天津電力建設有限公司 China Energy Engineering Group Tianjin Electric Power Construction Co., Ltd. ("Tianjin Power Construction")* (Note z)	15 December 1980 PRC	600,000,000	100%	100%	100%	100%	Construction	
中國能源建設集團浙江火電建設有限公司 China Energy Engineering Group Zhejiang Thermal Power Construction Co., Ltd. ("Zhejiang Thermal Power")* (Note d)	6 April 1982 PRC	700,000,000	100%	100%	100%	100%	Construction	

Name of subsidiary	Date and place of establishment	Paid up/ registered capital	Equity interests attributable to the Group				Principal activities
			At 31 December		At 31 May	At the	
			2012	2013	2014	2015	
		RMB					
中國能源建設集團安徽電力建設第一工程有限公司 China Energy Engineering Group Anhui No. 1 Electric Power Construction Engineering Co., Ltd. ("Anhui Power Construction 1 Company")* (Note e)	11 December 1982 PRC	241,514,000	100%	100%	100%	100%	Construction
中國能源建設集團天津電力設計院有限公司 China Energy Engineering Group Tianjin Electric Power Design Institute Co., Ltd. ("Tianjin Institute")* (Note f)	15 March 1985 PRC	100,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團東北電力第三工程有限公司 China Energy Engineering Group Northeast No. 3 Electric Power Engineering Co., Ltd. ("Northeast Power 3 Company")* (Note g)	7 April 1985 PRC	205,000,000	100%	100%	100%	100%	Construction
中國能源建設集團東北電力第二工程有限公司 China Energy Engineering Group Northeast No. 2 Electric Power Engineering Co., Ltd. ("Northeast Power 2 Company")* (Note h)	27 March 1986 PRC	39,872,700	100%	100%	100%	100%	Construction
中國能源建設集團廣東火電工程有限公司 China Energy Engineering Group Guangdong Thermal Power Engineering Co., Ltd. ("Guangdong Thermal Power")* (Note i)	12 May 1986 PRC	1,000,000,000	100%	100%	100%	100%	Construction
中國能源建設集團山西省電力勘测設計院有限公司 China Energy Engineering Group Shanxi Electric Power Design Institute Co., Ltd. ("Shanxi Institute")* (Note j)	31 July 1986 PRC	600,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction

Name of subsidiary	Date and place of establishment	Paid up/ registered capital	Equity interests attributable to the Group				Principal activities
			At 31 December		At 31 May	At the	
			2012	2013	2014	2015	
		RMB					
中國能源建設集團雲南省電力設計院有限公司 China Energy Engineering Group Yunnan Electric Power Design Institute Co., Ltd. ("Yunnan Institute")* (Note k)	1 March 1987 PRC	160,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團江蘇省電力建設第三工程有限公司 China Energy Engineering Group Jiangsu No. 3 Electric Power Construction Engineering Co., Ltd. ("Jiangsu Power Construction 3 Company")* (Note l)	10 September 1987 PRC	260,000,000	100%	100%	100%	100%	Construction
中國能源建設集團山西電力建設有限公司 China Energy Engineering Group Shanxi Electric Power Construction Co., Ltd. ("Shanxi Power Construction")* (Note aa)	12 May 1988 PRC	377,000,000	100%	100%	100%	100%	Construction
中國能源建設集團新疆電力設計院有限公司 China Energy Engineering Group Xinjiang Electric Power Design Institute Co., Ltd. ("Xinjiang Institute")* (Note m)	3 August 1989 PRC	100,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團廣東電力工程局有限公司 China Energy Engineering Group Guangdong Electric Power Engineering Co., Ltd. ("Guangdong Power Engineering")* (Note n)	26 August 1989 PRC	33,000,000	100%	100%	100%	100%	Construction
中國能源建設集團陝西省電力設計院有限公司 China Energy Engineering Group Shaanxi Electric Power Design Institute Co., Ltd. ("Shaanxi Institute")* (Note o)	18 November 1989 PRC	100,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction

Name of subsidiary	Date and place of establishment	Paid up/ registered capital	Equity interests attributable to the Group				Principal activities
			At 31 December		At 31 May	At the	
			2012	2013	2014	2015	
		RMB					
中國能源建設集團安徽省電力設計院有限公司 China Energy Engineering Group Anhui Electric Power Design Institute Co., Ltd. ("Anhui Institute")*	3 January 1990 PRC	118,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團遼寧電力勘测設計院有限公司 China Energy Engineering Group Liaoning Electric Power Design Institute Co., Ltd. ("Liaoning Institute")*	29 March 1990 PRC	71,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團甘肅省電力設計院有限公司 China Energy Engineering Group Gansu Electric Power Design Institute Co., Ltd. ("Gansu Institute")*	12 April 1990 PRC	80,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團江蘇省電力建設第一工程有限公司 China Energy Engineering Group Jiangsu No. 1 Electric Power Construction Engineering Co., Ltd. ("Jiangsu Power Construction 1 Company")* (Note p)	17 July 1991 PRC	36,483,100	100%	100%	100%	100%	Construction
中國能源建設集團黑龍江省電力設計院有限公司 China Energy Engineering Group Heilongjiang Electric Power Design Institute Co., Ltd. ("Heilongjiang Institute")*	24 April 1993 PRC	100,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團湖南省電力設計院有限公司 China Energy Engineering Group Hunan Electric Power Design Institute Co., Ltd. ("Hunan Institute")* (Note q)	13 October 1993 PRC	80,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction

Name of subsidiary	Date and place of establishment	Paid up/ registered capital	Equity interests attributable to the Group				Principal activities
			At 31 December		At 31 May	At the	
			2012	2013	2014	2015	
		RMB					
中國能源建設集團西北電力建設工程有限公司 China Energy Engineering Group Northwest Electric Power Construction Engineering Co., Ltd. ("Northwest Power Construction")* (Note 1)	13 April 1994 PRC	710,000,000	100%	100%	100%	100%	Construction
中國能源建設集團湖南省火電建設有限公司 China Energy Engineering Group Hunan Thermal Power Construction Co., Ltd. ("Hunan Thermal Power")* (Note 5)	2 May 1995 PRC	249,000,000	100%	100%	100%	100%	Construction
廣西水利電力建設集團有限公司 Guangxi Water Conservancy & Electric Power Construction Group Co., Ltd. ("Guangxi Water & Power Group")*	3 November 1995 PRC	800,000,000	100%	100%	100%	100%	Construction
中國能源建設集團浙江省電力設計院有限公司 China Energy Engineering Group Zhejiang Electric Power Design Institute Co., Ltd. ("Zhejiang Institute")* (Note 1)	2 April 1996 PRC	580,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團黑龍江省火電第一工程有限公司 China Energy Engineering Group Heilongjiang No. 1 Thermal Power Engineering Co., Ltd. ("Heilongjiang Thermal Power 1 Company")* (Note 1)	16 April 1996 PRC	51,628,700	100%	100%	100%	100%	Construction
中國能源建設集團江蘇省電力設計院有限公司 China Energy Engineering Group Jiangsu Electric Power Design Institute Co., Ltd. ("Jiangsu Institute")* (Note 1)	21 September 1990 PRC	300,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction

Name of subsidiary	Date and place of establishment	Paid up/ registered capital	Equity interests attributable to the Group				Principal activities
			At 31 December		At 31 May	At the	
			2012	2013	2014	2015	
		RMB					
中國能源建設集團廣東省電力設計研究院有限公司 China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd. ("Guangdong Institute")* (Note w)	8 November 2001 PRC	1,000,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國葛洲壩集團有限公司 China Gezhouba Group Company Limited ("CGGC Group") (Note x)	10 June 2003 PRC	3,000,000,000	100%	100%	100%	100%	Survey, design, consultancy, construction, civilian blasting, cement sales and real estate development
中國電力工程顧問集團有限公司 China Power Engineering Consulting Group Co., Ltd. ("CPEC")	12 August 2003 PRC	600,000,000	100%	100%	100%	100%	Survey, design, consultancy and construction
中國能源建設集團裝備有限公司 China Energy Engineering Group Equipment Co., Ltd. ("CEEEC")* (Note y)	16 August 2012 PRC	3,597,117,270	100%	100%	100%	100%	Manufacturing of equipment

All subsidiaries above are limited liability companies established in the PRC.

* English name for identification only.

Notes:

- (a) The registered capital of Northeast Power 1 Company was increased from RMB185,000,000 to RMB265,000,000 as at 9 June 2013. On 23 December 2014, the registered capital of Northeast Power 1 Company was decreased from RMB265,000,000 to RMB18,466,800. The registered capital of Northeast Power 1 Company was increased from RMB18,466,800 to RMB99,277,263 as at 20 April 2015.
- (b) The registered capital of Anhui Power Construction 2 Company was increased from RMB81,520,000 to RMB121,520,000 as at 30 April 2014. The registered capital of Anhui Power Construction 2 Company was increased from RMB121,520,000 to RMB200,000,000 as at 12 December 2014. The registered capital of Anhui Power Construction 2 Company was increased from RMB200,000,000 to RMB201,261,650 as at 24 September 2015.
- (c) The registered capital of Heilongjiang Thermal Power 3 Company was increased from RMB210,000,000 to RMB350,000,000 as at 26 December 2014.
- (d) The registered capital of Zhejiang Thermal Power was increased from RMB250,000,000 to RMB700,000,000 as at 23 December 2014.
- (e) The registered capital of Anhui Power Construction 1 Company was increased from RMB88,000,000 to RMB241,514,000 as at 29 December 2014.
- (f) The registered capital of Tianjin Institute was increased from RMB50,000,000 to RMB100,000,000 as at 7 August 2014.
- (g) The registered capital of Northeast Power 3 Company was increased from RMB100,000,000 to RMB131,000,000 as at 9 June 2013 and was further increased from RMB131,000,000 to RMB205,000,000 as at 5 November 2014.
- (h) The registered capital of Northeast Power 2 Company was decreased from RMB110,000,000 to RMB39,872,700 as at 23 December 2014.
- (i) The registered capital of Guangdong Thermal Power was increased from RMB310,000,000 to RMB1,000,000,000 as at 11 December 2014.
- (j) The registered capital of Shanxi Institute was increased from RMB200,000,000 to RMB600,000,000 as at 23 December 2014.
- (k) The registered capital of Yunnan Institute was increased from RMB50,800,000 to RMB160,000,000 as at 5 June 2014.
- (l) The registered capital of Jiangsu Power Construction 3 Company was increased from RMB148,000,000 to RMB260,000,000 as at 22 December 2014.
- (m) The registered capital of Xinjiang Institute was increased from RMB50,000,000 to RMB100,000,000 as at 30 June 2013.
- (n) The registered capital of Guangdong Power Engineering was increased from RMB115,789,130 to RMB220,759,130 as at 28 February 2014 and was further increased from RMB220,759,130 to RMB246,089,130 as at 9 September 2014, and then, decreased from RMB246,089,130 to RMB33,000,000 as at 11 December 2014.
- (o) The registered capital of Shaanxi Institute was increased from RMB60,000,000 to RMB100,000,000 as at 23 December 2014.
- (p) The registered capital of Jiangsu Power Construction 1 Company was increased from RMB132,000,000 to RMB217,000,000 as at 20 October 2012 and then was decreased from RMB217,000,000 to RMB33,000,000 as at 23 December 2014. The registered capital was further increased from RMB33,000,000 to RMB36,483,100 as at 6 May 2015.

- (q) The registered capital of Hunan Institute was increased from RMB20,009,942 to RMB80,000,000 as at 10 December 2014.
- (r) The registered capital of Northwest Power Construction was increased from RMB283,500,546 to RMB430,000,000 as at 21 October 2013 and was further increased from RMB430,000,000 to RMB710,000,000 as at 9 December 2014.
- (s) The registered capital of Hunan Thermal Power was increased from RMB90,410,000 to RMB249,000,000 as at 25 December 2014.
- (t) The registered capital of Zhejiang Institute was increased from RMB200,000,000 to RMB580,000,000 as at 22 December 2014.
- (u) The registered capital of Heilongjiang Thermal Power 1 Company was decreased from RMB100,000,000 to RMB51,628,700 as at 29 December 2014.
- (v) The registered capital of Jiangsu Institute was increased from RMB118,000,000 to RMB268,000,000 as at 8 May 2014 and was further increased from RMB268,000,000 to RMB300,000,000 as at 23 December 2014.
- (w) The registered capital of Guangdong Institute was increased from RMB600,000,000 to RMB1,000,000,000 as at 24 December 2014.
- (x) The registered capital of CGGC Group was increased from RMB2,513,770,000 to RMB3,000,000,000 as at 10 December 2014.
- (y) The registered capital of CEEEC was increased from RMB500,000,000 to RMB1,000,000,000 as at 29 January 2012 and was then increased from RMB1,000,000,000 to RMB3,595,139,420 as at 10 July 2014 and further increased from RMB3,595,139,420 to RMB3,597,117,270 as at 28 May 2015.
- (z) The registered capital of Tianjin Power Construction was increased from RMB130,000,000 to RMB600,000,000 on 17 March 2015.
- (aa) The registered capital of Shanxi Power Construction was increased from RMB177,000,000 to RMB377,000,000 on 26 March 2015.

The above table lists the principal directly-held subsidiaries of the Company which, in the opinion of the directors of the Company (the “Directors”), principally affect the results and net assets of the Group. To give full details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length. Unless otherwise stated, the principal places of operation of these subsidiaries are the same as their place of establishment.

As at the date of this report, the Company has indirect interests in associates and joint ventures as set out in notes 21 and 20, respectively, to section A below.

The Company and its subsidiaries have adopted 31 December as their financial year end date for statutory financial reporting purposes. Deloitte Touche Tohmatsu Certified Public Accountants LLP is the statutory auditor of the Company.

The statutory financial statements of the Company's principal subsidiaries for the Track Record Period were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC (the "PRC GAAP") and were audited by the certified public accountants set out below:

Name of subsidiary	Financial periods	Name of auditor
Northeast Power 1 Company	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Anhui Power Construction 2 Company	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Heilongjiang Thermal Power 3 Company	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Tianjin Power Construction	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Zhejiang Thermal Power	Year ended 31 December 2012	Rui Hua Certified Public Accountants Zhejiang Branch
	Year ended 31 December 2013	Rui Hua Certified Public Accountants Zhejiang Branch
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Anhui Power Construction 1 Company	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Tianjin Institute	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Northeast Power 3 Company	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Northeast Power 2 Company	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Guangdong Thermal Power	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanxi Institute	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Yunnan Institute	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Jiangsu Power Construction 3 Company	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP

Name of subsidiary	Financial periods	Name of auditor
Shanxi Power Construction	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Xinjiang Institute	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Guangdong Power Engineering	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shaanxi Institute	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Anhui Institute	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Liaoning Institute	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants Changchun Branch
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Gansu Institute	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Jiangsu Power Construction 1 Company	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Heilongjiang Institute	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Hunan Institute	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Northwest Power Construction	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Hunan Thermal Power	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Guangxi Water & Power Group	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Zhejiang Institute	Year ended 31 December 2012	Rui Hua Certified Public Accountants Zhejiang Branch
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP

Name of subsidiary	Financial periods	Name of auditor
Heilongjiang Thermal Power 1 Company	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Jiangsu Institute	Year ended 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Guangdong Institute	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
CGGC Group	Year ended 31 December 2012	WUYIGE Certified Public Accountants LLP
	Year ended 31 December 2013	WUYIGE Certified Public Accountants LLP
	Year ended 31 December 2014	BDO China Shu Lun Pan Certified Public Accountants LLP
CPEC	Year ended 31 December 2012	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2013	BDO China Shu Lun Pan Certified Public Accountants LLP
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP
CEEEEC	From 16 August 2012 (date of establishment) to 31 December 2012	Rui Hua Certified Public Accountants
	Year ended 31 December 2013	Rui Hua Certified Public Accountants
	Year ended 31 December 2014	Deloitte Touche Tohmatsu Certified Public Accountants LLP

For the purpose of this report, the Directors have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with accounting policies which conform with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) (the “Underlying Financial Statements”). We have carried out an independent audit on the Underlying Financial Statements in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the “IAASB”).

For the purpose of this report, we have examined the Underlying Financial Statements and carried out such additional audit procedures as we consider necessary in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Financial Information of the Group for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 2 to Section A below. No adjustments are considered necessary to adjust the Underlying Financial Statements in preparation of this report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the Directors who approved their issue. The Directors are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 2 to Section A, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Company as at 31 December 2014 and 31 May 2015 and of the Group as at 31 December 2012, 2013 and 2014 and 31 May 2015, and of the financial performance and cash flows of the Group for the Track Record Period.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the five months ended 31 May 2014 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "31 May 2014 Financial Information") which was prepared by the Directors solely for the purpose of this report. We conducted our review of the 31 May 2014 Financial Information in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. Our review of the 31 May 2014 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 May 2014 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 May 2014 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Five months ended 31 May	
		2012	2013	2014	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
Revenue	6	139,178,056	153,635,362	183,823,961	60,616,765	67,438,182
Cost of sales		(123,554,530)	(137,099,290)	(163,607,503)	(54,168,406)	(59,457,000)
Gross profit		<u>15,623,526</u>	<u>16,536,072</u>	<u>20,216,458</u>	<u>6,448,359</u>	<u>7,981,182</u>
Other income	7	497,628	505,725	656,523	148,819	156,103
Other gains and losses	8	(157,042)	(86,205)	(98,217)	(2,434)	60,887
Selling expenses		(1,226,704)	(1,487,170)	(1,571,500)	(523,073)	(562,147)
Administrative expenses		(8,058,738)	(8,241,257)	(9,030,958)	(3,247,235)	(3,428,671)
Research and development expenses		(734,770)	(1,357,730)	(1,955,429)	(360,076)	(406,156)
Finance income	9	517,554	553,912	621,533	245,026	273,816
Finance costs	9	(2,544,199)	(2,644,538)	(2,962,910)	(1,130,994)	(1,351,888)
Share of profit of joint ventures	20	105,916	215,423	110,704	51,365	37,076
Share of profit (loss) of associates	21	60,101	59,955	31,629	(4,709)	(17,169)
Profit before tax		4,083,272	4,054,187	6,017,833	1,625,048	2,743,033
Income tax expense	10	(1,313,954)	(1,436,730)	(1,922,257)	(404,192)	(713,561)
Profit for the year/period	11	<u>2,769,318</u>	<u>2,617,457</u>	<u>4,095,576</u>	<u>1,220,856</u>	<u>2,029,472</u>
Other comprehensive income (expense), net of income tax:						
Items that will not be reclassified subsequently to profit or loss:						
– Remeasurement of defined benefit obligations		361,513	1,280,290	(1,210,300)	(578,187)	(1,430)
– Income tax relating to remeasurement of defined benefit obligations		(14,193)	(53,110)	50,740	24,308	66
		<u>347,320</u>	<u>1,227,180</u>	<u>(1,159,560)</u>	<u>(553,879)</u>	<u>(1,364)</u>

NOTES	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Items that may be reclassified subsequently to profit or loss:					
– Exchange differences on translating foreign operations	70,529	6,937	(107,238)	25,318	(18,994)
– Net fair value gain (loss) on available-for-sale financial assets	71,126	295,343	2,217,845	(171,901)	253,215
– Reclassification adjustment to profit or loss on disposal of available-for-sale financial assets	(10,760)	–	(32,323)	–	(12,700)
– Income tax relating to item that may be reclassified subsequently to profit or loss	(16,693)	(79,550)	(485,504)	45,807	(23,924)
	<u>114,202</u>	<u>222,730</u>	<u>1,592,780</u>	<u>(100,776)</u>	<u>197,597</u>
Other comprehensive income (expense) for the year/period, net of income tax	<u>461,522</u>	<u>1,449,910</u>	<u>433,220</u>	<u>(654,655)</u>	<u>196,233</u>
Total comprehensive income for the year/period	<u>3,230,840</u>	<u>4,067,367</u>	<u>4,528,796</u>	<u>566,201</u>	<u>2,225,705</u>
Profit for the year/period attributable to:					
Owners of the Company	1,548,322	1,344,247	2,152,848	617,160	1,098,516
Non-controlling interests	1,220,996	1,273,210	1,942,728	603,696	930,956
	<u>2,769,318</u>	<u>2,617,457</u>	<u>4,095,576</u>	<u>1,220,856</u>	<u>2,029,472</u>
Total comprehensive income attributable to:					
Owners of the Company	1,888,015	2,597,424	1,975,655	111,019	1,230,206
Non-controlling interests	1,342,825	1,469,943	2,553,141	455,182	995,499
	<u>3,230,840</u>	<u>4,067,367</u>	<u>4,528,796</u>	<u>566,201</u>	<u>2,225,705</u>
Earnings per share					
– Basic (RMB)	13 <u>0.07</u>	<u>0.06</u>	<u>0.10</u>	<u>0.03</u>	<u>0.05</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

THE GROUP

	NOTES	At 31 December			At
		2012	2013	2014	31 May
		RMB'000	RMB'000	RMB'000	2015
				RMB'000	
NON-CURRENT ASSETS					
Property, plant and equipment	15	22,512,567	24,921,784	26,334,747	26,720,847
Prepaid lease payments	16	2,663,489	2,786,296	7,869,106	7,961,017
Investment properties	17	111,273	389,705	627,393	634,218
Intangible assets	18	15,649,455	15,985,785	16,140,264	16,925,637
Investments in joint ventures	20	618,239	648,777	570,872	2,684,776
Investments in associates	21	870,715	1,035,396	1,720,121	1,626,495
Goodwill	22	22,763	49,730	725,467	811,160
Available-for-sale financial assets	23	4,408,670	4,856,954	7,115,583	7,479,526
Deferred tax assets	24	1,108,167	1,030,286	1,140,755	969,456
Trade receivables	25	333,703	1,693,723	4,474,606	5,265,635
Prepayments, deposits and other receivables	26	889,739	1,003,556	3,188,933	2,180,866
Other loans	27	–	–	817,000	900,000
		<u>49,188,780</u>	<u>54,401,992</u>	<u>70,724,847</u>	<u>74,159,633</u>
CURRENT ASSETS					
Inventories	28	6,597,706	8,495,024	9,528,350	10,048,426
Properties under development for sale	29	13,489,128	14,908,899	16,642,929	17,952,212
Completed properties for sale	29	1,958,976	2,597,112	2,085,983	2,092,851
Amounts due from customers for construction contracts	30	10,951,847	11,451,261	16,562,369	18,946,980
Trade and bills receivables	25	29,371,612	38,257,370	41,959,821	44,912,707
Prepayments, deposits and other receivables	26	16,106,601	18,726,368	23,329,184	30,514,513
Prepaid lease payments	16	80,198	87,008	144,218	147,757
Other loans	27	3,075,000	4,846,532	5,291,546	2,664,564
Financial assets at fair value through profit or loss	31	219,241	205,314	161,397	142,092
Pledged deposits	32	819,227	1,343,458	1,803,386	1,608,722
Bank and cash balances	32	22,219,515	25,810,235	30,651,105	27,367,041
		<u>104,889,051</u>	<u>126,728,581</u>	<u>148,160,288</u>	<u>156,397,865</u>
CURRENT LIABILITIES					
Trade and bills payables	33	31,200,621	41,870,046	51,535,711	54,215,325
Amounts due to customers for construction contracts	30	2,276,237	3,077,664	5,504,889	3,852,701
Other payables and accruals	34	39,414,421	44,666,372	44,975,521	46,059,933
Income tax payable		462,185	571,414	793,688	460,659
Bank and other borrowings	35	17,768,285	18,701,464	23,261,749	26,054,201
Short-term financing notes	38	1,827,562	2,020,515	3,557,772	4,045,864
Defined benefit obligations	39	642,879	615,528	814,558	814,558
Corporate bonds	37	–	1,876,927	505,981	1,083,720
Finance lease payables	36	112,344	133,525	144,445	231,919
Provisions	40	10,541	16,541	112,969	151,328
		<u>93,715,075</u>	<u>113,549,996</u>	<u>131,207,283</u>	<u>136,970,208</u>
NET CURRENT ASSETS		<u>11,173,976</u>	<u>13,178,585</u>	<u>16,953,005</u>	<u>19,427,657</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>60,362,756</u>	<u>67,580,577</u>	<u>87,677,852</u>	<u>93,587,290</u>

	NOTES	At 31 December			At
		2012	2013	2014	31 May
		RMB'000	RMB'000	RMB'000	2015
NON-CURRENT LIABILITIES					
Other payables and accruals	34	211,467	112,835	111,283	112,812
Bank and other borrowings	35	23,428,863	27,401,760	25,863,858	29,512,702
Finance lease payables	36	222,153	122,295	562,167	524,812
Corporate bonds	37	3,218,935	2,581,061	6,109,849	5,589,851
Defined benefit obligations	39	10,256,218	8,693,814	9,614,629	9,559,337
Deferred tax liabilities	24	387,440	461,705	1,032,059	1,187,873
Deferred revenue	41	214,438	330,798	382,488	434,212
		<u>37,939,514</u>	<u>39,704,268</u>	<u>43,676,333</u>	<u>46,921,599</u>
NET ASSETS		<u>22,423,242</u>	<u>27,876,309</u>	<u>44,001,519</u>	<u>46,665,691</u>
Capital and reserves					
Owner's equity		12,901,492	17,082,816	–	–
Issued share capital	42(a)	–	–	21,600,000	21,600,000
Reserves	42(b)	–	–	6,515,913	7,742,302
Equity attributable to owners of the Company		12,901,492	17,082,816	28,115,913	29,342,302
Non-controlling interests	43	9,521,750	10,793,493	15,885,606	17,323,389
TOTAL EQUITY		<u>22,423,242</u>	<u>27,876,309</u>	<u>44,001,519</u>	<u>46,665,691</u>

STATEMENTS OF FINANCIAL POSITION

THE COMPANY

	<i>NOTES</i>	At 31 December 2014	At 31 May 2015
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	15	6,081	6,082
Intangible assets	18	6,502	6,939
Investments in subsidiaries	19	37,052,102	37,097,797
Available-for-sale financial assets	23	211,043	211,043
		<u>37,275,728</u>	<u>37,321,861</u>
CURRENT ASSETS			
Other receivables	26	3,632,922	4,304,437
Other loans	27	1,369,850	1,209,850
Bank and cash balances	32	1,185,737	2,543,240
		<u>6,188,509</u>	<u>8,057,527</u>
CURRENT LIABILITIES			
Other payables and accruals	34	4,150,567	6,058,972
Corporate bonds	37	–	67,500
		<u>4,150,567</u>	<u>6,126,472</u>
NET CURRENT ASSETS		<u>2,037,942</u>	<u>1,931,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>39,313,670</u>	<u>39,252,916</u>
NON-CURRENT LIABILITIES			
Corporate bonds	37	2,984,769	2,985,590
		<u>2,984,769</u>	<u>2,985,590</u>
NET ASSETS		<u>36,328,901</u>	<u>36,267,326</u>
Capital and reserves			
Issued share capital	42(c)	21,600,000	21,600,000
Reserves	42(c)	14,728,901	14,667,326
TOTAL EQUITY		<u>36,328,901</u>	<u>36,267,326</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			Total equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Owner's equity RMB'000	Issued share capital RMB'000	Capital reserve RMB'000			
At 1 January 2012	7,401,907	–	–	7,401,907	7,301,515	14,703,422
Total comprehensive income	1,888,015	–	–	1,888,015	1,342,825	3,230,840
Cash capital contribution by non-controlling shareholders of subsidiaries	–	–	–	–	731,929	731,929
Contributions by owner (note a)	3,766,879	–	–	3,766,879	513,945	4,280,824
Acquisition of subsidiaries (note 51)	–	–	–	–	60,921	60,921
Deemed contributions by owner (note 51)	47,137	–	–	47,137	–	47,137
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	–	(429,385)	(429,385)
Cash dividends to owner (note 12)	(202,446)	–	–	(202,446)	–	(202,446)
At 31 December 2012	12,901,492	–	–	12,901,492	9,521,750	22,423,242
Total comprehensive income	2,597,424	–	–	2,597,424	1,469,943	4,067,367
Cash capital contribution by non-controlling shareholders of subsidiaries	–	–	–	–	247,762	247,762
Contributions by owner (note a)	1,309,015	–	–	1,309,015	4,244	1,313,259
Acquisition of additional interests in subsidiaries	13,699	–	–	13,699	(13,753)	(54)
Acquisition of subsidiaries (note 51)	–	–	–	–	98,686	98,686
Deemed contributions by owner (note 51)	563,743	–	–	563,743	–	563,743
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	–	(535,139)	(535,139)
Cash dividends to owner (note 12)	(302,557)	–	–	(302,557)	–	(302,557)
At 31 December 2013	17,082,816	–	–	17,082,816	10,793,493	27,876,309
Total comprehensive income	1,975,655	–	–	1,975,655	2,553,141	4,528,796
Cash capital contribution by non-controlling shareholders of subsidiaries	–	–	–	–	2,541,158	2,541,158
Contributions by owners (note a)	3,148,349	–	–	3,148,349	2,623	3,150,972
Event-driven revaluation (note 1)	8,619,309	–	–	8,619,309	–	8,619,309
Acquisition of additional interests in a subsidiary	18,457	–	–	18,457	(203,759)	(185,302)
Acquisition of subsidiaries (note 51)	–	–	–	–	864,654	864,654
Disposal of a subsidiary (note 52)	–	–	–	–	(9,099)	(9,099)
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	–	(656,605)	(656,605)
Cash dividends to owner (note 12)	(716,757)	–	–	(716,757)	–	(716,757)
Other distribution to owner (note b)	(603,273)	–	–	(603,273)	–	(603,273)
Deemed distributions to owner (note c)	(1,408,643)	–	–	(1,408,643)	–	(1,408,643)
Conversion of share capital and capital reserve (note d)	(28,115,913)	21,600,000	6,515,913	–	–	–
At 31 December 2014	–	21,600,000	6,515,913	28,115,913	15,885,606	44,001,519

	Attributable to owners of the Company										
	Owner's equity	Issued share capital	Capital reserve	Special reserve	Defined benefit obligation re-measurement reserve	Investments revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	-	21,600,000	6,515,913	-	-	-	-	-	28,115,913	15,885,606	44,001,519
Total comprehensive income	-	-	(5,157)	-	(1,445)	157,220	(18,928)	1,098,516	1,230,206	995,499	2,225,705
Contributions by owner (note a)	-	-	45,695	-	-	-	-	-	45,695	-	45,695
Cash capital contribution by non-controlling shareholders of subsidiaries	-	-	53,797	-	-	-	-	-	53,797	701,217	755,014
Acquisition of subsidiaries (note 51)	-	-	-	-	-	-	-	-	-	141,752	141,752
Transfer to reserves	-	-	-	65,965	-	-	-	(65,965)	-	-	-
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(400,685)	(400,685)
Other deemed distribution to owner (note e)	-	-	(103,309)	-	-	-	-	-	(103,309)	-	(103,309)
At 31 May 2015	-	21,600,000	6,506,939	65,965	(1,445)	157,220	(18,928)	1,032,551	29,342,302	17,323,389	46,665,691
(Unaudited)											
At 1 January 2014	17,082,816	-	-	-	-	-	-	-	17,082,816	10,793,493	27,876,309
Total comprehensive income	111,019	-	-	-	-	-	-	-	111,019	455,182	566,201
Cash capital contribution by non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	2,436,535	2,436,535
Contributions by owner (note a)	1,607,817	-	-	-	-	-	-	-	1,607,817	-	1,607,817
Event-driven revaluation (note 1)	8,619,309	-	-	-	-	-	-	-	8,619,309	-	8,619,309
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(286,638)	(286,638)
Other distribution to owner (note b)	(527,561)	-	-	-	-	-	-	-	(527,561)	-	(527,561)
At 31 May 2014	26,893,400	-	-	-	-	-	-	-	26,893,400	13,398,572	40,291,972

Notes:

- (a) Capital contributions by ENERGY CHINA GROUP and Electric Power Planning & Engineering Institute Co., Ltd. ("EPPE Company," a wholly-owned subsidiary of ENERGY CHINA GROUP) during the Track Record Period and the five months ended 31 May 2014 are set out below:

During the years ended 31 December 2012, 2013 and 2014, State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") initiated the transactions to obtain equity interests in certain companies in the PRC which were not previously owned by SASAC. The equity interests in these companies were then injected by SASAC into ENERGY CHINA GROUP at nil consideration as further capital contribution to ENERGY CHINA GROUP. These companies form part of the Core Business (see definition in note 1 to Section A below) injected into the Company upon its establishment on 19 December 2014 pursuant to the Reorganisation. The investments in these companies are accounted for as capital contributions to the Group by ENERGY CHINA GROUP for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2014.

In addition to the contributions set out in the preceding paragraph, for each of the Track Record Period and the five months ended 31 May 2014, ENERGY CHINA GROUP and EPPE Company also made contributions of (i) defined benefit plan assets amounting to RMB3,283,313,000 to the Group in 2012, details of which are set out in note 39; (ii) a further amount of RMB552,136,000 in 2014 after taking into consideration of the notice (財政部關於印發《企業公司制改建有關國有資本管理與財務處理的暫行規定》的通知) "Provisional Regulation Relating to Corporate Restructuring of Enterprises and Related Management of State-owned Capital and Financial Treatment" issued by the Ministry of Finance ("MOF") (the English name of the notice is a direct translation of the Chinese name), which became effective from 27 August 2002, and other relevant adjustments upon Reorganisation; and (iii) further cash.

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Property, plant and equipment (note 15)	2,855	90,876	14,805	250	–
Intangible assets (note 18)	161	–	7,234	–	–
Amount due from ENERGY CHINA GROUP	–	–	552,136	–	–
Defined benefit plan assets injected to the Group	3,283,313	–	–	–	–
Cash and cash equivalents	766,206	1,080,958	3,645,540	616,360	45,695
Other assets	233,180	181,899	2,060,098	993,688	–
Liabilities	(4,891)	(40,474)	(3,286,626)	(2,481)	–
Non-controlling interests	(513,945)	(4,244)	(2,623)	–	–
Contributions by ENERGY CHINA GROUP	3,766,879	1,309,015	2,990,564	1,607,817	45,695
Cash injected by EPPE Company	–	–	157,785	–	–
	3,766,879	1,309,015	3,148,349	1,607,817	45,695
Representing					
– Cash and cash equivalents	766,206	1,080,958	3,803,325	616,360	45,695
– Other assets	3,519,509	272,774	2,634,273	993,938	–
– Liabilities	(4,891)	(40,473)	(3,286,626)	(2,481)	–
– Non-controlling interests	(513,945)	(4,244)	(2,623)	–	–
	3,766,879	1,309,015	3,148,349	1,607,817	45,695

- (b) Pursuant to the Reorganisation, ENERGY CHINA GROUP arranged the Group to distribute certain assets and liabilities to it in 2014 for the purpose of establishing a wholly-owned subsidiary, EPPE Company. Upon establishment of the Company on 19 December 2014, EPPE Company became one of the shareholders of the Company, details of which are set out in note 1 to section A below. Details of the net assets distributed to ENERGY CHINA GROUP in 2014 were as follows:

	Year ended 31 December 2014	Five months ended 31 May 2014
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Details of net assets distributed		
– Property, plant and equipment (<i>note 15</i>)	94,832	54,565
– Prepaid lease payments (<i>note 16</i>)	1,511	720
– Intangible assets (<i>note 18</i>)	1,537	955
– Cash and cash equivalents	237,649	179,532
– Other assets	428,448	384,605
– Liabilities	(160,704)	(92,816)
	603,273	527,561

- (c) Deemed distribution to owner consists of:

	Year ended 31 December 2014
	<i>RMB'000</i>
Distribution of assets	
– Property, plant and equipment (<i>note 15</i>)	1,051,939
– Prepaid lease payments (<i>note 16</i>)	356,704
	1,408,643

In connection with the Reorganisation, certain property, plant and equipment, and prepared lease payments that do not have perfected titles and ownership certificates historically associated with the Core Business (see note 1 to Section A for definition) that were retained by ENERGY CHINA GROUP and were included in the Financial Information from the beginning of the Track Record Period until the date of establishment of the Company, are reflected as a deemed distribution to owner of the Company immediately prior to the date of establishment of the Company on 19 December 2014.

- (d) As further described in note 2 to Section A below, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of financial position and consolidated statements of cash flows of the Group have been prepared as if the Group had been in existence throughout the Track Record Period. Upon the establishment of the Company on 19 December 2014, the net carrying amount of the assets and liabilities transferred to the Company, including the cash injected by EPPE Company of RMB157,785,000, was converted into the Company's share capital of RMB21,600 million, equivalent to 21,600 million shares of RMB1.00 each, with all the then existing reserves eliminated and the resulting difference dealt with in the capital reserve. Accordingly, the capital reserve, being the difference between the amounts of share capital issued and the net carrying amount of the assets and liabilities, were presented in the reserves of the Group. Separate classes of reserves, including retained profits prior to the establishment of the Company, were not separately disclosed as all of these reserves had been capitalised and incorporated in the capital reserve of the Group pursuant to the Reorganisation.
- (e) The Group incurred certain expenses on behalf of ENERGY CHINA GROUP for the five months ended 31 May 2015 which will not be reimbursed by ENERGY CHINA GROUP to the Group. As such, these transactions are accounted for as other deemed distribution to owner of the Company for the five months ended 31 May 2015.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Operating activities					
Profit before tax	4,083,272	4,054,187	6,017,833	1,625,048	2,743,033
Depreciation of property, plant and equipment	2,227,478	2,973,424	2,731,417	1,018,915	1,575,104
Depreciation of investment properties	17 4,388	29,216	21,536	7,608	15,636
Amortisation of prepaid lease payments	67,929	76,508	93,526	42,385	81,727
Amortisation of intangible assets	18 300,157	375,400	405,296	165,577	247,640
Amortisation of unrealised profit on leaseback transaction	41 –	–	(12,482)	–	(15,668)
Finance costs	9 2,544,199	2,644,538	2,962,910	1,130,994	1,351,888
Finance income	9 (517,554)	(553,912)	(621,533)	(245,026)	(273,816)
Net foreign exchange loss (gain)	70,448	(35,880)	(111,412)	38,868	(32,369)
(Gain) loss on disposal of associates	8 (8,055)	–	294	–	–
Gain on disposal of joint ventures	8 –	–	(112,625)	–	–
Gain on disposal of available-for-sale financial assets	8 (21,411)	(3,911)	(104,003)	–	(76,115)
Gain on disposal of property, plant and equipment	8 (46,023)	(22,417)	(26,493)	(57,745)	(81,173)
Gain on disposal of prepaid lease payments	8 –	(9,873)	(141,047)	(16,743)	–
Gain on disposal of subsidiaries	8 (855)	(378)	–	–	–
Recognition of allowance for trade receivables	8 176,645	414,306	345,298	31,076	159,112
Recognition (reversal) of allowance for other receivables	8 28,019	(140,940)	70,479	6,238	47,803
(Reversal) recognition of allowance on inventories	11 (74,753)	65,562	10,137	(51,079)	42,542
Impairment on available-for-sale financial assets	8 35,262	44,708	1,388	–	28,719
Impairment on property, plant and equipment	8 84,278	28,625	158,001	5,189	585
Impairment on interest in associates	8 –	–	7,482	–	988
Dividend income from available-for-sale financial assets	7 (62,654)	(81,311)	(159,002)	(6,309)	(24,191)
Fair value changes of financial assets at FVTPL	8 2,471	(27,369)	(86,556)	13,578	(32,655)
Gain on remeasurement of interest in associates	8 –	(38,234)	–	–	–
Waiver of certain payables from suppliers and others	7 (76,180)	(73,441)	(30,106)	(8,254)	(24,346)
Government grants related to assets	7 (17,209)	(15,239)	(30,835)	(15,241)	(8,963)
Share of profit of joint ventures	20 (105,916)	(215,423)	(110,704)	(51,365)	(37,076)
Share of profit (loss) of associates	21 (60,101)	(59,955)	(31,629)	4,709	17,169
Operating cash flows before movements in working capital	8,633,835	9,428,191	11,247,170	3,638,423	5,705,574
Increase in trade and bill receivables	(6,046,580)	(8,570,885)	(6,932,123)	(1,704,604)	(3,810,995)
Increase in prepayments, deposits and other receivables	(1,421,650)	(1,341,313)	(1,465,514)	(5,039,732)	(6,990,595)
Decrease (increase) in inventories	1,576,379	(688,499)	(759,745)	(419,456)	(557,592)
(Increase) decrease in completed properties for sale	(1,087,835)	(638,136)	511,129	(113,860)	(6,868)
Increase in properties under development for sale	(3,068,102)	(752,316)	(862,601)	(2,533,612)	(1,080,991)
Increase in amounts due from customers for construction contracts	(1,743,578)	(291,619)	(5,111,108)	(3,773,531)	(2,384,611)
Increase (decrease) in amounts due to customers for construction contracts	2,089,058	801,427	2,429,788	6,858,404	(1,652,188)
Increase in trade and bills payables	5,076,661	8,812,812	9,612,274	668,977	2,680,113
(Decrease) increase in other payables and accruals	(1,799,070)	2,264,610	(891,219)	(2,767,210)	316,836
Decrease in defined benefit obligations	(616,559)	(642,879)	(595,278)	(248,033)	(225,994)
Increase (decrease) in provisions	91	6,000	14,203	409	(12,349)
Decrease in financial assets at fair value through profit or loss	3,264	44,498	130,473	1,603	51,960
Cash generated from (used in) operations	1,595,914	8,431,891	7,327,449	(5,432,222)	(7,967,700)
Income tax paid	(1,998,528)	(1,228,977)	(2,095,715)	(1,319,590)	(1,101,492)
Net cash (used in) generated from operating activities	(402,614)	7,202,914	5,231,734	(6,751,812)	(9,069,192)

APPENDIX I

ACCOUNTANTS' REPORT

NOTES	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Investing activities					
Interest received	440,186	477,883	537,932	165,820	215,219
Purchase of property, plant and equipment	(3,872,794)	(4,810,199)	(2,167,416)	(1,316,515)	(2,858,679)
Addition to prepaid lease payments	(398,802)	(356,512)	(768,138)	(679,871)	(142,695)
Addition to investment properties	–	(196,692)	(7,570)	–	(6,466)
Addition to intangible assets	(1,644,850)	(705,928)	(484,597)	(83,550)	(328,186)
Deposits for investments in joint ventures	–	–	(896,100)	(896,100)	–
Capital contributions to joint ventures	(44,384)	(113,650)	(25,034)	(9,569)	(171,074)
Capital contributions to associates	(176,383)	(479,220)	(772,424)	(142,878)	(30,580)
Purchase of available-for-sale financial assets	(90,693)	(10,036)	(150,756)	–	(139,447)
Proceeds from disposal of property, plant and equipment	512,031	1,056,414	247,323	151,559	553,475
Proceeds from disposal of prepaid lease payments	147,430	280,957	870,260	26,289	54,289
Proceeds from disposal of investment properties	–	–	22,380	20,324	–
Proceeds from disposal of intangible assets	361	2,378	63,837	8,965	12,184
Proceeds from disposal of joint ventures	34,485	189,074	119,380	5,328	101,277
Proceeds from disposal of associates	113,660	190,269	90,641	–	106,049
Proceeds from disposal of available-for-sale financial assets	84,488	106,837	440,518	234,663	63,415
Net (increase) decrease in pledged deposits	(458,329)	(524,231)	(459,928)	(55,586)	194,664
Dividends received from joint ventures	20	–	78,582	78,582	109,461
Dividends received from associates	21	9,765	18,402	19,511	–
Dividends received from available-for-sale financial assets	–	13,987	21,935	6,309	24,191
Net (placement) withdrawal of deposits with original maturity of over three months	–	(150,377)	(641,955)	410,278	205,139
Acquisition of subsidiaries, net of cash acquired	–	(3,893)	(36,785)	(1,127,991)	–
Disposal of subsidiaries, net of cash disposed	52	(13,443)	(3,835)	(2,253)	–
New other loan receivables	–	(625,000)	(4,846,532)	(6,108,546)	(70,370)
Collection of other loan receivables	–	900,000	3,075,000	4,845,854	765,577
Cash advanced to related parties	–	(61,432)	–	–	(241,600)
Repayments of cash advances by related parties	–	–	36,432	14,900	–
Government grants received related to assets	–	170,603	131,599	5,573	–
					76,355
Net cash (used in) from investing activities	(5,113,384)	(7,138,395)	(5,044,782)	(1,585,884)	387,998
Financing activities					
Capital injections from non-controlling interests	731,929	247,762	2,541,158	2,436,535	755,014
Contributions by owner	766,206	1,080,958	3,803,325	616,360	45,695
Acquisition of additional interests in subsidiaries	–	(54)	(185,302)	–	–
Interests paid	(2,610,809)	(2,684,446)	(2,945,595)	(991,244)	(904,627)
New bank and other borrowings	18,495,534	22,928,204	23,273,372	13,528,718	19,315,973
Repayment of bank and other borrowings	(13,216,177)	(19,227,600)	(20,252,989)	(8,174,600)	(13,212,527)
New corporate bonds	–	–	1,100,000	1,050,000	–
Repayment of corporate bonds	(36,344)	(7,723)	(2,058,185)	(95,845)	(77,662)
New short-term financing notes	1,800,000	4,000,000	5,000,000	1,500,000	2,500,000
Repayment of short-term financing notes	(2,103,425)	(3,887,978)	(3,614,534)	(2,000,000)	(2,070,496)
Proceeds from sales and leaseback transaction	–	–	278,492	–	110,228
Repayment of finance lease payables	(12,344)	(113,853)	(125,745)	(119,773)	(136,047)
Advances from related parties	–	249,899	–	–	–
Repayment to related parties	(1,910)	–	(116,291)	(58,144)	(79,648)
Dividends paid to the owner	(202,446)	(302,557)	(716,757)	–	–
Dividends paid to non-controlling shareholders	(373,810)	(541,183)	(633,278)	(5,024)	(49,779)
Other distributions to owner	–	–	(237,649)	(179,532)	–
Expenditures paid on behalf of owner as other deemed distribution	–	–	–	–	(7,589)
Net cash from financing activities	3,236,404	2,841,429	5,060,022	6,457,451	6,188,535
Net (decrease) increase in cash and cash equivalents	(2,279,594)	2,905,948	5,246,974	(1,880,245)	(2,492,659)
Cash and cash equivalents at the beginning of the year/period	22,836,176	20,556,663	23,505,428	23,505,428	28,756,576
Effects of exchange rate changes	81	42,817	4,174	(13,550)	13,375
Cash and cash equivalents at the end of the year/period	20,556,663	23,505,428	28,756,576	21,611,633	26,277,292

NOTES TO THE FINANCIAL INFORMATION

1. GROUP REORGANISATION

The Company was established in the PRC on 19 December 2014 as a joint stock company with limited liability as part of the Reorganisation of ENERGY CHINA GROUP in preparation for the listing of the Company's H shares on the Stock Exchange. The address of the Company's registered office is Building No. 106 Lize Zhongyuan, Chaoyang District, Beijing, the PRC. In the opinion of the Directors, ENERGY CHINA GROUP is the immediate and ultimate holding company of the Company.

Prior to the establishment of the Company, the operations of construction and contracting, survey, design and consultancy, equipment manufacturing, civil explosives and cement production, and investment and other businesses were carried out by various entities owned or controlled by ENERGY CHINA GROUP or directly carried out by ENERGY CHINA GROUP. Pursuant to a reorganisation agreement dated 3 December 2014, the principal operations and business of ENERGY CHINA GROUP (the "Core Business") were transferred to the Company which include:

- (i) all operating assets and liabilities relating to the construction and contracting, survey, design and consultancy, equipment manufacturing, civil explosives and cement production, and investment and other businesses of ENERGY CHINA GROUP;
- (ii) contractual rights and obligations relating to the businesses, assets and equity interests transferred to the Company;
- (iii) employees (including their personnel files, records and data with respect to their remuneration and other benefits and related liabilities) relating to the businesses, assets and equity interests transferred to the Company;
- (iv) qualifications, licences and approvals relating to the businesses, assets and equity interests transferred to the Company;
- (v) rights to claim and set-off against third parties and other similar rights in connection with the businesses, assets and equity interests transferred to the Company; and
- (vi) data, books and/or records relating to business, accounting, finance, technology, research and development and all other know-how relating to the businesses transferred to the Company.

In consideration for ENERGY CHINA GROUP transferring the Core Business and other relevant assets to the Company upon its establishment, and for EPPE Company injecting cash of RMB158 million to the Company upon its establishment, the Company issued 21,497,460,000 ordinary shares to ENERGY CHINA GROUP and 102,540,000 ordinary shares to EPPE Company, respectively. The shares issued to ENERGY CHINA GROUP and EPPE Company amounting to 21,600 million shares in aggregate have a par value of RMB1.00 each and represented the entire registered and issued share capital of the Company upon its establishment. As such, the Company is directly owned as to 99.5% by ENERGY CHINA GROUP and 0.5% by EPPE Company.

In connection with the Reorganisation, certain assets, which included certain properties, plant and equipment, and prepaid lease payments that do not have perfected titles and ownership certificates amounting to RMB1,408,643,000 historically associated with the Core Business, that were retained by ENERGY CHINA GROUP and were included in the Financial Information from the beginning of the Track Record Period until the date of establishment of the Company, are reflected as a deemed distribution to owner of the Company immediately prior to the date of establishment of the Company on 19 December 2014.

In addition, ENERGY CHINA GROUP retained those dissimilar businesses and operations as compared with the Core Business (the "Retained Operations") which mainly include the provision of community functions such as health care, education and public security. Retained Operations had distinct and separate management personnel, maintained separate accounting records as if they were autonomous and they were in dissimilar businesses and operations as compared with the Core Business. The Retained Operations are not included in the Financial Information during the Track Record Period.

As part of the Reorganisation, during the year ended 31 December 2014, certain subsidiaries now comprising the Group were transformed from State-owned enterprises to limited liability companies by ENERGY CHINA GROUP. According to certain regulations issued by SASAC, all assets of these entities should be revalued and the

revaluation surplus should be recorded as equity of these subsidiaries upon the transformation. Pursuant to the Reorganisation, an aggregate event-driven revaluation surplus of RMB8,619,309,000, including property, plant and equipment of RMB2,727,290,000 (note 15), prepaid lease payments of RMB5,586,513,000 (note 16), investment properties of RMB215,446,000 (note 17) and intangible assets of RMB90,060,000 (note 18), was adjusted to the carrying value of the respective property, plant and equipment, prepaid lease payments, investment properties and intangible assets to derive the deemed cost of the revalued assets as at 1 January 2014 after the revaluation, details of this revaluation is set out in note 15. As a result, according to the relevant regulations issued by SASAC, the event-driven revalued amount was used as a deemed cost of the revalued assets as at 1 January 2014 after the revaluation.

2. BASIS OF PRESENTATION AND PREPARATION

As discussed in note 1 above, prior to the completion of the Reorganisation, all the Core Business were legally owned and controlled by ENERGY CHINA GROUP. Upon the establishment of the Company on 19 December 2014, all the Core Business were transferred to the Company. As there is no change in the ultimate controlling shareholder of the Core Business, the Reorganisation has been accounted for as a combination of business under common control in a manner similar to a pooling-of-interests. For business combinations other than common control combinations (details of which are set out in note 51), acquisition method is adopted. As a result, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the Group as if the group structure upon completion of the Reorganisation had existed throughout the Track Record Period, or since their respective dates of establishment or date of acquisition, where those is a shorter period. The consolidated statements of financial position as at 31 December 2012 and 2013 included the assets and liabilities of the Group as if the group structure upon completion of the Reorganisation had existed on those dates.

The Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company and its principal subsidiaries, and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Financial Information, the Group has adopted and consistently applied International Accounting Standards (“IASs”), IFRSs, amendments and interpretations issued by the IASB which are effective for the accounting periods beginning on 1 January 2015 throughout the Track Record Period.

At the date of this report, the IASB has issued the following new and revised IASs, IFRSs and amendments that are not yet effective. The Group has not early applied these new and revised IASs, IFRSs and amendments.

IFRS 9	Financial Instruments ¹
IFRS 14	Regulatory Deferral Accounts ²
IFRS 15	Revenue from Contracts with Customers ¹
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ³
Amendments to IAS 27	Equity Method in Separate Financial Statements ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to IAS 1	Disclosure Initiative ³
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle ³

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for first annual IFRS financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2016

Except as described below, the Directors consider that the application of the other new IFRSs and amendments is unlikely to have a material impact on the Group’s financial position and performance as well as disclosure to be set out in the future financial statements of the Group.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship." Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide reasonable estimate of the effect of adoption of IFRS 9 until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in respect of revenue and costs in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of adoption of IFRS 15 until the Group performs a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations***Business combination other than common control combination***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefit* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *share-based payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter periods, regardless of the date of the common control combination.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy for business combination other than common control combination above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the Financial Information using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group.

Investments in subsidiaries

The investments in subsidiaries are stated at deemed cost less accumulated impairment loss, if any.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business. Revenue is recognised as follows:

Revenue for services rendered including research and development, feasibility study, and operation service provided under service concession arrangements, is recognised when services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the group entities.

Revenue from survey, design and consultancy contracts is recognised under the percentage of completion method, when the contract has progressed to a stage where the stage of completion and expected profit on the contract can be estimated reliably and, depending on the nature of the contract, are measured mainly by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Anticipated losses are fully provided on contracts when identified.

The Group's policy for the recognition of revenue from construction services is described in the accounting policy for construction contracts below.

Sale of goods is recognised when goods are delivered and title has passed.

Revenue from sale of properties in the ordinary course of business is recognised when the relevant properties have been completed and delivered to the purchasers pursuant to the sale agreements.

Dividend income from investments is recognised when a group entity's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Deposits and instalments received from customers prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

The Group's policy for the recognition of revenue from operating leases is described in the accounting policy for leasing below.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting periods, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the periods in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for construction contracts. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for construction contracts.

Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and bills receivables.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the periods in which they become receivable.

Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting periods. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position with a charge or credit recognised in other comprehensive income in the periods in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the periods of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the periods to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line items of administrative expenses and finance costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the periods the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost or deemed cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of each item of investment property over its estimated useful life and after taking into account its estimated residual value, using straight-line method.

If an item of investment property becomes owner-occupied property because its use has changed as evidenced by commencement of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to property, plant and equipment for subsequent measurement and disclosure purposes.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the periods in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated statements of financial position at cost or deemed cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting periods, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress is carried at cost, less recognised impairment loss, if any. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to investment property for subsequent measurement and disclosure purposes.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at an amount equals to the fair value of the consideration for provision of construction service upon initial recognition. The intangible asset with finite useful lives is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of the toll roads infrastructures is calculated to write off their cost, over their expected useful lives or the remaining concession period, whichever is the shorter, commencing from the date of commencement of commercial operation of the toll roads, based on a units-of-usage basis, which is the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads as estimated by the management or by reference to traffic projection reports prepared by independent traffic consultants. The management of the Group is of the view that amortisation method based on units-of-usage is a more appropriate and systematic way to reflect the pattern in which the future economic benefits of toll roads are expected to be consumed by the Group.

Amortisation of the wastewater treatment infrastructures is provided using the straight-line method over the service concession period.

Amortisation for mining rights with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mines.

Non-patented technologies, patents, computer software and other intangible assets purchased with finite useful lives are recorded at cost on initial acquisition and subsequently stated at cost less accumulated amortisation and impairment. Amortisation is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting periods, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the periods when the asset is derecognised.

Expenditure on research activities is recognised as an expense in the periods in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the periods in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets (other than goodwill) and investments in subsidiaries, associates and joint ventures.

At the end of each reporting periods, the Group and the Company reviews the carrying amounts of its tangible and intangible assets as well as investment in subsidiaries, associates and joint ventures to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. Any impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis, except for those that are intended to be sold in the ordinary course of business upon completion of the relevant property development project. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as investment properties or property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the periods in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of each reporting periods. Income and expenses are translated at the average exchange rates for the year/period, unless exchange rates fluctuate significantly during the year/period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial periods of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the periods in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting periods.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests/investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting periods and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year/period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Completed properties/properties under development for sale

Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realisable value. Cost includes the land cost, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other directly attributable expenses. Net realisable value represents the selling price estimated by management based on prevailing market conditions less estimated costs of completion, where applicable, and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting periods, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), available-for-sale equity investments ("AFSs") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter periods to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 45.

AFSs

AFSs are non-derivatives that are either designated as available for sale or are not classified as loans and receivables nor financial assets at FVTPL.

Listed equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. The Group has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 45. Dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, deposits and other receivables, other loans, pledged deposits, bank and cash balances) are measured at amortised cost using the effective interest method, less any identified impairment at the end of each reporting periods.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting periods. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial asset, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit periods, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent periods, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFSs, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and bills payables, other payables, bank and other borrowings, corporate bonds, short-term financing notes and finance lease payables) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter periods to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements in applying accounting policy

Acquisition of companies owned by employees of the Group

During the years ended 31 December 2012, 2013 and 2014, SASAC initiated the acquisition of certain companies owned by certain employees of the Group for the purpose of onward injection into ENERGY CHINA GROUP so as to enable ENERGY CHINA GROUP to make injection of these companies into the Group pursuant to the Reorganisation. Under these acquisition transactions initiated by SASAC, the total fair value of the net assets of these companies at the respective dates of acquisition were higher than the purchase consideration amounts, details of which are set out in note 51. As SASAC is the controlling party of ENERGY CHINA GROUP, these bargain purchase gain obtained by SASAC at the date of acquisition of the above subsidiaries are recognised in reserve of the Group as shareholder contribution accordingly upon completion of the acquisition transactions.

De facto control over subsidiary

There is a subsidiary of the Company, CGGC (note 43), in which the Company has less than 50% ownership interest and voting rights. The Group's management exercises its critical judgement when determining whether the Group has de facto control over an entity by evaluating its influence over the entity which includes, but is not limited to:

- (i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- (ii) potential voting rights held by the Group, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Key assumptions and uncertainties about accounting estimates

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each of the Track Record Period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Useful lives and residual value of property, plant and equipment

The Group's management estimates the residual value and useful lives of property, plant and equipment. These estimates are based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and keen competitions from competitors. Management will increase the depreciation charge where residual value or useful lives are less than previously estimated, or will write-off or write-down technically obsolete assets.

As at 31 December 2012, 2013 and 2014, and 31 May 2015, the carrying amounts of property, plant and equipment of the Group were RMB22,513 million, RMB24,922 million, RMB26,335 million and RMB26,721 million, respectively. See note 15 for more details.

Amortisation and impairment assessment of service concession arrangements

The Group recognised the concession rights on the construction and operation of toll roads as intangible assets. Amortisation is calculated based on a units-of-usage basis, which is the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads over the service concession period as estimated by the management. These intangible assets are amortised commencing from the date of commencement of commercial operation.

The management of the Group makes judgement on the estimation of the total expected traffic volume over the service concession period. The total expected traffic volume over the respective service concession periods could change significantly. The Group reviews regularly the total expected traffic volume throughout the operating periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be obtained. When the difference between the actual traffic volume and the previous estimated expected traffic volume of the same period is material or/and there are circumstances came to the attention of the management that the future traffic volume may be significantly different to previous estimate, the Group will review and revise, if considered appropriate, the total expected traffic volume of the remaining period of the service concession, and adjust the future amortisation in accordance with the revised total expected traffic volume. Amortisation of concession rights were RMB227,557,000, RMB282,126,000, RMB290,169,000 and RMB180,928,000 for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015, respectively.

In addition, at the end of each reporting period, the management of the Group reviewed the carrying amounts of the concession rights to determine whether there was any indication that those assets have suffered an impairment loss. The management of the Group was of the view that there was no indication that concession rights have suffered any significant impairment loss on their carrying values at those dates. As such, no impairment loss on concession rights was charged to profit or loss during the Track Record Period.

As at 31 December 2012, 2013 and 2014, and 31 May 2015, the carrying amounts of the concession rights were RMB15,381 million, RMB15,661 million, RMB15,580 million and RMB16,365 million, respectively. See note 18 for more details.

Recognition of deferred tax assets

As at 31 December 2012, 2013 and 2014, and 31 May 2015, deferred tax assets of RMB1,108 million, RMB1,030 million, RMB1,141 million and RMB969 million were recognised in the consolidated statements of financial position. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the periods in which such a reversal takes place. Besides, as at 31 December 2012, 2013 and 2014, and 31 May 2015, due to the unpredictability of future profit streams, the Group does not recognise deferred tax assets on certain deductible tax loss and other deductible temporary differences, details of which are set out in note 24. In cases where the actual future profits generated are higher than expected, the deferred tax assets will be adjusted and recognised in the consolidated statement of profit or loss and other comprehensive income in the periods in which such a situation takes place.

Land appreciation tax

The Group is subject to land appreciation tax in the PRC, according to the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon completion of the property development projects. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

As at 31 December 2012, 2013 and 2014, and 31 May 2015, the amounts of prepayments for land appreciation tax included as part of prepaid taxes in the prepayments, deposits and other receivables (note 26) in the consolidated statements of financial position were RMB4,354,000, RMB36,198,000, RMB57,642,000 and RMB68,190,000, respectively.

As at 31 December 2012, 2013 and 2014, and 31 May 2015, the amounts of provision for land appreciation tax which were included in income tax payable on the consolidated statements of financial position were RMB1,794,000, RMB Nil, RMB Nil and RMB4,646,000, respectively.

Construction contracts

Revenue from individual contract is recognised under the percentage of completion method which requires estimation made by the management. The Group's management estimates the contract revenue, contract costs and foreseeable losses of construction contracts based on the budgets prepared for the contracts. Management reviews and revises the estimation made on budgeted contract revenue and budgeted contract costs as the contract progresses. Variation in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Estimated impairment of receivables

The Group recognises impairment of receivables based on the recoverability of the receivables. If there is any indication that the receivables may be unrecoverable, impairment shall be recognised. The recognition of impairment requires judgement and estimation. If there's difference between the re-estimated results and the existing estimation, it will affect the profit and the carrying amount of receivables during the periods in which the estimation changes. The movements of the impairment losses on trade receivables and other receivables recognised during the Track Record Period are set out in notes 25 and 26, respectively.

Retirement and other supplemental benefit obligations

The retirement and other supplemental benefit obligations are estimated based on a number of factors that are determined on an actuarial basis using a number of assumptions as disclosed in note 39. The accuracy of the estimate mainly depends on the extent of deviation between the actuarial assumptions and the actual conditions. Any changes in these assumptions will have an impact on the carrying amount of retirement and other supplemental benefit obligations.

6. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the Track Record Period and the five months ended 31 May 2014 is as follows:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from:					
Construction contracts	115,911,281	126,764,404	150,742,962	49,768,031	55,406,198
Rendering of other services	7,526,257	9,385,955	10,119,697	4,042,317	4,619,086
Sale of properties	1,762,553	1,541,560	6,277,800	767,415	1,934,112
Sale of goods	13,977,965	15,943,443	16,683,502	6,039,002	5,478,786
Total	139,178,056	153,635,362	183,823,961	60,616,765	67,438,182

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 consultancy");
- Provision of construction and contracting services for large scale power generation, transformation and transmission projects of fossil-fuel power, hydropower, nuclear power, wind farm and solar power in China and overseas, as well as undertaking other types of construction projects, such as water conservancy facilities, transportation, municipal engineering, industrial and civil construction projects ("Construction and contracting");
- Design, manufacturing and sales of various types of equipment for various sectors of the power industry, including mainly auxiliary machinery equipment for power plants, power grid equipment, steel structure, energy-saving and environmental-friendly equipment and complete sets of equipment ("Equipment manufacturing");
- Manufacturing and sales of civil explosives and cement, and the provision of blasting services for construction projects ("Civil explosives and cement production");
- Investing in and operating power plants, infrastructure projects (such as railways and roads) and environmental water project operation, as well as engaging in the real estate developing business ("Investment and other businesses").

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in note 4 above.

Segment revenue and results

Year ended 31 December 2012

	Survey, design and consultancy RMB'000	Construction and contracting RMB'000	Equipment manufacturing RMB'000	Civil explosives and cement production RMB'000	Investment and other businesses RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue							
External segment revenue	11,701,840	104,209,441	8,133,894	5,844,071	9,288,810	–	139,178,056
Intersegment revenue	34,525	3,918,890	120,745	–	–	(4,074,160)	–
Segment revenue	11,736,365	108,128,331	8,254,639	5,844,071	9,288,810	(4,074,160)	139,178,056
Segment results	3,359,053	5,081,534	(292,136)	980,483	1,262,997	(316,154)	10,075,777
Unallocated items							
Cost of sales							(1,039,675)
Other income							497,628
Other gains and losses							(157,042)
Selling expenses							(130,531)
Administrative expenses							(2,967,535)
Research and development expenses							(334,722)
Finance income							517,554
Finance costs							(2,544,199)
Share of profit of joint ventures							105,916
Share of profit of associates							60,101
Profit before tax							4,083,272

Year ended 31 December 2013

	Survey, design and consultancy RMB'000	Construction and contracting RMB'000	Equipment manufacturing RMB'000	Civil explosives and cement production RMB'000	Investment and other businesses RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue							
External segment revenue	12,082,560	114,681,844	8,734,367	7,209,076	10,927,515	–	153,635,362
Intersegment revenue	210,985	4,563,308	185,558	–	55,296	(5,015,147)	–
Segment revenue	12,293,545	119,245,152	8,919,925	7,209,076	10,982,811	(5,015,147)	153,635,362
Segment results	3,629,609	5,392,952	(169,040)	1,061,826	1,705,481	(112,173)	11,508,655
Unallocated items							
Cost of sales							(1,353,739)
Other income							505,725
Other gains and losses							(86,205)
Selling expenses							(175,881)
Administrative expenses							(3,954,879)
Research and development expenses							(574,241)
Finance income							553,912
Finance costs							(2,644,538)
Share of profit of joint ventures							215,423
Share of profit of associates							59,955
Profit before tax							4,054,187

Year ended 31 December 2014

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

Five months ended 31 May 2014 (unaudited)

	Survey, design and consultancy <i>RMB'000</i>	Construction and contracting <i>RMB'000</i>	Equipment manufacturing <i>RMB'000</i>	Civil explosives and cement production <i>RMB'000</i>	Investment and other businesses <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue							
External segment revenue	4,110,782	45,657,249	2,864,380	3,174,622	4,809,732	–	60,616,765
Intersegment revenue	19,240	1,005,706	245,547	–	1,447	(1,271,940)	–
Segment revenue	4,130,022	46,662,955	3,109,927	3,174,622	4,811,179	(1,271,940)	60,616,765
Segment results	1,107,250	2,027,254	(128,963)	579,539	720,117	(56,357)	4,248,840
Unallocated items							
Cost of sales							(311,348)
Other income							148,819
Other gains and losses							(2,434)
Selling expenses							(56,179)
Administrative expenses							(1,442,939)
Research and development expenses							(120,399)
Finance income							245,026
Finance costs							(1,130,994)
Share of profit of joint ventures							51,365
Share of loss of associates							(4,709)
Profit before tax							1,625,048

Five months ended 31 May 2015

	Survey, design and consultancy <i>RMB'000</i>	Construction and contracting <i>RMB'000</i>	Equipment manufacturing <i>RMB'000</i>	Civil explosives and cement production <i>RMB'000</i>	Investment and other businesses <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue							
External segment revenue	4,091,086	51,315,112	2,424,203	3,054,583	6,553,198	–	67,438,182
Intersegment revenue	12,995	1,559,390	500,122	–	10,690	(2,083,197)	–
Consolidated revenue	4,104,081	52,874,502	2,924,325	3,054,583	6,563,888	(2,083,197)	67,438,182
Segment results	1,112,485	3,302,990	(111,521)	457,784	1,031,265	(85,484)	5,707,519
Unallocated items							
Cost of sales							(472,115)
Other income							156,103
Other gains and losses							60,887
Selling expenses							(61,969)
Administrative expenses							(1,481,200)
Research and development expenses							(108,027)
Finance income							273,816
Finance costs							(1,351,888)
Share of profit of joint ventures							37,076
Share of loss of associates							(17,169)
Profit before tax							2,743,033

Geographical information

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

	Year ended 31 December			Five months ended 31 May	
	2012 <i>RMB'000</i>	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>	2014 <i>RMB'000</i>	2015 <i>RMB'000</i>
Segment revenue					
Mainland China	123,232,796	136,477,338	161,140,781	55,290,287	59,208,296
Overseas:					
Pakistan	2,674,774	2,634,584	3,528,935	1,192,051	1,172,042
Iran	987,603	1,371,490	1,131,335	529,620	500,556
Ethiopia	966,102	1,084,294	827,406	562,396	38,069
Others	11,316,781	12,067,656	17,195,504	3,042,411	6,519,219
Total	139,178,056	153,635,362	183,823,961	60,616,765	67,438,182

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Mainland China	42,921,957	46,008,939	56,000,437	58,495,930
Overseas:				
Ethiopia	–	276,043	359,922	326,233
State of Libya	–	101,837	101,424	101,221
Republic of Ecuador	223,161	63,116	70,441	44,502
Others	193,122	371,094	644,679	577,130
Total	43,338,240	46,821,029	57,176,903	59,545,016

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

Revenue from major customers

There is no major individual customers contributing over 10% of the total revenue of the Group for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2014 and 2015.

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.

7. OTHER INCOME

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Government grants					
– grants related to income (<i>note</i>)	332,131	330,234	409,547	117,353	93,879
– grants related to assets (<i>note 41</i>)	17,209	15,239	30,835	15,241	8,963
Dividend income from available-for-sale financial assets	62,654	81,311	159,002	6,309	24,191
Dividend income from financial assets at FVTPL	6,378	3,326	8,304	–	–
Compensation income on contract violation	3,076	2,174	18,729	1,662	4,724
Waiver of certain payables from suppliers and others	76,180	73,441	30,106	8,254	24,346
Total	497,628	505,725	656,523	148,819	156,103

Note: Government grants include various government subsidies received by the Group from relevant government bodies primarily in connection with enterprise expansion, technology advancement and value-added tax refund. There were no unfulfilled conditions or contingencies relating to these grants and subsidies as at the end of each of the reporting periods.

8. OTHER GAINS AND LOSSES

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Net foreign exchange gain/(loss)	39,728	41,878	(47,384)	(8,009)	(41,232)
Gain/(loss) on disposal of:					
– Associates	8,055	–	(294)	–	–
– Joint ventures	–	–	112,625	–	–
– Financial assets at FVTPL	173	1,138	18,214	–	113,662
– Available-for-sale financial assets	21,411	3,911	104,003	–	76,115
– Property, plant and equipment	46,023	22,417	26,493	57,745	81,173
– Prepaid lease payments	–	9,873	141,047	16,743	–
– Subsidiaries (<i>note 52</i>)	855	378	–	–	–
Impairment loss (recognised)/reversal in respect of:					
– Trade receivables (<i>note 25</i>)	(176,645)	(414,306)	(345,298)	(31,076)	(159,112)
– Other receivables (<i>note 26</i>)	(28,019)	140,940	(70,479)	(6,238)	(47,803)
– Available-for-sale financial assets	(35,262)	(44,708)	(1,388)	–	(28,719)
– Interests in associates (<i>note 21</i>)	–	–	(7,482)	–	(988)
– Property, plant and equipment (<i>note 15</i>)	(84,278)	(28,625)	(158,001)	(5,189)	(585)
Fair value changes of financial assets at FVTPL	(2,471)	27,369	86,556	(13,578)	32,655
Gain on remeasurement of interest in an associate	–	38,234	–	–	–
Others	53,388	115,296	43,171	(12,832)	35,721
Total	(157,042)	(86,205)	(98,217)	(2,434)	60,887

9. FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income on:					
Bank and cash balances and pledged deposits	205,243	243,953	253,663	79,793	99,212
Other loans	284,439	210,623	275,073	124,463	137,755
Defined benefit plan assets	27,872	99,336	92,797	40,770	36,849
Total finance income	517,554	553,912	621,533	245,026	273,816
Interest expenses on:					
Bank and other borrowings					
– wholly repayable within five years	1,730,180	1,851,729	2,096,231	798,798	807,325
– not wholly repayable within five years	865,727	837,095	838,023	340,442	347,531
Corporate bonds					
– wholly repayable within five years	101,940	121,597	150,598	41,994	67,083
– not wholly repayable within five years	–	25,179	30,660	12,775	68,320
Finance leases	28,987	21,452	23,661	6,490	14,096
Discounted bills	2,034	13,132	27,286	8,348	15,933
Short-term financing notes	82,712	80,931	151,791	35,248	58,588
Defined benefit obligations	475,122	432,750	597,620	253,711	206,121
	3,286,702	3,383,865	3,915,870	1,497,806	1,584,997
Less: Interest capitalised in					
– Construction in progress	44,420	71,872	83,587	28,775	5,854
– Properties under development	698,083	667,455	869,373	338,037	227,255
Total finance costs	2,544,199	2,644,538	2,962,910	1,130,994	1,351,888

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

10. INCOME TAX EXPENSE

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current enterprise income tax	1,066,946	1,385,547	1,672,194	345,917	396,447
Deferred tax (note 24)	171,529	30,676	13,404	28,021	241,891
Land appreciation tax ("LAT")	75,479	20,507	236,659	30,254	75,223
	1,313,954	1,436,730	1,922,257	404,192	713,561

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

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

The taxation for the year/period can be reconciled to the profit before taxation per consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before tax	4,083,272	4,054,187	6,017,833	1,625,048	2,743,033
Tax at the applicable tax rate of 25%	1,020,818	1,013,547	1,504,458	406,262	685,758
Effect of expenses that are not deductible for tax purposes	265,372	328,220	332,537	72,308	88,995
Tax effect of share of profit of joint ventures	(26,479)	(53,856)	(27,676)	(12,841)	(9,269)
Tax effect of share of results of associates	(15,025)	(14,989)	(7,907)	1,177	4,292
Effect of tax-free income	(18,908)	(30,730)	(41,827)	(1,577)	(6,048)
Effect of unrecognised deductible losses and unrecognised deductible temporary differences	573,117	674,500	478,886	176,519	220,978
Effect of using previously unrecognised deductible losses and previously unrecognised deductible temporary differences	(58,191)	(12,398)	(72,439)	(125,487)	(155,583)
Preferential tax policies	(541,718)	(509,726)	(459,443)	(172,933)	(207,281)
LAT	75,479	20,507	236,659	30,254	75,223
Tax effect of LAT	(18,870)	(5,127)	(59,165)	(7,564)	(18,806)
Others	58,359	26,782	38,174	38,074	35,302
	1,313,954	1,436,730	1,922,257	404,192	713,561

11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging (crediting):

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Directors' and supervisors' emoluments (<i>note 14</i>)	-	-	-	-	1,170
Other staff costs:					
Salaries and other labor costs	12,128,233	13,410,062	15,265,717	5,122,592	5,474,607
Contributions payable to state-managed retirement plans	1,916,316	2,070,971	2,180,881	837,509	847,102
Other social benefits	3,652,713	3,672,663	3,741,194	1,468,124	1,515,602
Total staff and labor costs	17,697,262	19,153,696	21,187,792	7,428,225	7,838,481
Less: Capitalised in properties under development	(32,848)	(38,263)	(41,071)	(9,160)	(22,604)
	17,664,414	19,115,433	21,146,721	7,419,065	7,815,877
Depreciation:					
- Property, plant and equipment (<i>note 15</i>)	2,229,424	2,985,509	2,738,130	1,022,079	1,578,153
- Investment properties (<i>note 17</i>)	4,388	29,216	21,536	7,608	15,636
Less: released from deferred revenue under sales and leaseback transactions (<i>note 41</i>)	-	-	(12,482)	-	(15,668)
	2,233,812	3,014,725	2,747,184	1,029,687	1,578,121
Less: capitalised in construction in progress	(1,946)	(12,085)	(4,657)	(1,940)	(2,012)
Less: capitalised in properties under development	-	-	(2,056)	(1,224)	(1,037)
	2,231,866	3,002,640	2,740,471	1,026,523	1,575,072
Amortisation:					
- Intangible assets (included in administrative expenses)	125,217	137,621	142,693	68,413	103,052
- Intangible assets (included in selling expenses)	131	52	297	122	174
- Intangible assets (included in cost of sales)	174,809	237,727	262,306	97,042	144,414
Subtotal (<i>note 18</i>)	300,157	375,400	405,296	165,577	247,640
- Prepaid lease payments (<i>note 16</i>)	68,213	76,794	94,246	42,552	81,846
Less: capitalised in construction in progress	(284)	(286)	(720)	(167)	(119)
	368,086	451,908	498,822	207,962	329,367

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Auditor's remuneration	3,810	3,810	4,700	–	–
Recognition (reversal) of allowance on:					
– Inventories	(74,753)	65,562	10,137	(51,079)	42,542
– Trade receivables (<i>note 25</i>)	176,645	414,306	345,298	31,076	159,112
– Other receivables (<i>note 26</i>)	28,019	(140,940)	70,479	6,238	47,803
Cost of inventories recognised as expense	26,183,266	34,503,316	51,348,900	16,870,345	17,508,555
Operating lease expenses	62,779	93,071	140,529	40,841	76,973
Gross rental income from investment properties	(29,500)	(45,997)	(55,308)	(15,698)	(24,016)
Less: Direct operating expenses (including depreciation of investment properties) incurred for investment properties that generated rental income	19,902	38,338	33,131	11,329	18,694
	(9,598)	(7,659)	(22,177)	(4,369)	(5,322)

12. DIVIDENDS

The cash dividends made during each of the reporting periods were set out below:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Cash dividends paid to ENERGY CHINA GROUP	202,446	302,557	716,757	–	–

Cash dividends paid to ENERGY CHINA GROUP prior to the establishment of the Company on 19 December 2014 represented cash dividends declared and paid by relevant subsidiaries of the Company to their then shareholder, ENERGY CHINA GROUP.

The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of this report.

Except for the above, no other cash dividend was paid or declared during each of the reporting periods.

Following the establishment of the Company, under the Company Law of the PRC and the Company's Articles of Association, profit after tax as reported in the statutory financial statements in accordance with PRC GAAP can only be distributed as dividends after allowances have been made for the following:

- (i) Making up prior year's cumulative losses, if any.
- (ii) Allocations to the statutory reserve of at least 10% of profit after tax, until the fund reaches 50% of the Company's share capital. For the purpose of calculating the transfer to reserve, the profit after tax shall be the amount determined under PRC GAAP. The transfer to this reserve must be made before any distribution of dividends to the shareholders.

The statutory reserve can be used to offset previous years' losses, if any, and part of the statutory reserve can be capitalised as the Company's share capital provided that the amount of the reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

- (iii) Allocations to the discretionary common reserve if approved by the shareholders.

The above reserves cannot be used for purpose other than those for which they are created and are not distributable as cash dividends.

After the listing of the Company's H shares, in accordance with the Articles of Association of the Company, the profit after tax of the Company for the purpose of dividends payment will be the lesser of (i) the profit determined in accordance with PRC GAAP; and (ii) the net profit determined in accordance with IFRSs.

13. EARNINGS PER SHARE

The calculation of basic earnings per share for the years ended 31 December 2012, 2013 and 2014, and the five-month periods ended 31 May 2014 and 2015 is based on the profit attributable to owners of the Company for the years ended 31 December 2012, 2013 and 2014, and the five-month periods ended 31 May 2014 and 2015 and the weighted average number of ordinary shares of 21,497,460,000, 21,497,460,000, 21,501,112,109, 21,497,460,000 (unaudited) and 21,600,000,000 for the years ended 31 December 2012, 2013 and 2014 and the five months ended 31 May 2014 and 2015, respectively.

No diluted earnings per share has been presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2012, 2013 and 2014, and the five-month periods ended 31 May 2014 and 2015.

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors', chief executive's and supervisors' remuneration of the Company for the Track Record Period and the five months ended 31 May 2014 were as follows:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors' fee	-	-	-	-	108
Salaries and other allowances	-	-	-	-	570
Discretionary bonus	-	-	-	-	409
Retirement benefit scheme contributions	-	-	-	-	83
Total	-	-	-	-	1,170
	Directors' fee	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the five months ended 31 May 2015					
Executive directors and chief executive:					
Mr. WANG Jianping [#]	-	82	67	13	162
Mr. DING Yanzhang [#] (chief executive)	-	82	67	13	162
Mr. ZHANG Xianchong [#]	-	74	60	12	146
	-	238	194	38	470
Non-executive director:					
Mr. MA Chuanjing [#]	-	-	-	-	-
Independent non-executive directors:					
Mr. DING Yuanchen [#]	46	-	-	-	46
Mr. WANG Bin [#]	39	-	-	-	39
Mr. ZHENG Qiyu [#]	23	-	-	-	23
Mr. ZHANG Yuming [*]	-	-	-	-	-
	108	-	-	-	108
Supervisors:					
Mr. WANG Baoguo [#]	-	71	57	11	139
Mr. LIAN Yongjiu [#]	-	136	83	17	236
Mr. MAO Xiangqian [#]	-	125	75	17	217
Mr. WEI Zhongxin [*]	-	-	-	-	-
Mr. FU Dexiang [*]	-	-	-	-	-
	-	332	215	45	592
Total	108	570	409	83	1,170

During the years ended 31 December 2012, 2013 and 2014, all the executive directors, non-executive director and supervisors received their emoluments from ENERGY CHINA GROUP, part of which was in respect of their services as employees to the companies now comprising the Group. No apportionment has been made as the Directors consider that it is impracticable to apportion these amounts between their services to the companies now comprising the Group and their services to ENERGY CHINA GROUP.

The executive directors, non-executive director, independent non-executive directors, supervisors and chief executive of the Company were appointed on 19 December 2014.

* The independent non-executive director and supervisors were appointed on 28 May 2015.

Discretionary bonuses are calculated based on the Group's or respective member's performance for such financial period.

Five highest paid individuals

For the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2014 and 2015, the five highest paid employees were not Directors, supervisors nor chief executive of the Group.

Details of the remuneration of the five highest paid individuals for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2014 and 2015, were as follows:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Basic salaries and other allowances	1,080	889	777	353	413
Discretionary bonus	4,229	4,030	4,621	2,275	2,869
Retirement benefit scheme contributions	468	448	205	78	87
	5,777	5,367	5,603	2,706	3,369

Discretionary bonuses are calculated based on the Group's or respective member's performance for such financial year/period.

The number of the five highest paid individuals whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
				<i>(unaudited)</i>	
Not exceeding HKD1,000,000	–	–	–	5	5
HKD1,000,001 to HKD1,500,000	5	5	3	–	–
HKD1,500,001 to HKD2,000,000	–	–	2	–	–
	5	5	5	5	5

During the Track Record Period, no emoluments were paid by the Group to any of the Directors, supervisors, chief executive, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors, supervisors and chief executive has waived any emoluments during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

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	Buildings RMB'000	Machinery RMB'000	Transportation vehicles/vessels RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2012	12,984,484	15,161,460	3,158,985	1,293,647	313,143	699,398	1,719,544	35,330,661
Additions	307,135	1,276,487	499,658	181,102	125,786	–	1,630,424	4,020,592
Transfer within property, plant and equipment	1,135,410	130,663	–	–	–	774	(1,266,847)	–
Acquisition of subsidiaries (note 51)	175,509	–	–	–	–	–	–	175,509
Contribution by owner	2,855	–	–	–	–	–	–	2,855
Transfer to investment properties (note 17)	(46,327)	–	–	–	–	–	(19,552)	(65,879)
Write off/disposals	(213,695)	(559,672)	(266,564)	(135,571)	(23,621)	(93,609)	(41,872)	(1,334,604)
At 31 December 2012	14,345,371	16,008,938	3,392,079	1,339,178	415,308	606,563	2,021,697	38,129,134
Additions	956,056	798,833	625,175	278,659	59,454	181,529	2,019,283	4,918,989
Transfer from investment properties (note 17)	17,634	–	–	–	–	–	–	17,634
Transfer within property, plant and equipment	1,233,636	49,951	–	1,600	–	3,858	(1,289,045)	–
Acquisition of subsidiaries (note 51)	–	1,542,947	–	–	–	–	–	1,542,947
Contribution by owner	90,876	–	–	–	–	–	–	90,876
Disposal of a subsidiary (note 52)	(13)	–	–	–	–	–	–	(13)
Transfer to investment properties (note 17)	(109,717)	–	–	–	–	–	–	(109,717)
Write off/disposals	(480,270)	(1,084,901)	(276,298)	(99,737)	(77,678)	(47,386)	(60,149)	(2,126,419)
At 31 December 2013	16,053,573	17,315,768	3,740,956	1,519,700	397,084	744,564	2,691,786	42,463,431
Additions	337,864	983,855	82,287	127,411	51,740	80,962	1,253,318	2,917,437
Transfer from investment properties (note 17)	28,954	–	–	–	–	–	–	28,954
Transfer within property, plant and equipment	1,957,807	190,136	7,604	6,654	5,267	15,833	(2,183,301)	–
Event-driven revaluation (note)	1,453,847	63,751	278,356	–	–	–	–	1,795,954
Acquisition of subsidiaries (note 51)	782,173	–	–	–	–	–	–	782,173
Contribution by owner	14,805	–	–	–	–	–	–	14,805
Deemed distribution to owner	(1,680,798)	(46,974)	(2,614)	(35,744)	(5,243)	(39,556)	–	(1,810,929)
Other distribution to owner	(189,164)	–	–	–	–	–	–	(189,164)
Disposal of subsidiaries (note 52)	(4,971)	–	–	–	–	–	–	(4,971)
Transfer to investment properties (note 17)	(81,431)	–	–	–	–	–	–	(81,431)
Write off/disposals	(1,499,108)	(1,584,518)	(413,043)	(213,729)	(56,371)	(114,747)	(10,802)	(3,892,318)
At 31 December 2014	17,173,551	16,922,018	3,693,546	1,404,292	392,477	687,056	1,751,001	42,023,941
Additions	612,092	250,506	87,755	44,312	49,306	388,516	733,136	2,165,623
Transfer within property, plant and equipment	322,896	118,066	–	–	–	201	(441,163)	–
Acquisition of subsidiaries (note 51)	287,512	–	–	–	–	–	–	287,512
Write off/disposals	(182,359)	(581,216)	(521,389)	(200,804)	(12,361)	(8,015)	–	(1,506,144)
Transfer to investment properties (note 17)	(17,049)	–	–	–	–	–	–	(17,049)
At 31 May 2015	18,196,643	16,709,374	3,259,912	1,247,800	429,422	1,067,758	2,042,974	42,953,883

	Buildings RMB'000	Machinery RMB'000	Transportation vehicles/vessels RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2012	(3,595,655)	(7,439,948)	(1,940,207)	(745,965)	(210,623)	(253,060)	–	(14,185,458)
Provided for the year (note 11)	(468,154)	(1,150,143)	(321,362)	(161,463)	(67,607)	(60,695)	–	(2,229,424)
Impairment for the year (note 8)	–	(83,034)	–	–	–	–	(1,244)	(84,278)
Write off/disposals	60,214	434,938	249,000	75,470	18,706	30,268	–	868,596
Transfer to investment properties (note 17)	13,997	–	–	–	–	–	–	13,997
At 31 December 2012	(3,989,598)	(8,238,187)	(2,012,569)	(831,958)	(259,524)	(283,487)	(1,244)	(15,616,567)
Provided for the year (note 11)	(603,892)	(1,578,255)	(402,278)	(242,644)	(52,427)	(106,013)	–	(2,985,509)
Impairment for the year (note 8)	(2,062)	(24,829)	(529)	(165)	(149)	(891)	–	(28,625)
Transfer from investment properties (note 17)	(3,769)	–	–	–	–	–	–	(3,769)
Write off/disposals	84,272	632,726	221,883	86,042	39,226	28,273	–	1,092,422
Transfer to investment properties (note 17)	401	–	–	–	–	–	–	401
At 31 December 2013	(4,514,648)	(9,208,545)	(2,193,493)	(988,725)	(272,874)	(362,118)	(1,244)	(17,541,647)
Provided for the year (note 11)	(673,344)	(1,339,200)	(400,254)	(217,415)	(58,426)	(49,491)	–	(2,738,130)
Impairment for the year (note 8)	(1,013)	(2,275)	(151,263)	(1,338)	(13)	(2,099)	–	(158,001)
Transfer from investment properties (note 17)	(23,197)	–	–	–	–	–	–	(23,197)
Event-driven revaluation (note)	600,211	331,125	–	–	–	–	–	931,336
Deemed distribution to owner	708,258	736	1,940	22,706	3,600	21,750	–	758,990
Other distribution to owner	94,332	–	–	–	–	–	–	94,332
Write off/disposals	721,529	1,581,756	373,134	211,729	50,270	30,375	1,244	2,970,037
Transfer to investment properties (note 17)	17,086	–	–	–	–	–	–	17,086
At 31 December 2014	(3,070,786)	(8,636,403)	(2,369,936)	(973,043)	(277,443)	(361,583)	–	(15,689,194)
Provided for the period (note 11)	(495,857)	(801,392)	(157,145)	(70,522)	(37,004)	(16,233)	–	(1,578,153)
Impairment for the period (note 8)	–	(380)	(65)	(42)	(2)	–	(96)	(585)
Write off/disposals	32,646	482,467	457,277	60,912	186	354	–	1,033,842
Transfer to investment properties (note 17)	1,054	–	–	–	–	–	–	1,054
At 31 May 2015	(3,532,943)	(8,955,708)	(2,069,869)	(982,695)	(314,263)	(377,462)	(96)	(16,233,036)
CARRYING VALUES								
At 31 December 2012	10,355,773	7,770,751	1,379,510	507,220	155,784	323,076	2,020,453	22,512,567
At 31 December 2013	11,538,925	8,107,223	1,547,463	530,975	124,210	382,446	2,690,542	24,921,784
At 31 December 2014	14,102,765	8,285,615	1,323,610	431,249	115,034	325,473	1,751,001	26,334,747
At 31 May 2015	14,663,700	7,753,666	1,190,043	265,105	115,159	690,296	2,042,878	26,720,847

Note: As part of the Reorganisation, during the year ended 31 December 2014, certain subsidiaries now comprising the Group were transformed from State-owned enterprises to limited liability companies by ENERGY CHINA GROUP. According to certain regulations issued by SASAC, all assets of these entities should be revalued and the revaluation surplus should be recorded as equity of these subsidiaries upon the transformation. ENERGY CHINA GROUP engaged China United Assets Appraisals Co. Ltd. ("CUAA"), a certified asset appraiser in the PRC and a member of China Appraisal Society, to carry out an independent valuation on its assets as at 31 December 2013, the valuation date for the purpose of such exercise. The address of CUAA is at 4/F, East Tower, Chemsunny World Trade Centre, No.28 Fuxingmennei Street, Xicheng District, Beijing, the PRC. CUAA issued a valuation report (Zhonglian Pingbaozi No.1056) on 20 October 2014 which was approved by SASAC in the same year pursuant to the Approval of Valuation Report on Assets of China Energy Engineering Group Co., Ltd. (Guozichanquan [2014] No. 1112). As a result, according to the relevant regulations issued by SASAC, this event-driven revalued amount was used as a deemed cost of the revalued assets as at 1 January 2014 after the revaluation.

The above buildings situated on land in the PRC under long-term leases and medium-term leases are as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Long-term leases	10,079	42,843	43,751	42,918
Medium-term leases	10,345,694	11,496,082	14,059,014	14,620,782
	10,355,773	11,538,925	14,102,765	14,663,700

Property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following years:

Buildings	8-40 years
Machinery	4-22 years
Transportation vehicles/vessels	4-30 years
Electronic equipment	3-10 years
Office equipment	5-10 years
Others	4-15 years

As at the end of each reporting period, there was indication that certain specific property, plant and equipment have suffered an impairment loss due to the change of the market condition. The recoverable amount of these assets were estimated by management of the Group in order to determine the extent of the impairment loss. Impairment on property, plant and equipment of RMB84,278,000, RMB28,625,000, RMB158,001,000 and RMB585,000 were made for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015 to reduce the carrying value of certain property, plant and equipment to the recoverable amount. These impairment losses were primarily due to the expected future losses of the cash generating units to which the assets belong. The recoverable amount was calculated based on the assets value in use or fair value less cost of disposal.

The Group pledged certain buildings with carrying values of approximately RMB329,699,000, RMB1,301,136,000, RMB1,106,117,000 and RMB1,310,237,000 as at 31 December 2012, 2013 and 2014, and 31 May 2015, respectively, to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 49.

The carrying amounts of property, plant and equipment held under finance leases as at 31 December 2012, 2013 and 2014, and 31 May 2015 amounted to RMB490,429,000, RMB374,366,000, RMB962,235,000 and RMB877,964,000, respectively. Leased assets are pledged as security for the related finance lease liabilities, details of which are set out in note 36.

As at 31 December 2012, 2013 and 2014, and 31 May 2015, the Group was in the process of applying the title certificates of certain of its buildings with aggregate carrying amounts of approximately RMB949 million, RMB1,063 million, RMB577 million and RMB301 million, respectively. After consulting with the legal advisor of the Company, the Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings without incurring significant costs. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at the end of each year/period.

THE COMPANY

	Transportation vehicles <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Total <i>RMB'000</i>
COST				
Injection to the Company upon its establishment	742	606	4,733	6,081
At 31 December 2014	742	606	4,733	6,081
Additions	–	–	750	750
At 31 May 2015	742	606	5,483	6,831
DEPRECIATION AND IMPAIRMENT				
At 31 December 2014	–	–	–	–
Provided for the period	(79)	(55)	(615)	(749)
At 31 May 2015	(79)	(55)	(615)	(749)
CARRYING VALUES				
At 31 December 2014	742	606	4,733	6,081
At 31 May 2015	663	551	4,868	6,082

16. PREPAID LEASE PAYMENTS

	At 31 December			At 31 May 2015
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost				
At beginning of the year/period	2,777,501	3,129,482	3,325,489	8,395,861
Additions	398,802	356,512	636,598	231,585
Acquisition of subsidiaries (<i>note 51</i>)	104,829	120,983	98,583	–
Disposals	(151,650)	(281,488)	(893,107)	(148,037)
Event-driven revaluation (<i>note</i>)	–	–	5,586,513	–
Deemed distributions to owner	–	–	(356,704)	–
Other distributions to owner	–	–	(1,511)	–
At end of the year/period	3,129,482	3,325,489	8,395,861	8,479,409
AMORTISATION AND IMPAIRMENT				
At beginning of the year/period	(321,802)	(385,795)	(452,185)	(382,537)
Provided for the year/period (<i>note 11</i>)	(68,213)	(76,794)	(94,246)	(81,846)
Disposals	4,220	10,404	163,894	93,748
At end of the year/period	(385,795)	(452,185)	(382,537)	(370,635)

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
CARRYING VALUES				
At beginning of the year/period	2,455,699	2,743,687	2,873,304	8,013,324
At end of the year/period	2,743,687	2,873,304	8,013,324	8,108,774
Analysed for reporting purposes as:				
Non-current	2,663,489	2,786,296	7,869,106	7,961,017
Current	80,198	87,008	144,218	147,757
	2,743,687	2,873,304	8,013,324	8,108,774
Analysis of periods of land use rights in the PRC:				
Long-term leases	528,945	226,880	683,456	633,381
Medium-term leases	2,214,742	2,646,424	7,329,868	7,475,393
	2,743,687	2,873,304	8,013,324	8,108,774

Note: Details of the valuation pursuant to the Reorganisation are set out in note 15.

The prepaid lease payments represented land use rights in the PRC held under long-term lease over 50 years and medium-term leases of 20 to 50 years.

The Group pledged leasehold land with carrying values of RMB118,131,000, RMB93,607,000, RMB101,874,000 and RMB80,452,000 to secure loan facilities of the Group as at 31 December 2012, 2013 and 2014, and 31 May 2015, respectively. Details of pledge of assets are set out in note 49.

As at 31 December 2012, 2013 and 2014, and 31 May 2015, the Group was in the process of applying the title certificates of certain of its land use rights in the PRC with aggregate carrying amounts of approximately RMB136 million, RMB78 million, RMB255 million and RMB39 million, respectively. After consulting with the legal advisor of the Company, the Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land use rights without incurring significant costs. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at the end of the year/period.

17. INVESTMENT PROPERTIES

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At the beginning of the year/period	132,905	198,784	503,064	720,879
Transfer from property, plant and equipment (<i>note 15</i>)	65,879	109,717	81,431	17,049
Acquisition of subsidiaries (<i>note 51</i>)	–	15,505	–	–
Event-driven revaluation (<i>note</i>)	–	–	213,777	–
Disposals	–	–	(56,009)	–
Transfer to property, plant and equipment (<i>note 15</i>)	–	(17,634)	(28,954)	–
Additions	–	196,692	7,570	6,466
At the end of the year/period	198,784	503,064	720,879	744,394

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
ACCUMULATED DEPRECIATION				
At the beginning of the year/period	(69,126)	(87,511)	(113,359)	(93,486)
Transfer from property, plant and equipment (<i>note 15</i>)	(13,997)	(401)	(17,086)	(1,054)
Provided for the year/period (<i>note 11</i>)	(4,388)	(29,216)	(21,536)	(15,636)
Disposals	–	–	33,629	–
Transfer to property, plant and equipment (<i>note 15</i>)	–	3,769	23,197	–
Event-driven revaluation (<i>note</i>)	–	–	1,669	–
At the end of the year/period	(87,511)	(113,359)	(93,486)	(110,176)
CARRYING VALUES	111,273	389,705	627,393	634,218

Note: Details of the valuation pursuant to the Reorganisation are set out in note 15.

The above investment properties are depreciated on a straight-line basis taking into account their estimated residual value, over the estimated useful lives of 15 to 40 years, which is the shorter of the lease term of land and estimated useful lives of buildings.

As at 31 December 2012, 2013 and 2014, and 31 May 2015, the Group is in the process of applying for the title certificates for certain of its investment properties with an aggregate carrying value of RMB40 million, RMB57 million, RMB41 million and RMB40 million, respectively. The Directors are of the opinion that the Group is entitled to lawfully and validly occupy and use these investment properties without incurring significant costs. The Directors are of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at the end of each year/period.

All the Group's investment properties are located in the PRC under medium-term lease. The carrying amount of investment properties included the Group's leasehold interest in land as the leasehold payments cannot be allocated reliably between the land and building elements, as such the entire lease is classified as finance lease and accounted for as investment properties.

The carrying amounts of the Group's investment properties as at 31 December 2012, 2013 and 2014, and 31 May 2015 were RMB111 million, RMB390 million, RMB627 million and RMB634 million, respectively. The fair values of the Group's investment properties as at 31 December 2012, 2013 and 2014, and 31 May 2015 were RMB893 million, RMB1,510 million, RMB1,186 million and RMB1,206 million, respectively, including the fair value of the underlying buildings and land use rights. The carrying values of the respective land use rights are included as part of the prepaid lease payments in note 16. The fair value of the investment properties has been arrived at based on a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "JLL," a member of the Hong Kong Institute of Surveyors), independent valuers not connected with the Group, based on the income approach and direct comparison approach. The address of JLL is 6th floor, Three Pacific Place, 1 Queen's Road East, Central, Hong Kong. The Directors are of the view that it is the best estimate of the fair value of these investment properties.

There has been no change from the valuation technique used for the Track Record Period. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the carrying values of the Group's investment properties and information about the fair value hierarchy as at 31 December 2012, 2013 and 2014, and 31 May 2015 were as follows:

	Carrying value as at				(level 3) Fair value as at			
	31 December 2012	31 December 2013	31 December 2014	31 May 2015	31 December 2012	31 December 2013	31 December 2014	31 May 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Located in Anhui	35,145	59,226	137,903	135,392	130,801	206,983	222,759	226,719
Located in Yunnan	1,805	106,032	105,012	103,164	4,953	133,374	142,887	144,517
Located in Shaanxi	–	99,625	97,550	96,510	–	228,343	229,769	230,944
Located in Sichuan	2,338	39,168	102,192	100,412	48,766	131,485	155,380	155,680
Located in Jilin	277	3,909	47,099	46,401	36,740	37,860	47,410	47,970
Located in Zhejiang	25,080	26,004	36,667	35,726	66,563	73,935	72,412	72,399
Located in Hunan	–	–	36,219	36,798	–	–	86,500	89,044
Located in Liaoning	6,672	6,341	26,827	26,326	23,745	23,949	41,040	40,950
Located in Guangxi	9,502	8,968	11,764	11,464	42,060	46,880	52,650	55,030
Located in Tianjin	2,741	2,334	7,673	7,378	26,651	28,363	28,929	30,064
Located in Hebei	–	5,552	5,740	5,615	–	5,560	5,810	5,850
Located in Gansu	–	1,847	1,734	1,706	–	4,200	4,400	4,453
Located in Hubei	10,023	9,614	10,891	10,653	10,953	10,799	17,139	17,000
Located in Jiangsu	634	572	–	–	79,882	86,795	–	–
Located in Beijing	8,277	8,436	–	–	328,468	320,083	–	–
Located in Guangdong	3,759	7,204	122	16,673	87,991	165,776	78,681	85,035
Located in Heilongjiang	5,020	4,873	–	–	5,159	5,209	–	–
	111,273	389,705	627,393	634,218	892,732	1,509,594	1,185,766	1,205,655

18. INTANGIBLE ASSETS

THE GROUP

	Patent & unpatented technology RMB'000	Software RMB'000	Mining rights RMB'000	Concession rights RMB'000	Others RMB'000	Total RMB'000
COST						
At 1 January 2012	23,739	294,544	44,349	15,661,508	54,264	16,078,404
Additions	6,343	88,810	29,388	1,517,452	2,857	1,644,850
Acquisition of subsidiaries (note 51)	–	–	–	4,974	–	4,974
Contribution by owner	–	–	–	161	–	161
Write off/disposal	–	(505)	–	–	(25)	(530)
At 31 December 2012	30,082	382,849	73,737	17,184,095	57,096	17,727,859
Additions	15,049	74,087	27,364	554,504	34,924	705,928
Acquisition of subsidiaries (note 51)	–	–	–	8,180	–	8,180
Write off/disposal	(718)	(11,204)	–	–	(37)	(11,959)
At 31 December 2013	44,413	445,732	101,101	17,746,779	91,983	18,430,008
Additions	116,880	110,564	1,081	210,949	45,123	484,597
Acquisition of subsidiaries (note 51)	–	–	–	–	43,258	43,258
Contribution by owner	–	–	7,234	–	–	7,234
Write off/disposal	(4,854)	(65,695)	(17,782)	–	(26,041)	(114,372)
Other distribution to owner	–	–	–	(1,537)	–	(1,537)
At 31 December 2014	156,439	490,601	91,634	17,956,191	154,323	18,849,188
Additions	17,069	30,357	7,058	248,231	25,471	328,186
Acquisition of subsidiaries (note 51)	–	–	–	717,011	–	717,011
Write off/disposal	–	(9,330)	–	–	(20,347)	(29,677)
At 31 May 2015	173,508	511,628	98,692	18,921,433	159,447	19,864,708

	Patent & unpatented technology RMB'000	Software RMB'000	Mining rights RMB'000	Concession rights RMB'000	Others RMB'000	Total RMB'000
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 January 2012	(11,671)	(174,125)	(4,418)	(1,575,974)	(12,228)	(1,778,416)
Provided for the year (note 11)	(2,447)	(60,900)	(5,140)	(227,557)	(4,113)	(300,157)
Write off/disposal	–	144	–	–	25	169
At 31 December 2012	(14,118)	(234,881)	(9,558)	(1,803,531)	(16,316)	(2,078,404)
Provided for the year (note 11)	(5,067)	(72,117)	(10,735)	(282,126)	(5,355)	(375,400)
Write off/disposal	181	9,363	–	–	37	9,581
At 31 December 2013	(19,004)	(297,635)	(20,293)	(2,085,657)	(21,634)	(2,444,223)
Provided for the year (note 11)	(21,749)	(74,706)	(8,668)	(290,169)	(10,004)	(405,296)
Event-driven revaluation (note)	–	90,060	–	–	–	90,060
Write off/disposal	2,402	30,929	10,548	–	6,656	50,535
At 31 December 2014	(38,351)	(251,352)	(18,413)	(2,375,826)	(24,982)	(2,708,924)
Provided for the period (note 11)	(8,475)	(35,169)	(16,082)	(180,928)	(6,986)	(247,640)
Write off/disposal	–	529	–	–	16,964	17,493
At 31 May 2015	(46,826)	(285,992)	(34,495)	(2,556,754)	(15,004)	(2,939,071)
CARRYING VALUES						
At 31 December 2012	15,964	147,968	64,179	15,380,564	40,780	15,649,455
At 31 December 2013	25,409	148,097	80,808	15,661,122	70,349	15,985,785
At 31 December 2014	118,088	239,249	73,221	15,580,365	129,341	16,140,264
At 31 May 2015	126,682	225,636	64,197	16,364,679	144,443	16,925,637

Note: Details of the valuation pursuant to the Reorganisation are set out in note 15.

The Group has entered into a number of service concession arrangements with certain government authorities in the PRC on a “Build-Operate-Transfer” (“BOT”) basis in respect of its toll road operations and wastewater treatment plants. Pursuant to the service concession arrangement contracts, the Group (i) is responsible for the construction of toll roads and wastewater treatment plants, and the acquisition of the related facilities and equipment; (ii) has the contractual obligations to maintain the infrastructures at a specified level of serviceability and also maintain the infrastructure to an acceptable level of working conditions before handing over the infrastructures to the grantors; and (iii) is entitled to operate the toll roads and the wastewater treatment plants upon completion for a specified concession period from 20 to 30 years by charging users of the public service. The Group will not hold any residual interest in the toll roads and the wastewater treatment plants upon expiration of the concession period. As such, the service concession arrangement contracts are accounted for as service concession arrangements and an intangible asset was recognised at an amount equals to the fair value of the consideration for provision of construction service upon initial recognition.

The rights in respect of toll road income under two concession agreements with an aggregate carrying amount of RMB8,475,924,000, RMB8,303,185,000, RMB8,116,268,000 and RMB8,032,703,000 as at 31 December 2012, 2013 and 2014, and 31 May 2015, respectively, are pledged to obtain bank borrowings (note 49).

The rights in respect of wastewater treatment plants under five concession agreements with an aggregate carrying amount of RMB286,338,000 as at 31 May 2015 are pledged to obtain bank borrowings (note 49).

Except for mining rights and concession rights related to toll roads, intangible assets are amortised using the straight-line method at the following years:

Patent & unpatented technology	10 years
Software	5 years
Concession right related to wastewater treatment plants	20-30 years
Others	5-10 years

Amortisation for mining rights is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mines.

Amortisation of the toll roads infrastructures is calculated to write off their cost, over their expected useful lives or the remaining concession period, whichever is the shorter, commencing from the date of commencement of commercial operation of the toll roads, based on a units-of-usage basis, which is the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads as estimated by the management or by reference to traffic projection reports prepared by independent traffic consultants.

THE COMPANY

	Software <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
COST			
Injection to the Company upon its establishment	2,973	3,529	6,502
At 31 December 2014	2,973	3,529	6,502
Additions	4	684	688
At 31 May 2015	2,977	4,213	7,190
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 31 December 2014	–	–	–
Provided for the period	(251)	–	(251)
At 31 May 2015	(251)	–	(251)
CARRYING VALUES			
At 31 December 2014	2,973	3,529	6,502
At 31 May 2015	2,726	4,213	6,939

19. INVESTMENTS IN SUBSIDIARIES

THE COMPANY

	<u>At 31 December 2014</u>	<u>At 31 May 2015</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments – deemed costs	<u>37,052,102</u>	<u>37,097,797</u>

The initial investment cost in subsidiaries is determined based on a valuation conducted by CUAAs as at 31 December 2013 pursuant to the Reorganisation and after taking consideration of relevant adjustments on defined benefit obligations, except for the investment cost of equity interest in CGGC Group which is determined by reference to the closing market price of the shares of China Gezhouba Group Stock Company Limited (“CGGC,” a subsidiary of CGGC Group listed on the Shanghai Stock Exchange) for recent days immediately prior to 19 December 2014 (date of establishment of the Company).

The increase in investments in subsidiaries at 31 May 2015 was due to further contribution to subsidiaries of RMB45,695,000 during the five months ended 31 May 2015.

Information of debt securities, representing corporate bonds, issued by subsidiaries of the Company

As at 31 December 2012, subsidiaries of the Company had outstanding issued debt securities as follows:

Name	Face value of debt securities <i>RMB Million</i>	Carrying value of debt securities <i>RMB Million</i>	Maturity date
CGGC	1,390	1,283	23/06/2014
	500	506	20/09/2015
	500	524	25/02/2016
CGGC Group (exclude CGGC)	500	505	30/10/2014
	400	401	16/08/2017
		<u>3,219</u>	

As at 31 December 2013, subsidiaries of the Company had outstanding issued debt securities as follows:

Name	Face value of debt securities <i>RMB Million</i>	Carrying value of debt securities <i>RMB Million</i>	Maturity date
CGGC	1,390	1,357	23/06/2014
	500	506	20/09/2015
	500	524	25/02/2016
CGGC Group (exclude CGGC)	600	625	06/03/2020
	500	520	30/10/2014
	400	406	16/08/2017
	500	520	06/03/2018
		<u>4,458</u>	

As at 31 December 2014, subsidiaries of the Company had outstanding issued debt securities as follows:

Name	Face value of debt securities	Carrying value of debt securities	Maturity date
	<i>RMB Million</i>	<i>RMB Million</i>	
CGGC	500	506	20/09/2015
	500	524	25/02/2016
	550	550	25/12/2019
	600	625	06/03/2020
CGGC Group (exclude CGGC)	400	406	16/08/2017
	500	520	06/03/2018
	500	500	26/12/2019
		3,631	

As at 31 May 2015, subsidiaries of the Company had outstanding issued debt securities as follows:

Name	Face value of debt securities	Carrying value of debt securities	Maturity date
	<i>RMB Million</i>	<i>RMB Million</i>	
CGGC	500	504	20/09/2015
	500	512	25/02/2016
	550	561	25/12/2019
	600	613	06/03/2020
CGGC Group (exclude CGGC)	400	408	16/08/2017
	500	512	06/03/2018
	500	511	26/12/2019
		3,621	

20. INTERESTS IN JOINT VENTURES

	At 31 December			At 31 May 2015
	2012	2013	2014	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of interests in joint ventures – unlisted	389,953	442,474	466,081	2,652,331
Share of post-acquisition profits, net of dividends received and receivable	228,286	206,303	104,791	32,445
	618,239	648,777	570,872	2,684,776

Particulars of the principal joint ventures of the Group are as follows:

Name of the joint venture	Principal activities	Place of establishment and operation	Proportion of paid-in capital and voting power held by the Group			
			At 31 December			At 31 May 2015
			2012	2013	2014	
廣州市正林房地產開發有限公司 Guangzhou Zhenglin Real Estate Development Co., Ltd (“Zhenglin”)* (note (a))	Real estate	PRC	N/A	N/A	N/A	49%
廣州市如茂房地產開發有限公司 Guangzhou Rumao Real Estate Development CO., Ltd (“Rumao”)* (note (a))	Real estate	PRC	N/A	N/A	N/A	49%
中電廣西防城港電力有限公司 CLP Guangxi Fangchenggang Power Co., Ltd (“Fangchenggang”)* (note (b))	Generation and sale of electricity	PRC	30%	30%	30%	30%

Notes:

- (a) The Group just newly established two joint ventures during the five months ended 31 May 2015 and completed its capital contribution of RMB1,790,230,000 into these two joint ventures before 31 May 2015, details of which are set out in note 26(c). These two joint ventures have yet to commence their business operations as at 31 May 2015 and as such, most of the assets of these two joint ventures as at 31 May 2015 consisted of current assets. The share of net assets of these two joint ventures by the Group aggregated RMB1,790,230,000 as at 31 May 2015.
- (b) Guangxi Water & Electric, a directly-held wholly-owned subsidiary of the Company, held 30% equity interest in Fangchenggang. The remaining 70% equity interest in Fangchenggang was held by other three independent third parties of the Group. Under the joint venture agreement, at least three-fourths of the voting rights are required for decision on directing the relevant activities of Fangchenggang, and hence in the opinion of the Directors, the Group's interest in Fangchenggang is accounted for as a joint venture. During the five months ended 31 May 2015, the Group made further capital injection of RMB356,250,000 to Fangchenggang.

* The English name of the joint ventures represent a direct translation for the Chinese name of these joint ventures as no English name has been registered.

The summarised financial information in respect of the Group's material joint venture which is accounted for using the equity accounting method and prepared using IFRSs is set out below.

Fangchenggang

	At 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	881,531	1,542,597	803,488	458,910
Non-current assets	3,992,110	3,995,650	4,562,369	4,885,339
Current liabilities	455,106	1,204,272	1,558,917	587,746
Non-current liabilities	2,409,670	2,357,999	2,155,719	2,153,785
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	230,549	1,023,542	354,942	122,368
Current financial liabilities (excluding trade and other payables and provisions)	250,765	208,780	208,780	263,867
Non-current financial liabilities (excluding trade and other payables and provisions)	2,396,893	2,338,120	2,129,340	2,127,706

Fangchenggang

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,341,952	2,355,646	1,819,974	827,526	628,227
Profit and other comprehensive income for the year/period	351,192	689,626	364,870	170,030	128,867
Cash dividends received from the joint venture	–	–	78,582	78,582	109,461
The above profit for the year/period includes the following:					
Depreciation and amortisation	143,496	144,897	146,951	61,229	61,647
Finance income	4,736	9,400	12,591	7,732	121
Finance costs	171,259	139,898	130,889	60,223	56,941
Income tax expense	2,967	249	113,536	56,677	42,956

Details of the Group's principal associates are as follows:

Name of associate	Place/country of establishment and operations	Proportion of ownership interest held by the Group				Principal activities	
		at 31 December			at 31 May		
		2012	2013	2014	2015		
		%	%	%	%		
Chongqing Jiangqi Highway Co., Ltd.	PRC	40.00	40.00	40.00	40.00	Express highway construction	
Chongqing Gezhouba Sunac Jinyu Real Estate Co., Ltd.	PRC	N/A	N/A	49.00	49.00	Real estate development	
Sichuan Meigu River Hydropower Development Co., Ltd.	PRC	23.50	23.50	23.50	23.50	Hydroelectric generation	

The Directors are of the view that none of the associates of the Group is individually material to affect the results or financial position of the Group.

Aggregate information of associates that are not individually material

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
The Group's share of profit (losses) and other comprehensive income (expenses)	<u>60,101</u>	<u>59,955</u>	<u>31,629</u>	<u>(4,709)</u>	<u>(17,169)</u>
Cash dividends received	<u>9,765</u>	<u>18,402</u>	<u>19,511</u>	<u>-</u>	<u>-</u>

22. GOODWILL

	Year ended 31 December			Five months ended 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost				
At the beginning of the year/period	20,529	22,763	49,730	725,467
Arising on acquisition of subsidiaries (note 51)	<u>2,234</u>	<u>26,967</u>	<u>675,737</u>	<u>85,693</u>
At the end of year/period	<u>22,763</u>	<u>49,730</u>	<u>725,467</u>	<u>811,160</u>
Impairment				
At the beginning and end of the year/period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying values				
At the beginning of the year/period	<u>20,529</u>	<u>22,763</u>	<u>49,730</u>	<u>725,467</u>
At the end of year/period	<u>22,763</u>	<u>49,730</u>	<u>725,467</u>	<u>811,160</u>

Impairment testing on goodwill

The carrying amount of goodwill at the end of each year/period is attributable to the acquisition of subsidiaries of the following directly-held subsidiaries of the Company:

	At 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CGGC Group	10,942	11,692	687,682	773,375
CPEC	–	20,780	21,094	21,094
Guangxi Water & Electric	10,493	10,493	10,493	10,493
Others	1,328	6,765	6,198	6,198
	22,763	49,730	725,467	811,160

The basis of determining the recoverable amounts of the above subsidiaries and their major underlying assumptions are summarised below:

Goodwill with amount of RMB20,780,000, arising on acquisition of AB, ENERGETIKOS TINKLU INSTITUTAS by CPEC in 2013 included in survey, design and consultancy business of the Group, is principally engaged in survey and design businesses. The recoverable amount of this cash generating unit has been determined based on a value in use calculation. The recoverable amount is based on the financial budget approved by management of CPEC for the next 5 years and extrapolates cash flows for the following 5 years based on an estimated constant growth rate of 3% for the years ended 31 December 2013 and 2014, and for the five months ended 31 May 2015. The rate used to discount the forecast cash flows is 17% for the years ended 31 December 2013 and 2014, and for the five months ended 31 May 2015. Another key assumption for the value in use calculations is the stable budgeted gross margin, which is determined based on the subsidiary's past performance.

The recoverable amounts in respect of subsidiaries, which are principally engaged in civil explosive product manufacturing, cements production, waste water treatment and electronic power, other than AB, ENERGETIKOS TINKLU INSTITUTAS, have been determined based on a value in use calculation. That calculation uses cash flow projections based on the most recent financial budgets of five years approved by management and an extrapolated financial budget for the following five years, and a discount rate of 6.15% to 13.39%, 5.41% to 13.39%, 5.4% to 13.39% and 5.4% to 13.92% for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015 respectively. One major assumption is annual growth rates in revenue which vary among different subsidiaries for the most recent financial budgets period, covering 3 to 5 years, and a growth rate of 0% to 5% for the extrapolation period. The growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculations is the stable budgeted gross margin, which is determined based on the subsidiaries' past performance.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the remaining subsidiaries to exceed its recoverable amount.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

THE GROUP

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Listed investments:				
Equity securities listed in Mainland China	1,226,626	1,265,304	3,100,113	3,360,649
Equity securities listed in Hong Kong	–	–	200,000	192,936
Subtotal	1,226,626	1,265,304	3,300,113	3,553,585
Unlisted investments:				
Private companies (<i>note (a)</i>)	2,990,942	3,067,805	3,147,147	3,356,409
Listed company (<i>note (b)</i>)	303,855	615,314	744,003	673,931
Provision for impairment	(112,753)	(91,469)	(75,680)	(104,399)
Subtotal	3,182,044	3,591,650	3,815,470	3,925,941
Total	4,408,670	4,856,954	7,115,583	7,479,526
Analysed for reporting purposes as:				
Non-current assets	4,408,670	4,856,954	7,115,583	7,479,526

THE COMPANY

Unlisted investments in private companies (<i>note (a)</i>)	–	–	211,043	211,043
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Notes:

- (a) The unlisted investments in private companies represent equity securities of private entities established in the PRC. They are measured at cost less impairment at the end of each reporting period because the ranges of reasonable fair value estimates are so significant that the Directors are of the opinion that the fair values cannot be reliably measured. The Group does not intend to dispose them in the near future.
- (b) These investments represent non-tradable shares of Huadian Fuxin Energy Corporation Limited (“Huadian Fuxin,” a PRC established company which is under control by SASAC) which was listed on the Stock Exchange in 2012.

24. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Defined benefit obligations	Impairment of assets	Unrealised profit in intra-group transactions	Employee benefits payables	Deductible losses	Depreciation difference between taxation and accounting basis	Fair value changes of available-for-sale financial assets	Differences between book value and tax basis of assets acquired not under common control	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	619,880	420,068	30,468	100,846	37,264	(112,626)	(143,466)	(5,326)	936,643
Credit(charge) to profit or loss (note 10)	(100,540)	(618)	(20,890)	(2,717)	(21,772)	(39,436)	–	677	(171,529)
Credit(charge) to other comprehensive income	(14,193)	–	–	–	–	–	(16,693)	–	(30,886)
Acquisitions of subsidiaries (note 51)	–	–	–	–	–	–	–	(13,501)	(13,501)
At 31 December 2012	505,147	419,450	9,578	98,129	15,492	(152,062)	(160,159)	(18,150)	720,727
Credit(charge) to profit or loss (note 10)	(15,108)	30,059	47,886	(41,048)	11,625	(61,624)	–	(9,897)	7,431
Charge to other comprehensive income	(53,110)	–	–	–	–	–	(79,550)	–	(132,660)
Acquisitions of subsidiaries (note 51)	–	–	–	–	–	–	–	11,190	11,190
At 31 December 2013	436,929	449,509	57,464	57,081	27,117	(213,686)	(239,709)	(16,857)	568,581
Credit(charge) to profit or loss (note 10)	(11,631)	20,597	47,683	15,892	(18,255)	(61,998)	–	2,113	(13,404)
Credit(charge) to other comprehensive income	50,740	–	–	–	–	–	(483,504)	–	(434,764)
Acquisitions of subsidiaries (note 51)	–	–	–	–	–	–	–	(11,717)	(11,717)
At 31 December 2014	476,038	470,106	105,147	72,973	8,862	(275,684)	(725,213)	(26,461)	108,696
Credit(charge) to profit or loss (note 10)	5,017	(173,505)	1,869	(32,972)	(7,522)	(42,902)	–	2,460	(241,891)
Credit(charge) to other comprehensive income	66	–	–	–	–	–	(23,924)	–	(23,858)
Acquisitions of subsidiaries (note 51)	–	–	–	–	–	–	–	(61,364)	(61,364)
At 31 May 2015	481,121	296,601	107,016	40,001	1,340	(318,586)	(749,137)	(85,365)	(218,417)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	1,108,167	1,030,286	1,140,755	969,456
Deferred tax liabilities	387,440	461,705	1,032,059	1,187,873
	720,727	568,581	108,696	(218,417)

Details of tax losses and other temporary differences not recognised during the Track Record Period are set out below:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	3,666,081	5,616,835	4,088,165	3,961,577
Other unrecognised temporary differences	10,576,855	9,427,105	10,868,397	11,064,689

No deferred tax asset has been recognised in respect of the above tax loss due to the unpredictability of future profit stream for relevant subsidiaries. Included in unrecognised tax losses are losses that will expire in the following years:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
			(note)	
2013	504,713	–	–	–
2014	280,885	280,885	–	–
2015	560,334	560,334	227,229	–
2016	1,047,331	1,036,137	694,282	493,706
2017	1,272,818	1,241,525	1,011,158	870,396
2018	–	2,497,954	917,074	877,544
2019	–	–	1,238,422	835,471
2020	–	–	–	884,460
	3,666,081	5,616,835	4,088,165	3,961,577

Note: As part of the Reorganisation, during the year ended 31 December 2014, certain subsidiaries now comprising the Group were transformed from State-owned enterprises to limited liability companies by ENERGY CHINA GROUP. According to the transformation, the accumulated losses of these subsidiaries at the date of transformation amounting to RMB2,206,404,000 were eliminated against capital reserve of these companies. As such, unrecognised tax loss of the Group of RMB2,206,404,000 was forfeited during the year ended 31 December 2014.

25. TRADE AND BILLS RECEIVABLES

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	24,506,501	32,252,350	36,114,420	40,182,714
Retention money receivables	4,306,535	4,754,565	4,955,267	4,530,754
Less: allowance of doubtful debts	(1,212,069)	(1,588,015)	(1,933,170)	(2,079,669)
	<u>27,600,967</u>	<u>35,418,900</u>	<u>39,136,517</u>	<u>42,633,799</u>
Bills receivable	1,770,645	2,838,470	2,823,304	2,278,908
Long-term receivables-build-transfer ("BT") project receivables	333,703	1,693,723	4,474,606	5,265,635
Total trade and bills receivables	<u>29,705,315</u>	<u>39,951,093</u>	<u>46,434,427</u>	<u>50,178,342</u>
Analysed for financial reporting purpose:				
Non-current	333,703	1,693,723	4,474,606	5,265,635
Current	<u>29,371,612</u>	<u>38,257,370</u>	<u>41,959,821</u>	<u>44,912,707</u>
	<u>29,705,315</u>	<u>39,951,093</u>	<u>46,434,427</u>	<u>50,178,342</u>

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

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 6 months	18,215,387	25,365,224	30,246,833	34,210,845
6 months to 1 year	5,668,831	5,042,925	4,644,180	6,948,199
1 year to 2 years	3,569,724	6,479,660	6,231,943	4,789,117
2 years to 3 years	1,240,612	1,863,920	3,899,638	2,723,636
3 years to 4 years	553,276	671,611	765,099	843,866
4 years to 5 years	330,358	337,965	402,533	423,534
Over 5 years	<u>127,127</u>	<u>189,788</u>	<u>244,201</u>	<u>239,145</u>
	<u>29,705,315</u>	<u>39,951,093</u>	<u>46,434,427</u>	<u>50,178,342</u>

Trade receivables and bills receivable of the Group primarily represent receivables from grid and power generation companies. The credit terms granted to its trade customers ranged from 30 days to 180 days except for certain receivables from BT projects. The trade receivables arising from the BT projects are unsecured and are repayable by instalments over a five-year period after the completion date of the construction of the underlying projects.

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

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 6 months past due	444,754	1,382,359	1,732,520	1,194,615
6 months-1 year past due	1,360,588	1,135,438	776,602	761,756
1-2 years past due	584,065	811,317	1,270,973	839,287
2-3 years past due	336,884	570,056	476,546	532,333
3-4 years past due	132,034	146,427	169,728	147,355
4-5 years past due	135,239	95,253	73,177	105,348
Over 5 years past due	100,204	189,515	219,980	223,454
	3,093,768	4,330,365	4,719,526	3,804,148

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

	Year ended 31 December			Five months ended
	2012	2013	2014	31 May
	RMB'000	RMB'000	RMB'000	2015
At the beginning of the year/period	1,128,676	1,212,069	1,588,015	1,933,170
Provided for the year/period (note 8)	176,645	414,306	345,298	159,112
Written off	(93,252)	(37,940)	(143)	(10,597)
Disposal of subsidiaries	–	(420)	–	(2,016)
At the end of the year/period	1,212,069	1,588,015	1,933,170	2,079,669

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 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Ultimate holding company	180	1,292	–	–
Fellow subsidiaries	469	10,266	9,300	2,573
Joint ventures	600	3,868	9,271	9,527
Associates	–	54,748	146,628	146,849
Total	1,249	70,174	165,199	158,949

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

The Group pledged its trade receivables from grid companies amounting to approximately RMB233,000,000, RMB412,256,000, RMB767,644,000 and RMB709,486,000 to secure loan facilities granted to the Group as at 31 December 2012, 2013 and 2014, and 31 May 2015, respectively. Details of pledge of assets are set out in note 4.9.

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

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
United States Dollar ("USD")	1,186,328	519,236	650,513	1,053,143
Rupee ("NRs")	104,428	81,354	68,973	81,485
Others	–	63,655	99,110	507,530
	1,290,756	664,245	818,596	1,642,158

Certain bills receivables of the Group were transferred to banks by discounting with recourse during the Track Record Period. As the Group has transferred the significant risks and rewards relating to these receivables, it does not continue to recognise the carrying amount of the receivables.

Bills receivable issued among subsidiaries of the Group for intra-group transactions were discounted with recourse at 31 December 2012, 2013 and 2014, and 31 May 2015 and these bills receivable have not been recognised in the Financial Information.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

THE GROUP

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Advance to suppliers	10,723,420	11,949,400	13,652,706	15,706,509
Other receivables (note (a))	4,966,691	5,607,994	8,254,599	13,654,344
Prepayments for acquisition of property, plant and equipment	889,739	1,003,556	1,459,842	1,436,765
Prepaid taxes	318,327	925,281	1,059,076	1,094,387
Dividends receivables	48,667	217,504	345,810	20,532
Interest receivable	49,496	26,189	16,993	38,741
Relocation compensation receivable from government (note (b))	–	–	701,451	701,451
Deposits for investments (note (c))	–	–	896,100	–
Deposits for prepaid leases (note (d))	–	–	131,540	42,650
	16,996,340	19,729,924	26,518,117	32,695,379
Analysed for financial reporting purpose:				
Non-current	889,739	1,003,556	3,188,933	2,180,866
Current	16,106,601	18,726,368	23,329,184	30,514,513
	16,996,340	19,729,924	26,518,117	32,695,379
THE COMPANY				
Other receivables (current)	N/A	N/A	1,258,512	1,930,027
Dividends receivables (current)	N/A	N/A	2,374,410	2,374,410
	N/A	N/A	3,632,922	4,304,437

Notes:

- (a) Other receivables mainly represented bidding deposits, performance deposits and various deposits required for the Group's business operations.
- (b) A subsidiary of the Company was required by the local government for relocation to other place due to certain commercial development plan in the local area. The local government will make compensation to the Group for relocation costs and loss of assets as a result of the such relocation. This compensation receivable will be settled with the Group after the local government obtains proceeds from sales of the above underlying piece of land.
- (c) A subsidiary of the Company engaging in real estate development business had made an advance amounting to RMB896,100,000 to an independent party (the "Party") to establish two 49%-owned joint ventures with independent third parties. As at 31 December 2014, the Group had remaining outstanding capital contribution commitment of RMB894,130,000, included as part of the investment commitments in joint ventures of RMB1,304,130,000 in note 46, in establishing these two new joint ventures. During the five months ended 31 May 2015, the Group acquired the entire equity interest in the Party. The acquisition of the Party was included in the acquisition of subsidiaries set out in note 51. Subsequent to this acquisition, the Group made the remaining capital contribution of RMB894,130,000 into the aforesaid two joint ventures. The establishment of these two joint ventures were completed during the five months ended 31 May 2015. Hence, the entire deposits of RMB896,100,000 as at 31 December 2014 were transferred to investments in joint ventures during the five months ended 31 May 2015.
- (d) During the year ended 31 December 2014, the Group placed deposits amounting to RMB131,540,000 with certain government authorities for the purpose of acquiring certain land use rights through public auction, tendering or listing. The land acquisition procedures were completed during the five months ended 31 May 2015 and as such, the deposits made before 31 December 2014 were utilised as part of the considerations paid for the acquisition of land use rights and recognised as new additions of prepaid lease payments for the five months ended 31 May 2015.

During the five months ended 31 May 2015, the Group has made another deposit amounting to RMB42,650,000 for other land use rights, of which the relevant procedures have not yet completed at 31 May 2015.

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

	Year ended 31 December			Five months ended
	2012	2013	2014	31 May 2015
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
At the beginning of the year/period	1,105,955	1,029,027	882,648	939,623
Provided for (reversed) the year/period (note 8)	28,019	(140,940)	70,479	47,803
Written off	(104,947)	(4,924)	(13,504)	(36,353)
Elimination on disposal of a subsidiary	–	(515)	–	–
At the end of the year/period	1,029,027	882,648	939,623	951,073

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 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
THE GROUP				
Ultimate holding company				
– Trade nature	–	578	–	–
– Non-trade nature	61,432	25,000	562,236	803,836
Fellow subsidiaries				
– Trade nature	329	13,421	27,763	1,018
Joint ventures				
– Trade nature	–	4,050	3,050	3,120
Associates				
– Trade nature	52,059	40,769	39,889	263,999
Total	113,820	83,818	632,938	1,071,973

THE COMPANY

The amounts due from ultimate holding company and subsidiaries included in the other receivables are analysed as follows:

	At 31 December	At 31 May
	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Ultimate holding company	552,136	793,824
Subsidiaries	3,080,217	3,491,983
	3,632,353	4,285,807

The above amounts due from related parties are unsecured, interest free and have no fixed repayment term.

27. OTHER LOANS

At 31 December 2012, 2013 and 2014, and 31 May 2015, the amounts due from the ultimate holding company, joint ventures, associates and other third parties included in other loans were mainly repayable within one year, except for loans amounting to RMB817,000,000 and RMB900,000,000 as at 31 December 2014 and 31 May 2015 which were repayable from 1 to 2 years. These loans are all unsecured, further details of which are analysed as follows:

THE GROUP

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from:				
Ultimate holding company	750,000	–	–	–
Joint ventures	–	–	758,343	14,577
Associates	–	–	2,337,181	1,637,295
Other third parties	2,325,000	4,846,532	3,013,022	1,912,692
	3,075,000	4,846,532	6,108,546	3,564,564
Analysed for financial reporting purpose:				
Non-current	–	–	817,000	900,000
Current	3,075,000	4,846,532	5,291,546	2,664,564
	3,075,000	4,846,532	6,108,546	3,564,564
Loans:				
With third party guarantees	1,000,000	3,000,000	2,000,000	1,600,000
Without guarantees	2,075,000	1,846,532	4,108,546	1,964,564
	3,075,000	4,846,532	6,108,546	3,564,564
Interest bearing loans (fixed rate)	3,075,000	4,205,000	5,535,924	3,251,872
Interest-free loans	–	641,532	572,622	312,692
	3,075,000	4,846,532	6,108,546	3,564,564
Range of interest rate (per annum)	3.30% to 7.22%	6.60% to 7.30%	6.60% to 10.50%	6.80% to 10.50%

THE COMPANY

	At 31 December	At 31 May
	2014	2015
	RMB'000	RMB'000
Other loans to:		
Subsidiaries	1,369,850	1,209,850

The other loans to subsidiaries are repayable within one year, unsecured and interest bearing at fixed rates ranging from 5.80% to 5.85% per annum as at 31 December 2014 and 5.85% per annum at 31 May 2015.

For these loans, the management of the Group assesses recoverability on an individual item basis based on estimated irrecoverable amounts which is determined by reference to the credit history, objective evidences of impairment and expected recoverable amounts.

28. INVENTORIES

	At 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Materials in transit	73,998	135,901	110,869	210,090
Raw materials	3,327,178	3,404,285	3,517,351	3,585,405
Work in progress	1,199,418	1,661,437	1,624,603	1,578,893
Finished goods	1,680,482	3,047,762	4,019,358	4,336,996
Low value consumables and spare parts	316,630	245,639	256,169	337,042
Total	6,597,706	8,495,024	9,528,350	10,048,426

29. PROPERTIES UNDER DEVELOPMENT/COMPLETED PROPERTIES FOR SALE

	At 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties under development	13,489,128	14,908,899	16,642,929	17,952,212
Completed properties for sale	1,958,976	2,597,112	2,085,983	2,092,851
	15,448,104	17,506,011	18,728,912	20,045,063

The amount of properties under development not expected to be realised within the next twelve months is as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties under development	10,972,331	11,166,390	13,440,796	15,219,556

Certain properties under development and completed properties for sale of the Group were pledged against the loans and borrowings, details of which are set out in note 49.

30. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONSTRUCTION CONTRACTS

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Gross amounts due from customers for construction work	10,951,847	11,451,261	16,562,369	18,946,980
Gross amounts due to customers for construction work	(2,276,237)	(3,077,664)	(5,504,889)	(3,852,701)
	8,675,610	8,373,597	11,057,480	15,094,279
Contract costs incurred plus recognised profits less recognised losses to date	315,334,919	390,511,327	493,635,195	497,987,496
Less: Progress billings received and receivables	(306,659,309)	(382,137,730)	(482,577,715)	(482,893,217)
	8,675,610	8,373,597	11,057,480	15,094,279

Gross amounts due from customers for construction work above include amounts attributable to joint ventures and associates as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Joint ventures	–	13,487	37,723	214
Associates	155,336	156,173	167,186	152,479
	155,336	169,660	204,909	152,693

Gross amounts due to customers for construction work above include amounts attributable to joint ventures and associates as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Joint ventures	–	–	–	(40,155)
Associates	–	(46,500)	–	–
	–	(46,500)	–	(40,155)

The transactions between these related parties were based on prices mutually agreed between the parties after taking reference of the market prices.

31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The analysis of the Group's financial assets at FVTPL is as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Listed investments				
Equity securities listed in				
Mainland China (note 45(b))	219,241	205,314	161,397	142,092

32. BANK AND CASH BALANCE, PLEDGED DEPOSITS/OTHER DEPOSITS OVER THREE MONTHS

THE GROUP

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Bank and cash balances	18,890,625	23,766,306	28,810,783	25,418,430
Time deposits	4,148,117	3,387,387	3,643,708	3,557,333
	23,038,742	27,153,693	32,454,491	28,975,763
Less: Pledged deposits for				
Bills payable	218,227	293,633	864,438	685,420
Letter of credit	584,012	842,126	743,243	876,992
Others	16,988	207,699	195,705	46,310
	819,227	1,343,458	1,803,386	1,608,722
Bank and cash balances at end of year/period	22,219,515	25,810,235	30,651,105	27,367,041
Less: Non-pledged time deposits with original maturity of three months or more when acquired	1,662,852	2,304,807	1,894,529	1,089,749
Cash and cash equivalents in the consolidated statements of cash flows	20,556,663	23,505,428	28,756,576	26,277,292

The Group's bank and cash balances comprise cash and bank deposits, including pledged deposits, carrying interest at prevailing variable market rates ranging from 0.020% to 3.500%, 0.005% to 3.250%, 0.005% to 3.250% and 0.005% to 3.080% per annum as at 31 December 2012, 2013 and 2014, and 31 May 2015 respectively.

As at 31 December 2012, 2013 and 2014, and 31 May 2015, the bank deposits of RMB1,662,852,000, RMB2,304,807,000, RMB1,894,529,000 and RMB1,089,749,000 carried fixed rate interests ranging from 3.30% to 3.50%, 2.80% to 3.25%, 2.85% to 4.75% and 1.60% to 4.20% per annum, respectively, with original maturity of more than three months.

THE COMPANY

	At 31 December 2014	At 31 May 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Bank and cash balances	215,645	2,026,000
Time deposits	970,092	517,240
Bank and cash balances at end of period	1,185,737	2,543,240

The Company's bank and cash balances comprise cash and bank deposits carrying interests at prevailing market rates of 0.35% to 0.385% and 0.35% to 0.385% per annum at 31 December 2014 and 31 May 2015 respectively.

33. TRADE AND BILLS PAYABLES

THE GROUP

	At 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	30,066,373	39,317,965	47,097,876	49,699,002
Bills payable	1,134,248	2,552,081	4,437,835	4,516,323
	31,200,621	41,870,046	51,535,711	54,215,325

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

Included in trade and bills payables are retention payables of RMB1,265,496,000, RMB1,869,532,000, RMB2,153,525,000 and RMB2,035,724,000 as at 31 December 2012, 2013 and 2014, and 31 May 2015, respectively. 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.

Details of the bank deposits pledged for the Group's bills payable are set out in note 32.

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

	At 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	23,862,428	32,768,981	42,349,663	42,806,302
1 to 2 years	4,759,370	5,793,145	4,944,268	6,955,674
2 to 3 years	1,404,138	1,789,964	2,143,412	2,025,828
More than 3 years	1,174,685	1,517,956	2,098,368	2,427,521
	31,200,621	41,870,046	51,535,711	54,215,325

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

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Ultimate holding company	–	2,326	–	2,960
Fellow subsidiaries	4,389	118,441	219,880	30,405
Associates	215,129	14,629	20,438	20,099
	219,518	135,396	240,318	53,464

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

34. OTHER PAYABLES AND ACCRUALS

THE GROUP

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Advance from customers	24,655,230	29,607,538	26,859,410	28,597,365
Other payables	11,938,279	11,583,063	14,121,006	13,210,157
Accrued payroll and welfare	1,737,911	2,042,820	2,264,186	2,012,238
Non-income tax related tax payables	1,222,774	1,441,174	1,674,657	1,554,276
Dividend payables to non-controlling interests	55,575	49,531	72,858	423,764
Interest payables	16,119	55,081	94,687	374,945
	39,625,888	44,779,207	45,086,804	46,172,745
Analysed for financial reporting purpose:				
Portion classified as current liabilities	39,414,421	44,666,372	44,975,521	46,059,933
Non-current portion	211,467	112,835	111,283	112,812
	39,625,888	44,779,207	45,086,804	46,172,745

The balances of other payables mainly include payments made by third parties on behalf of the Group, retention money payables, deposits payable and others.

The amounts due to ultimate holding company, fellow subsidiaries, a joint ventures and associates included in other payables are analysed as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Ultimate holding company	–	227,619	98,932	51,362
Fellow subsidiaries	11,134	20,923	54,741	20,245
Joint ventures	–	52,876	49,405	10,030
Associates	32,319	319,936	156,319	147,952
	43,453	621,354	359,397	229,589
Analysed by nature:				
Trade nature	319	328,321	182,655	132,495
Non-trade nature	43,134	293,033	176,742	97,094
	43,453	621,354	359,397	229,589

The above amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

THE COMPANY

	At 31 December	At 31 May
	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Other payables	4,148,922	6,053,965
Accrued payroll and welfare	1,645	2,529
Non-income tax related tax payables	–	2,478
Reported as current liabilities	4,150,567	6,058,972

The amounts due to subsidiaries, a fellow subsidiary and ultimate holding company included in other payables are analysed as follows:

	At 31 December	At 31 May
	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Subsidiaries	4,129,064	5,982,969
A fellow subsidiary	15,000	15,000
Ultimate holding company	4,858	44,392
	4,148,922	6,042,361

The above amounts due to related parties, which are of non-trade nature, unsecured, non-interest bearing and have no fixed terms of repayment.

The amounts due to ultimate holding company and fellow subsidiaries included in bank and other borrowings above are analysed as follows:

	At 31 December			At 31 May 2015
	2012	2013	2014	
	RMB'000	RMB'000	RMB'000	
Ultimate holding company	400,000	1,275,486	1,266,394	1,168,770
Fellow subsidiaries	–	21,468	53,461	962,403
	400,000	1,296,954	1,319,855	2,131,173

Bank borrowings were secured by certain assets of the Group, details of which are set out in note 49.

The amounts of bank and other borrowings guaranteed by ultimate holding company and third parties are analysed as follows:

	At 31 December			At 31 May 2015
	2012	2013	2014	
	RMB'000	RMB'000	RMB'000	
Guaranteed by Ultimate holding company (note 50)	2,892,795	3,854,325	3,560,455	3,350,955
Third parties	2,840,228	2,684,640	2,319,157	2,210,813
	5,733,023	6,538,965	5,879,612	5,561,768

Bank and other borrowings denominated in currencies other than the functional currencies of respective entities are set out below:

	At 31 December			At 31 May 2015
	2012	2013	2014	
	RMB'000	RMB'000	RMB'000	
USD	37,745	1,122,332	890,315	1,189,086
Japanese Yen ("JPY")	182,228	139,059	119,157	112,813
EURO	–	–	–	87,340
	219,973	1,261,391	1,009,472	1,389,239

The carrying amount of the bank and other borrowings and the range of interest rates are as below:

	At 31 December						At 31 May 2015	
	2012		2013		2014		2015	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Fixed rate bank and other borrowings	7,311,419	1.05-10.0	14,375,527	1.05-11.4	17,460,568	1.05-10.0	11,217,392	1.05-10.0
Floating rate bank and other borrowings	33,885,729	2.32-8.2	31,727,697	3.15-8.64	31,665,039	2.36-8.64	44,349,511	1.3-8.64
	41,197,148		46,103,224		49,125,607		55,566,903	

The floating rate bank and other borrowings are arranged at the interest rate based on benchmark interest rates of the People's Bank of China or at London Interbank Offered Rate.

36. FINANCE LEASE PAYABLES

The Group leases certain of its buildings and machinery for its construction operations. These leases are classified as finance leases and have average lease term ranging from 3 to 7 years. The Group has the option to purchase the buildings and machinery at nominal amounts upon the expiry of the lease term.

At the end of each of year/period, the Group's total future minimum lease payments under finance leases and their present values are as follows:

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	Minimum lease payments				Present value of minimum lease payments			
	At 31 December			At 31 May 2015	At 31 December			At 31 May 2015
	2012	2013	2014		2012	2013	2014	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Amounts payable:								
Within one year	133,728	148,384	153,648	247,691	112,344	133,525	144,445	231,919
In the second year	124,884	121,486	225,217	306,439	110,209	115,159	183,240	276,604
In the third year	110,029	5,474	412,691	291,970	106,324	4,574	378,927	248,208
In the fourth year	5,365	3,165	-	-	4,386	2,562	-	-
In the fifth year	3,165	-	-	-	1,234	-	-	-
Total minimum finance lease payments	377,171	278,509	791,556	846,100	-	-	-	-
Future finance charges	(42,674)	(22,689)	(84,944)	(89,369)	-	-	-	-
Total net finance lease payables	334,497	255,820	706,612	756,731	334,497	255,820	706,612	756,731
Portion classified as current liabilities					112,344	133,525	144,445	231,919
Non-current portion					222,153	122,295	562,167	524,812
Effective interest rate (per annum)	6.72% - 8.0%				5.15% - 8.0%			
	6.72% - 8.0%				5.15% - 14.15%			

37. CORPORATE BONDS

Corporate bonds represent unsecured medium-term notes.

THE GROUP

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount repayable based on repayment term:				
Within one year	–	1,876,927	505,981	1,083,720
More than one year but within two years	1,788,050	505,981	523,888	–
More than two years but within three years	505,981	523,888	406,016	919,726
More than three years but within four years	523,888	406,016	519,997	–
More than four years but within five years	401,016	519,997	1,050,000	1,684,535
More than five years	–	625,179	3,609,948	2,985,590
	3,218,935	4,457,988	6,615,830	6,673,571
Less: Amounts due within one year shown under current liabilities	–	1,876,927	505,981	1,083,720
Amounts shown under non-current liabilities	3,218,935	2,581,061	6,109,849	5,589,851
Effective interest rate (per annum)	4.27%-5.85%	4.27%-5.85%	4.27%-5.85%	4.27%-5.85%

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	At 31 December	At 31 May
	2014	2015
	RMB'000	RMB'000
Corporate bonds	2,984,769	3,053,090
Less: Portion classified as current liabilities	nil	67,500
Non-current portion	2,984,769	2,985,590
Effective interest rate (per annum)	5.37%	5.37%

The principal of the corporate bonds will be repaid in full in 2023 whereas the related interest expenses should be settled every year. The current portion of the corporate bonds as at 31 May 2015 represented interest expense payable of the corporate bonds.

38. SHORT-TERM FINANCING NOTES

Short-term financing notes are unsecured with fixed interest rate.

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	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term financing notes	1,827,562	2,020,515	3,557,772	4,045,864
Effective interest rate (per annum)	3.6%	5.2%	4.08% – 4.7%	3.0% – 4.6%

39. DEFINED BENEFIT OBLIGATIONS

The Group paid post-employment obligations to its retired employees in the PRC. In addition, the Group was committed to make periodic benefits payments to certain former employees, who were terminated or early retired, standby staff with injury and the dependents of deceased employees in accordance with various employee benefit schemes adopted by the Group. These benefits were only applicable to the qualifying employees.

ENERGY CHINA GROUP has operated a fund, which was injected into ENERGY CHINA GROUP by the MOF in 2012. According to the circular issued by the MOF, this fund can be used to pay for certain pension or allowance of the above qualifying employees. ENERGY CHINA GROUP has deposited this fund entirely with specific accounts in certain commercial banks in the PRC and China Energy Engineering Group Gezhouba Finance Co., Ltd., a financial institution and a subsidiary of the Company, as time deposits, of which an amount of RMB3,283,313,000 was designated by ENERGY CHINA GROUP for satisfying the needs of certain pension or allowance of the above qualifying employees of the Group. This designated fund of RMB3,283,313,000 is accounted for as a defined benefit plan asset consisting of time deposits operated under the name of ENERGY CHINA GROUP (the "Defined Benefit Plan Asset"). The interest income generated on the Defined Benefit Plan Asset is also allocated to the Group. For the purpose of presenting the Financial Information, the Defined Benefit Plan Asset was accounted for as a shareholder contribution by ENERGY CHINA GROUP to the Group for the year ended 31 December 2012. For the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015, ENERGY CHINA GROUP made some cash payments to the Group amounting to RMB286,322,000, RMB267,971,000, RMB280,542,000 and RMB127,271,000 to settle part of the Defined Benefit Plan Asset with the Group, details of the movements of the Defined Benefit Plan Asset during the Track Record Period are set out in the latter part of this note below. The Defined Benefit Plan Asset as at 31 December 2012, 2013 and 2014, and 31 May 2015 was offset against defined benefit obligations of the Group for presentation purpose in the Financial Information.

The plan exposes the Group to actuarial risks such as interest rate risk, benefit risk and average medical expense risk.

Interest rate risk	The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. As such, a decrease in the bond interest rate will increase the plan liability.
Benefit risk	The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the benefits of the plan participants will increase the plan liability.
Average medical expense risk	The present value of the defined benefit plan obligations is calculated by reference to the future average medical expense of plan participants. As such, an increase in the average medical expense of the plan participants will increase the plan liability.

The actuarial valuations of the present value of the defined benefit obligations as at 31 December 2012, 2013 and 2014, and 31 May 2015 were carried out by an independent firm of actuaries, Towers Watson, a member of China Association of Actuaries. The address of Tower Watson is at 29th Floor, Units 2917, 2927, 2929, 2918, 2920, South Tower, Kerry Centre 1, Guang Hua Road, Chaoyang District, Beijing, the PRC. The present value of the defined benefit obligations, and the related current service cost and past cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
Discount rate	3.25%-3.75%	4.5%-4.75%	3.5%-3.75%	3.25%-3.75%
Early-retiree's and standby staff with injury salary and supplemental benefit inflation rate	4.50%	4.50%	4.50%	2.00%
Retired employees, dependents of deceased employees and standby staff's benefit inflation rate	2.00%	2.00%	2.00%	2.00%
Medical cost trend rates	5.50%	5.50%	5.50%	5.50%

Amounts recognised in the consolidated statements of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Interest cost	475,122	432,750	597,620	253,711	206,121
Less: Interest income	27,872	99,336	92,797	40,773	36,849
Components of defined benefit costs recognised in profit or loss	447,250	333,414	504,823	212,938	169,272
Components of defined benefit costs recognised in other comprehensive income	(361,513)	(1,280,290)	1,210,300	578,187	1,430
Total	85,737	(946,876)	1,715,123	791,125	170,702

The interest cost is included in the finance costs in profit or loss. The interest income is included in the finance income in profit or loss. The remeasurement of the net defined benefit obligations arising from changes in financial assumptions is included in other comprehensive income.

The amount of retirement and supplemental benefit obligations recognised in the consolidated statements of financial position are determined as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Liability arising from defined benefit obligations	13,923,960	12,165,570	13,097,670	12,951,956
Fair value of defined benefit plan asset	(3,024,863)	(2,856,228)	(2,668,483)	(2,578,061)
Less: Net amount due within one year	642,879	615,528	814,558	814,558
Net amount due after one year	10,256,218	8,693,814	9,614,629	9,559,337

Movements in the present value of the retirement and supplemental benefit obligations during the Track Record Period were as follows:

	Year ended 31 December			Five months ended
	2012	2013	2014	31 May
	RMB'000	RMB'000	RMB'000	2015
At beginning of the year/period	14,713,232	13,923,960	12,165,570	13,097,670
Interest cost	475,122	432,750	597,620	206,121
Benefits paid	(902,881)	(910,850)	(875,820)	(353,265)
Actuarial (gains) losses arising from changes in financial assumptions	(361,513)	(1,280,290)	1,210,300	1,430
At end of the year/period	13,923,960	12,165,570	13,097,670	12,951,956

Movements in the present value of Defined Benefit Plan Asset during the Track Record Period were as follows:

	Year ended 31 December			Five months ended
	2012	2013	2014	31 May
	RMB'000	RMB'000	RMB'000	2015
At beginning of the year/period	–	3,024,863	2,856,228	2,668,483
Defined Benefit Plan Asset	3,283,313	–	–	–
Interest income	27,872	99,336	92,797	36,849
Cash received by the Group from ENERGY CHINA GROUP	(286,322)	(267,971)	(280,542)	(127,271)
At end of the year/period	3,024,863	2,856,228	2,668,483	2,578,061

Mortality is assumed to be the average life of expectancy of residents in Mainland China and the medical costs paid to early retirees are assumed to continue until the death of the retirees.

Significant actuarial assumptions made in determining defined benefit obligations are discount rate, supplemental benefit rate and medical cost trend rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of each of the Track Record Period, while holding all other factors constant.

- If the discount rate on benefit obligations increases by 0.25%, the defined benefit obligations would decrease by RMB354,710,000, RMB328,770,000, RMB307,830,000 and RMB305,510,000 for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015;
- If the discount rate on benefit obligations decreases by 0.25%, the defined benefit obligations would increase by RMB357,990,000, RMB330,350,000, RMB321,970,000 and RMB321,300,000 for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015;
- If the supplemental benefit rate increases by 1%, the defined benefit obligations would increase by RMB937,040,000, RMB865,980,000, RMB1,007,850,000 and RMB1,023,930,000 for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015;
- If the supplemental benefit rate decreases by 1%, the defined benefit obligations would decrease by RMB803,280,000, RMB742,560,000, RMB863,910,000 and RMB877,720,000 for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015;
- If the average medical cost trend rate increases by 1%, the defined benefit obligations would increase by RMB343,750,000, RMB316,910,000, RMB369,990,000 and RMB375,780,000 for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015;
- If the average medical cost trend rate decreases by 1%, the defined benefit obligations would decrease by RMB286,520,000, RMB264,160,000, RMB308,400,000 and RMB313,210,000 for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of each of the Track Record Period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis during the Track Record Period.

The average duration of the benefit obligations can be analysed as follows:

- Retired members: 20 years, 19 years and 18 years for the years ended 31 December 2012, 2013 and 2014, and 18 years for the five months ended 31 May 2015;
- Civil retirees: 8 years, 7 years and 6 years for the years ended 31 December 2012, 2013 and 2014, and 6 years for the five months ended 31 May 2015;
- Early retired staff: 6 years, 5 years and 4 years for the years ended 31 December 2012, 2013 and 2014, and 4 years for the five months ended 31 May 2015;
- Standby staff with injury: 14 years, 13 years and 12 years for the years ended 31 December 2012, 2013 and 2014, and 12 years for the five months ended 31 May 2015;
- Dependents of deceased employees: 16 years, 15 years and 14 years for the years ended 31 December 2012, 2013 and 2014, and 14 years for the five months ended 31 May 2015;
- Terminated staff: 11 years, 10 years and 9 years for the years ended 31 December 2012, 2013 and 2014, and 9 years for the five months ended 31 May 2015.

40. PROVISIONS

The movements of provisions are shown as follows:

	Provision for relocation <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2012	–	10,450	10,450
Additions	–	91	91
At 31 December 2012	–	10,541	10,541
Additions	–	6,000	6,000
At 31 December 2013	–	16,541	16,541
Additions	82,225	14,203	96,428
At 31 December 2014	82,225	30,744	112,969
Additions	–	95,720	95,720
Paid	(45,012)	(12,349)	(57,361)
At 31 May 2015	37,213	114,115	151,328

41. DEFERRED REVENUE

	Government grants related to assets <i>RMB'000</i> <i>(note (a))</i>	Unrealised profit of sales and leaseback transaction <i>RMB'000</i> <i>(note (b))</i>	Total <i>RMB'000</i>
At 1 January 2012	61,044	–	61,044
Additions	170,603	–	170,603
Released to profit or loss	(17,209)	–	(17,209)
At 31 December 2012	214,438	–	214,438
Additions	131,599	–	131,599
Released to profit or loss	(15,239)	–	(15,239)
At 31 December 2013	330,798	–	330,798
Additions	5,573	89,434	95,007
Released to profit or loss	(30,835)	(12,482)	(43,317)
At 31 December 2014	305,536	76,952	382,488
Additions	76,355	–	76,355
Released to profit or loss	(8,963)	(15,668)	(24,631)
At 31 May 2015	372,928	61,284	434,212

Notes:

- (a) The government grants received are treated as deferred revenue and will be released to profit or loss over the estimated useful lives of the underlying property, plant and equipment.
- (b) When a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset upon sale is deferred and amortised over the lease term.

42. CAPITAL AND RESERVES

(a) Issued share capital

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	At 31 December 2014		At 31 May 2015	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
Registered, issued and fully paid –State legal person shares of RMB1.00 each	21,600,000,000	21,600,000	21,600,000,000	21,600,000

The Company was established on 19 December 2014 with an initial share capital of RMB21,600 million divided into 21,600 million shares with a par value of RMB1.00 each. 21,600 million state legal person shares with a par value of RMB1.00 each were issued to ENERGY CHINA GROUP and EPPE Company, all of which were credited as fully paid, in consideration for the transfer of the Core Business by ENERGY CHINA GROUP and cash injection by EPPE Company to the Company pursuant to the Reorganisation as set out in note 1.

(b) Group's reserves

Details of the Group's reserves for the Track Record Period are presented in the consolidated statements of changes in equity.

(c) Company's capital and reserves

THE COMPANY

	Share capital RMB'000	Capital reserve RMB'000 (note (a))	Retained earnings (accumulated losses) RMB'000	Total RMB'000
Capitalisation as a result of Reorganisation on 19 December 2014	21,600,000	14,728,898	–	36,328,898
Profit for the period from the date of establishment of the Company to 31 December 2014	–	–	3	3
As at 31 December 2014	21,600,000	14,728,898	3	36,328,901
Cash contribution by ENERGY CHINA GROUP	–	45,695	–	45,695
Loss for the period	–	–	(3,961)	(3,961)
Others (note (b))	–	(103,309)	–	(103,309)
As at 31 May 2015	21,600,000	14,671,284	(3,958)	36,267,326

Notes:

- (a) Capital reserve of the Company upon its establishment represents the excess of fair value of net asset value of the Core Business and cash transferred to the Company by ENERGY CHINA GROUP and EPPE Company on 19 December 2014 pursuant to the Reorganisation less the nominal value of the ordinary shares issued to ENERGY CHINA GROUP and EPPE Company. Further details are set out in note 1.
- (b) The Company incurred certain expenses on behalf of ENERGY CHINA GROUP for the five months ended 31 May 2015 which will not be reimbursed by ENERGY CHINA GROUP to the Company. As such, these transactions were accounted for as deemed distribution to owner of the Company for the five months ended 31 May 2015.

43. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group:

Name of subsidiary	Place of establishment and principal place of business	Proportion of equity interests and voting power held by non-controlling interests		Profit allocated to non-controlling interests					Accumulated non-controlling interests						
		At 31 December		Year ended 31 December		Five months ended 31 May			At 31 December			At 31 May			
		2012	2013	2012	2013	2014	2014	2015	2012	2013	2014	2012	2013	2014	2015
				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CGGC (note (a))	PRC	59.46%	59.17%	1,199,162	1,274,559	1,907,746	584,342	953,992	9,924,508	11,094,649	16,349,351	17,857,367			
Others				42,936	36,183	71,090	26,073	8,209	287,654	415,732	372,683	337,775			
Eliminations (note (b))				(21,102)	(37,532)	(36,108)	(6,719)	(31,245)	(690,412)	(716,888)	(836,428)	(871,753)			
				<u>1,220,996</u>	<u>1,273,210</u>	<u>1,942,728</u>	<u>603,696</u>	<u>930,956</u>	<u>9,521,750</u>	<u>10,793,493</u>	<u>15,885,606</u>	<u>17,323,389</u>			

Notes:

- (a) The proportion of voting rights and ownership interests of CGGC indirectly held by the Company is less than 50%. The Directors concluded that the Group has had control over CGGC on the basis of the Group's absolute size of holding and voting rights in CGGC and the relative size and dispersion of the shareholdings owned by the other shareholders.
- (b) Eliminations represent certain cross holding of subsidiaries by other subsidiaries of the Group.

Summarised financial information in respect of CGGC that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup elimination.

CGGC

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	45,967,158	52,870,691	62,648,497	67,429,608
Non-current assets	30,440,941	33,458,893	42,251,758	45,840,214
Current liabilities	39,324,033	44,595,664	54,554,700	57,429,873
Non-current liabilities	23,065,390	25,857,583	26,186,797	29,877,297
Equity attributable to owners of the Company	4,094,168	4,781,688	7,809,407	8,105,285
	Year ended 31 December			Five months
	2012	2013	2014	ended 31 May
	RMB'000	RMB'000	RMB'000	2015
Revenue	53,536,895	59,527,557	71,605,390	27,086,781
Expenses	51,739,837	57,632,464	68,804,648	25,687,958
Profit for the year/period	1,797,058	1,895,093	2,800,742	1,398,823
Profit attributable to owners of the Company	597,897	620,534	892,787	444,832
Profit attributable to non-controlling interests	1,199,161	1,274,559	1,907,955	953,991
Total comprehensive income for the year/period	1,994,023	2,198,462	3,861,946	1,398,983
Total comprehensive income attributable to owners of the Company	679,270	744,352	1,338,434	444,899
Total comprehensive income attributable to non-controlling interests	1,314,753	1,454,110	2,523,512	954,084
Dividends paid to non-controlling interests	412,722	521,529	570,998	–
Total other changes to equity	1,796,474	369,849	5,214,739	986,797
Net cash (outflows) inflows from operating activities	(265,510)	4,697,564	1,146,316	(1,948,716)
Net cash outflows from investing activities	(3,085,381)	(2,967,364)	(4,563,721)	(5,753,067)
Net cash inflows from financing activities	1,581,933	127,812	5,662,827	7,134,494
Net cash (outflows) inflows	(1,769,829)	1,764,618	2,223,988	(575,131)

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt, which includes bank and other borrowings, finance lease payables, corporate bonds and short-term financing notes, as disclosed in notes 35, 36, 37 and 38 respectively, net of pledged deposits, bank and cash balances and equity attributable to owners of the Company.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations by the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares or capital contribution, raising new debts or the redemption of existing debts.

45. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

THE GROUP

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables:				
Trade and bills receivables	29,705,315	39,951,093	46,434,427	50,178,342
Deposits and other receivables	4,885,202	5,499,495	8,194,222	10,595,947
Other loans	3,075,000	4,846,532	6,108,546	3,564,564
Pledged deposits	819,227	1,343,458	1,803,386	1,608,722
Bank and cash balances	22,219,515	25,810,235	30,651,105	27,367,041
Subtotal	60,704,259	77,450,813	93,191,686	93,314,616
Available-for-sale financial assets	4,408,670	4,856,954	7,115,583	7,479,526
Financial assets at FVTPL	219,241	205,314	161,397	142,092
Financial liabilities				
Amortised cost:				
Trade and bills payables	31,200,621	41,870,046	51,535,711	54,215,325
Other payables	12,009,973	11,687,675	14,288,551	14,008,866
Short-term financing notes	1,827,562	2,020,515	3,557,772	4,045,864
Bank and other borrowings	41,197,148	46,103,224	49,125,607	55,566,903
Finance lease payables	334,497	255,820	706,612	756,731
Corporate bonds	3,218,935	4,457,988	6,615,830	6,673,571
	89,788,736	106,395,268	125,830,083	135,267,260

THE COMPANY

	At 31 December 2014	At 31 May 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Loans and receivables:		
Other receivables	3,632,922	4,304,437
Other loans	1,369,850	1,209,850
Bank and cash balances	1,185,737	2,543,240
Subtotal	6,188,509	8,057,527
Available-for-sale financial assets	211,043	211,043
Financial liabilities		
Amortised cost:		
Other payables	4,148,922	6,053,965
Corporate bonds	2,984,769	3,053,090
	7,133,691	9,107,055

b. Financial risk management objectives and policies

The Company's major financial instruments include bank and cash balances, available-for-sale financial assets, other receivables, other loans, other payables and corporate bonds. The Group's major financial instruments include trade and bills receivables, available-for-sale financial assets, financial assets at fair value through profit or loss, other loans, pledged deposits, bank and cash balances, deposits and other receivables, trade and bills payable, other payables, short-term financing notes, bank and other borrowings, corporate bonds and finance lease payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk*(i) Interest rate risk*

The Company is exposed to fair value interest rate risk which arises from other loans and corporate bonds. The Group is exposed to fair value interest rate risk which arises from fixed rate bank and other borrowings, other loans, corporate bonds, short-term financing notes and finance lease payables.

In addition, the Group is exposed to cash flow interest rate risk which arises from corporate bonds, floating rate bank and other borrowings, pledged deposits and bank and cash balances. The Company's and Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank and cash balances, pledged deposits, floating rate corporate bonds and bank and other borrowings at the end of each reporting periods. The analysis is prepared assuming the financial instruments outstanding at the end of reporting periods were outstanding for the whole year/period. A 10 basis points increase or decrease in interest rate on bank and cash balances and pledged deposits and a 50 basis points increase or decrease in interest rate on floating rate corporate bonds and bank and other borrowings are used which represent management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 basis points higher/lower for bank and cash balances and pledged deposits with all other variables held constant, the Group's post-tax profit for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015 would increase/decrease by approximately RMB15,625,000, RMB17,531,000, RMB22,088,000 and RMB8,933,000 respectively.

If interest rates had been 50 basis points higher/lower for floating rate corporate bonds and bank and other borrowings with all other variables held constant, the Group's post-tax profit (net of interest capitalised) for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015 would decrease/increase by approximately RMB99,002,000, RMB81,067,000, RMB82,575,000 and RMB58,842,000 respectively.

The Company's exposure on cash flow interest rate risk is not material from the date of its establishment to 31 December 2014, and for the five months ended 31 May 2015 and therefore, no sensitivity analysis is presented.

(ii) *Currency risk*

The Group's exposure to currency risk is attributable to bank and cash balances, available-for-sales financial assets, trade and bills receivables, trade and bills payables and bank borrowings which are denominated in the currencies other than the functional currency of the relevant group entities. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner. In addition, the Company did not have any foreign currency denominated monetary items at the end of each reporting period.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the relevant group entities at the end of each reporting period are as follows:

	Assets				Liabilities			
	At 31 December			At	At 31 December			At
	2012	2013	2014	31 May	2012	2013	2014	31 May
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
USD	2,045,248	1,973,174	3,039,682	3,499,579	1,399,491	2,062,453	2,532,491	1,671,588
EURO	111,297	92,475	189,486	172,601	43,617	-	-	87,340
Hong Kong Dollar ("HKD")	-	-	200,000	192,936	-	-	-	-
Others	1,341,263	896,149	922,511	1,330,752	200,511	277,439	311,728	1,016,719
	<u>4,507,818</u>	<u>2,961,798</u>	<u>4,171,689</u>	<u>4,993,868</u>	<u>1,643,619</u>	<u>2,062,453</u>	<u>2,532,491</u>	<u>1,671,588</u>

Sensitivity analysis

The sensitivity analysis below has been determined based on a 5% increase/decrease in functional currency of respective group entities against the relevant foreign currencies. 5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in the Group's post-tax profit and the Group's other comprehensive income, where functional currency of respective group entities had strengthened 5% against the relevant foreign currency. For a 5% weakening of functional currency of respective group entities against the relevant foreign currency, there would be an equal and opposite impact on the post-tax profit and other comprehensive income for the year/period.

	Year ended 31 December			Five months ended
	2012	2013	2014	31 May
	RMB'000	RMB'000	RMB'000	2015
Increase (decrease) in the Group's post-tax profit				RMB'000
– if RMB strengthens against USD	(21,898)	2,882	(17,259)	(67,623)
– if RMB strengthens against EURO	(2,295)	(2,985)	(6,448)	(3,154)
– if RMB strengthens against others	(38,683)	(19,973)	(20,784)	(11,617)
Decrease in the Group's other comprehensive income				
– if RMB strengthens against HKD	–	–	(6,806)	(7,137)

(iii) Other price risk

The Group is exposed to other price risk because the fair value of certain available-for-sale financial assets and financial assets at fair value through profit or loss are measured by reference to quoted prices or determined in accordance with Black-Scholes option pricing model. Details of the available-for-sale financial assets and financial assets at fair value through profit or loss are set out in notes 23 and 31, respectively.

The Group currently does not have a policy to hedge the other price risk. However, the management closely monitors such risk by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below has been determined based on a 10% increase/decrease in equity price of the equity securities mentioned above. 10% is the sensitivity rate used and represents management's assessment of the reasonably possible change in equity price. A positive (negative) number below indicates an increase (decrease) in the Group's post-tax profit or increase (decrease) in the Group's other comprehensive income.

	Year ended 31 December			Five months ended
	2012	2013	2014	31 May
	RMB'000	RMB'000	RMB'000	2015
Increase (decrease) in post-tax profit				RMB'000
– as a result of increase in equity price	14,869	13,255	10,984	10,513
– as a result of decrease in equity price	(14,869)	(13,255)	(10,984)	(10,513)
Increase (decrease) in other comprehensive income				
– as a result of increase in equity price	98,734	114,590	267,207	312,753
– as a result of decrease in equity price	(98,734)	(114,590)	(267,207)	(312,753)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. At the end of each reporting period, the Company's and the Group's maximum exposure is arising from the carrying amount of the respective recognised financial assets as stated in the Company's and consolidated statements of financial position and the amount of contingent liabilities in relation to the financial guarantees provided by the Group.

The Group has concentration of credit risk as 5%, 6%, 4% and 5% of the total trade receivables was due from the Group's largest five customers in the PRC as at 31 December 2012, 2013 and 2014, and as at 31 May 2015, respectively. The Group's remaining customers individually contribute less than 1% of the total trade receivables of the Group.

In the opinion of management, the Group has no significant credit risk with these largest customers as the Group maintains long-term and stable business relationships with these companies with healthy repayment history. For other trade and bills receivables, the management of the Group performs an ongoing individual credit evaluation of their customers' and counterparties' financial conditions, and is of the opinion that the outstanding debts are recoverable.

For financial guarantee contracts, the management is of the view that the credit risk in this respect is limited after taking into consideration of the counterparties' strong financial capability.

The Group has concentration of credit risk on amount due from the ultimate holding company as at 31 December 2012, 2013 and 2014, and 31 May 2015. Credit risk is considered limited because the ultimate holding company has positive operating results and/or cash flows.

Regarding balances with other related parties, the management of the Group assesses the recoverability by reviewing their financial position and results periodically and considers the credit risk to be insignificant.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good reputation.

The Company has concentration of credit risk of amounts due from the ultimate holding company and subsidiaries at 31 December 2014 and 31 May 2015. Credit risk is considered limited because the ultimate holding company and subsidiaries have positive operating results and/or cash flows.

Other than the above-mentioned concentration of credit risk, the Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank and cash balances as well as undrawn banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and bills payable to ensure compliance with loan covenants.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank and other borrowings with a repayable on demand clause were included in the earliest time band regardless of the probability of the lenders choosing to exercise their right. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

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	Weighted average interest rate %	Repayable on demand or within one year RMB'000	In the second year RMB'000	In the third year RMB'000	In the fourth year RMB'000	In the fifth year RMB'000	After five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2012									
Trade and bills payables	N/A	31,200,621	–	–	–	–	–	31,200,621	31,200,621
Other payables	N/A	11,798,506	157,027	35,568	15,852	3,020	–	12,009,973	12,009,973
Short-term financing notes	3.60	1,864,800	–	–	–	–	–	1,864,800	1,827,562
Financial lease payables	7.02	133,728	124,884	110,029	5,365	3,165	–	377,171	334,497
Corporate bonds	5.33	178,443	1,921,400	570,243	547,763	413,683	–	3,631,532	3,218,935
Financial guarantee contracts	N/A	2,857,617	–	–	–	–	–	2,857,617	–
Interest-bearing bank and other borrowings									
– Floating rate	6.16	13,986,153	5,095,446	6,007,910	3,028,453	1,493,704	12,210,872	41,822,538	33,885,729
– Fixed rate	6.45	5,773,017	759,724	380,960	111,494	98,241	984,622	8,108,058	7,311,419
		67,792,885	8,058,481	7,104,710	3,708,927	2,011,813	13,195,494	101,872,310	89,788,736
At 31 December 2013									
Trade and bills payables	N/A	41,870,046	–	–	–	–	–	41,870,046	41,870,046
Other payables	N/A	11,574,841	42,569	36,772	31,893	1,600	–	11,687,675	11,687,675
Short-term financing notes	5.20	2,046,159	–	–	–	–	–	2,046,159	2,020,515
Financial lease payables	7.13	148,384	121,486	5,474	3,165	–	–	278,509	255,820
Corporate bonds	5.33	2,065,287	625,253	602,773	473,693	556,745	663,504	4,987,255	4,457,988
Financial guarantee contracts	N/A	3,028,871	–	–	–	–	–	3,028,871	–
Interest-bearing bank and other borrowings									
– Floating rate	6.14	8,423,807	7,930,081	7,476,001	1,679,246	2,030,810	12,120,667	39,660,612	31,727,697
– Fixed rate	6.15	12,493,318	742,792	276,249	293,365	237,820	1,481,419	15,524,963	14,375,527
		81,650,713	9,462,181	8,397,269	2,481,362	2,826,975	14,265,590	119,084,090	106,395,268
At 31 December 2014									
Trade and bills payables	N/A	51,535,711	–	–	–	–	–	51,535,711	51,535,711
Other payables	N/A	14,177,268	76,688	32,993	1,602	–	–	14,288,551	14,288,551
Short-term financing notes	4.47	3,616,400	–	–	–	–	–	3,616,400	3,557,772
Financial lease payables	6.48	153,648	225,217	412,691	–	–	–	791,556	706,612
Corporate bonds	5.19	838,578	816,098	687,018	770,070	1,293,985	4,114,338	8,520,087	6,615,830
Financial guarantee contracts	N/A	3,226,070	–	–	–	–	–	3,226,070	–
Interest-bearing bank and other borrowings									
– Floating rate	6.11	10,253,216	7,115,283	5,824,273	2,742,058	1,756,534	11,473,459	39,164,823	31,665,039
– Fixed rate	6.54	15,339,330	1,168,762	689,411	158,731	493,628	805,784	18,655,646	17,460,568
		99,140,221	9,402,048	7,646,386	3,672,461	3,544,147	16,393,581	139,798,844	125,830,083
At 31 May 2015									
Trade and bills payables	N/A	54,215,325	–	–	–	–	–	54,215,325	54,215,325
Other payables	N/A	13,896,054	60,322	51,390	1,100	–	–	14,008,866	14,008,866
Short-term financing notes	3.94	4,095,400	–	–	–	–	–	4,095,400	4,045,864
Financial lease payables	7.21	247,691	306,439	291,970	–	–	–	846,100	756,731
Corporate bonds	5.16	1,400,110	287,335	1,188,753	243,985	1,901,650	3,415,190	8,437,023	6,673,571
Financial guarantee contracts	N/A	5,244,461	–	–	–	–	–	5,244,461	–
Interest-bearing bank and other borrowings									
– Floating rate	5.62	20,593,907	7,912,901	8,237,596	2,150,041	1,494,097	11,637,726	52,026,268	44,349,511
– Fixed rate	6.35	7,927,403	2,719,984	487,839	146,729	67,301	825,405	12,174,661	11,217,392
		107,620,351	11,286,981	10,257,548	2,541,855	3,463,048	15,878,321	151,048,104	135,267,260

Bank borrowings with a repayment on demand clause are included in the “Repayable on demand or within one year” time band in the above maturity analysis. As at 31 December 2012, 2013 and 2014, and 31 May 2015, the aggregate carrying amounts of these bank borrowings amounted to RMB53,850,000, Nil, RMB424,960,000 and RMB578,930,000, respectively. Taking into account the Group’s financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand for immediate repayment.

The management of the Group believed that such bank borrowings with a repayment on demand clause as at 31 December 2012 would be repaid in the following year from 31 December 2012 in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows repaid in 2013 amounted to RMB53,960,000.

The bank borrowings with a repayment on demand clause as at 31 December 2014 will be repaid after 5 years from 31 December 2014 in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate interest cash outflows to be repaid in 2015 will be RMB28,130,000.

Also, the bank borrowings with a repayment on demand clause as at 31 May 2015 will be repaid after 5 years from 31 May 2015 in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate interest cash outflows to be repaid within 1 year after 31 May 2015 will be RMB38,248,000.

Other borrowings have no fixed repayment term and are included in the “Repayable on demand or within one year” time band in the above maturity analysis.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that such amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

THE COMPANY

	Weighted average interest rate %	Repayable on demand or within one year RMB'000	In the second year RMB'000	In the third year RMB'000	In the fourth year RMB'000	In the fifth year RMB'000	After five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2014									
Other payables	N/A	4,148,922	–	–	–	–	–	4,148,922	4,148,922
Corporate bonds	5.37	161,100	161,100	161,100	161,100	161,100	3,481,494	4,286,994	2,984,769
		4,310,022	161,100	161,100	161,100	161,100	3,481,494	8,435,916	7,133,691
At 31 May 2015									
Other payables	N/A	6,053,965	–	–	–	–	–	6,053,965	6,053,965
Corporate bonds	5.37	228,600	161,100	161,100	161,100	161,100	3,415,190	4,288,190	3,053,090
		6,282,565	161,100	161,100	161,100	161,100	3,415,190	10,342,155	9,107,055

The amounts included above for floating interest rate instruments for non-derivative financial liabilities are subject to change if changes in floating interest rates differ to those estimates of interest rates determined at the end of each reporting period.

Fair value measurement

Fair value measurement for financial instruments not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Financial Information approximate their fair values.

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	Carrying amounts				Fair values			
	At 31 December			At 31 May	At 31 December			At 31 May
	2012	2013	2014	2015	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities								
Bank borrowings (fixed rate)	7,311,419	14,375,527	17,460,568	11,217,392	7,265,410	14,341,654	17,500,473	11,288,497
Corporate bonds (fixed rate)	2,817,918	4,051,971	6,209,814	6,265,655	2,840,834	4,002,141	6,423,240	6,334,231
Financial lease payables (fixed rate)	334,497	255,820	706,612	756,731	388,467	287,878	808,467	874,324
	10,463,834	18,683,318	24,376,994	18,239,778	10,494,711	18,631,673	24,732,180	18,497,052

THE COMPANY

	Carrying amounts		Fair values	
	At 31 December	At 31 May	At 31 December	At 31 May
	2014	2015	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Corporate bonds (fixed rate)	2,984,769	3,053,090	3,196,031	3,101,037
	2,984,769	3,053,090	3,196,031	3,101,037

Fair value measurements for financial instruments measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and key inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Financial assets	Fair value at					Valuation technique	Key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 December	31 December	31 December	31 May	Fair value				
	2012	2013	2014	2015	hierarchy				
	RMB'000	RMB'000	RMB'000	RMB'000					
The Group									
Tradable listed equity securities classified as available-for-sale financial assets	1,226,626	1,265,304	3,300,113	3,553,585	Level 1	Unadjusted quoted price on active market	Not applicable	Not applicable	Not applicable
Non-tradable securities of a company listed in Hong Kong classified as available-for-sale financial assets (note)	303,855	615,314	744,003	673,931	Level 3	Black-Scholes option pricing model	Spot price of the securities, volatility of the securities, expected life of the option and risk-free interest rate	Expected volatility, Expected life of the option.	The higher the volatility, the lower the fair value. The longer the expected life of the option, the lower the fair value.
Subtotal	1,530,481	1,880,618	4,044,116	4,227,516					
Financial assets at fair value through profit or loss (note 31)	219,241	205,314	161,397	142,092	Level 1	Unadjusted quoted price on active market	Not applicable	Not applicable	Not applicable

Note: These investments represent non-tradable shares of Huadian Fuxin which was listed on the Stock Exchange in 2012.

Reconciliation of level 3 fair value measurement of financial assets:

	Year ended 31 December			Five months ended 31 May 2015
	2012	2013	2014	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	500,000 ^(*)	303,855	615,314	744,003
Fair value (loss) gain recognised in other comprehensive income	(182,623)	311,459	128,689	(70,072)
Transfer to the NSSF ^(#)	(13,522)	–	–	–
At end of year/period	303,855	615,314	744,003	673,931

Pursuant to the PRC regulations on reduction of State-owned shares, certain non-tradable shares of Huadian Fuxin held by the Group were converted into H shares and transferred to the National Council for Social Security Fund of the PRC (the “NSSF”) for free upon completion of the listing of Huadian Fuxin in 2012.

* The amount of this investment as at 1 January 2012 was stated at cost as Huadian Fuxin was listed in Hong Kong in 2012, after which the fair value of the non-tradable shares of Huadian Fuxin was able to be determined in accordance with Black-Scholes option pricing model.

46. CAPITAL COMMITMENTS

Capital expenditure:

	At 31 December			At 31 May 2015
	2012	2013	2014	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted for but not provided in the Financial Information: Property, plant and equipment	4,415,429	2,118,541	3,188,696	3,819,795

The Group's share of the capital commitments of its joint ventures is as follows:

	At 31 December			At 31 May 2015
	2012	2013	2014	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commitments to contribute funds for the acquisition and construction of property, plant and equipment	57,948	24,301	799,891	799,891

Investment commitments:

According to relevant agreements, the Group has the following investment commitments:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Investment commitments in:				
– Associates	364,500	188,250	621,460	589,067
– Joint ventures	460,000	410,000	1,304,130	385,000
– Acquisition of subsidiaries	–	–	472,500	–
	824,500	598,250	2,398,090	974,067

47. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	61,046	51,987	67,973	210,968
1 to 3 years	89,823	65,156	148,116	432,310
Over 3 years	38,542	23,109	174,219	265,005
	189,411	140,252	390,308	908,283

Operating lease payments represent fixed rentals payable by the Group for certain of its office premises. Lease of rented premises are negotiated with fixed lease term for 1 to 10 years.

The Group as lessor

For the years ended 31 December 2012, 2013 and 2014, and five months ended 31 May 2014 and 2015, rental income earned by the Group from its investment properties was RMB29,500,000, RMB45,997,000, RMB55,308,000, RMB15,698,000 (unaudited) and RMB24,016,000 respectively.

All of the properties leased out have committed tenants for 1 to 3 years without termination options granted to tenants.

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,233	8,361	9,322	7,990
In the second to third years inclusive	43,836	45,036	46,365	45,765
	45,069	53,397	55,687	53,755

48. CONTINGENCIES

(a) The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when the management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice. 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 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks and non-financial institutions in respect of banking facilities granted to: <i>(note i)</i>				
Fellow subsidiaries <i>(note 50(a))</i>	569,000	618,000	928,000	928,000
Associates <i>(note 50(a))</i>	289,194	555,261	536,873	2,634,145
Investee recognised as available-for-sale financial assets	50,000	130,500	123,000	115,500
	908,194	1,303,761	1,587,873	3,677,645
Mortgage loan guarantees provided by the Group to banks in favour of its customers <i>(note ii)</i>	1,949,423	1,725,110	1,638,197	1,566,816
	2,857,617	3,028,871	3,226,070	5,244,461

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

(ii) 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 consider 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 Financial Information for these guarantees.

49. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities (including bank borrowings, bills payable and letter of credit) granted to the Group:

	<i>Notes</i>	At 31 December			At 31 May
		2012	2013	2014	2015
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	15	329,699	1,301,136	1,106,117	1,310,237
Prepaid lease payments	16	118,131	93,607	101,874	80,452
Intangible assets	18	8,475,924	8,303,185	8,116,268	8,319,041
Trade receivables	25	233,000	412,256	767,644	709,486
Properties under development	29	1,946,017	4,858,945	5,544,197	6,286,844
Completed properties for sale	29	1,052,938	852,051	902,975	881,290
Bank deposits	32	819,227	1,343,458	1,803,386	1,608,722
		12,974,936	17,164,638	18,342,461	19,196,072

50. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Save as disclosed elsewhere in the Financial Information, the Group entered into the following transactions with related parties, during the Track Record Period and the five months ended 31 May 2014:

In the opinion of the Directors, the following related party transactions were conducted in the ordinary course of business and will continue after the listing of the H shares of the Company on the Stock Exchange.

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods					
Joint ventures	–	–	–	–	1,926
Associates	1,171	–	796	574	–
	1,171	–	796	574	1,926
Construction service					
Joint ventures	–	51,903	88,850	31,975	59,427
Associates	–	606,894	1,330,109	540,086	377,293
	–	658,797	1,418,959	572,061	436,720

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchase of goods					
Joint ventures	–	2,042	7,459	2,422	5,493
Associates	–	–	11,078	5,208	4,053
	–	2,042	18,537	7,630	9,546
Purchase of services					
Fellow subsidiaries	40,151	22,908	29,286	6,450	8,180
Associates	–	12,662	11,886	4,596	4,449
	40,151	35,570	41,172	11,046	12,629
Rental income					
Associates	375	375	1,171	375	250
Lease expense					
Fellow subsidiaries	–	–	–	–	33,216
Associates	6,400	1,440	820	25	74
	6,400	1,440	820	25	33,290
Finance income					
Associates	–	–	97,286	–	79,629
Finance cost					
Ultimate holding company	–	36,719	54,476	22,528	22,528

The Directors of the Company are of the view that the following related party transactions will be ceased after the listing of the H shares of the Company on the Stock Exchange.

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Construction service					
Ultimate holding company	22,718	3,486	–	–	–
Fellow subsidiaries	75	26,880	15,269	–	–
	22,793	30,366	15,269	–	–
Purchase of goods					
Fellow subsidiaries	150	–	–	–	–

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchase of services					
Fellow subsidiaries	1,920	105,833	89,853	25,756	23,389
Associates	378,462	–	–	–	–
	380,382	105,833	89,853	25,756	23,389
Finance income					
Ultimate holding company	1,904	1,530	1,284	284	1,052
Finance cost					
Ultimate holding company	–	4,183	105	–	69
Fellow subsidiaries	–	9,136	35	14	9
	–	13,319	140	14	78

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Fellow subsidiaries (note 48(b))	569,000	618,000	928,000	928,000
Associates (note 48(b))	289,194	555,261	536,873	2,634,145
	858,194	1,173,261	1,464,873	3,562,145

The Group had obtained guarantees by ultimate holding company in respect of certain bank loans of the Group:

	At 31 December			At 31 May
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Ultimate holding company (note 35)	2,892,795	3,854,325	3,560,455	3,350,955

In the opinion of the Directors, the transaction between the Group and the related parties were based on prices mutually agreed between the parties after taking reference of the market prices.

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or organisations (collectively "State-owned Enterprises"). During the Track Record Period and the five months ended 31 May 2014, the Group had transactions with State-owned Enterprises including, but not limited to, the provision of infrastructure construction services and purchases of services. The Directors consider that the transactions with these State-owned Enterprises are activities in the ordinary course of the Group's business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and these State-owned Enterprises are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for services and products, and such

pricing policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationship, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 25, 26, 27, 30, 33, 34, 35 and 39.

(c) Compensation of key management personnel

The remuneration of key management during the year/period was as follows:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors' fee	-	-	-	-	108
Salaries and other allowances	-	-	-	-	1,146
Discretionary bonus	-	-	-	-	645
Retirement benefit schemes contributions	-	-	-	-	173
	-	-	-	-	2,072

The remuneration of key management is determined having regard to the Group's or respective member's performance for such financial period.

During the years ended 31 December 2012, 2013 and 2014, all the key management received their emoluments from ENERGY CHINA GROUP, part of which was in respect of their services to the companies now comprising the Group. No apportionment has been made as the Directors consider that it is impracticable to apportion these amounts between their services to the companies now comprising the Group and their services to ENERGY CHINA GROUP.

51. ACQUISITION OF SUBSIDIARIES

During the years ended 31 December 2012, 2013 and 2014, the Group acquired equity interests of (1) certain companies owned by certain employees of the Group, and (2) certain companies owned by other independent third parties.

In respect of the companies owned by certain employees of the Group, during the years ended 31 December 2012, 2013 and 2014, SASAC initiated the transactions to acquire these companies for the purpose of onward injection into ENERGY CHINA GROUP so as to enable ENERGY CHINA GROUP to make injection of these companies into the Group pursuant to the Reorganisation. Under these acquisition transactions initiated by SASAC, the total fair value of the net assets of these companies at the respective dates of acquisition were higher than the purchase consideration amounts. As SASAC is the controlling party of ENERGY CHINA GROUP, these bargain purchase gain obtained by SASAC at the date of acquisition of the above subsidiaries are recognised in reserve of the Group as shareholder contribution upon completion of the acquisition transactions.

All the above investees are engaged in the similar business activities of the Group. The purpose of the above transactions is to satisfy the need for the expansion of the Group's business operations.

Acquisition-related costs relating to the above transactions are insignificant and have been excluded from the cost of acquisitions and have been recognised directly as expenses in the year/period in which the transactions were made and included in the administrative expenses line item in the consolidated statements of profit or loss and other comprehensive income.

Assets and liabilities recognised at the date of acquisition are as follows:

2012

	Enterprises -owned by employees RMB'000	Others RMB'000	Total RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment (note 15)	21,245	154,264	175,509
Intangible assets (note 18)	–	4,974	4,974
Prepaid lease payments (note 16)	30,374	74,455	104,829
Available-for-sale financial assets	9,500	–	9,500
Prepayments, deposits and other receivables	–	30,823	30,823
Deferred tax assets (note 24)	32	67	99
	61,151	264,583	325,734
CURRENT ASSETS			
Inventories	151	12,157	12,308
Trade and bills receivables	7,618	20,110	27,728
Prepayments, deposits and other receivables	7,490	63,732	71,222
Bank and cash balances	195,254	34,414	229,668
	210,513	130,413	340,926
CURRENT LIABILITIES			
Bank and other borrowings	–	105,000	105,000
Trade and bills payables	759	1,987	2,746
Other payables and accruals	92,610	94,335	186,945
	93,369	201,322	294,691
NET CURRENT ASSETS/(LIABILITIES)	117,144	(70,909)	46,235
TOTAL ASSETS LESS CURRENT LIABILITIES	178,295	193,674	371,969
NON-CURRENT LIABILITIES			
Bank and other borrowings	–	16,000	16,000
Other payables and accruals	–	2,984	2,984
Deferred tax liabilities (note 24)	–	13,600	13,600
	–	32,584	32,584
Net assets	178,295	161,090	339,385
Identifiable net assets acquired	(178,295)	(161,090)	(339,385)
Non-controlling interests	–	60,921	60,921
Cash consideration transferred	131,158	102,403	233,561
Bargain purchase gain recognised as deemed contributions by owner	47,137	–	47,137
Goodwill (note 22)	–	2,234	2,234
Net cash inflow/outflow arising on acquisition			
Total cash consideration paid	(131,158)	(102,403)	(233,561)
Add: cash and cash equivalents acquired	195,254	34,414	229,668
Net inflow (outflow) of cash and cash equivalents in respect of the acquisition	64,096	(67,989)	(3,893)

2013

	Enterprises -owned by employees RMB'000	Others RMB'000	Total RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment (note 15)	1,538,877	4,070	1,542,947
Prepaid lease payments (note 16)	120,983	–	120,983
Investment properties (note 17)	15,505	–	15,505
Intangible assets (note 18)	8,121	59	8,180
Investments in associates	97,234	–	97,234
Available-for-sale financial assets	271,508	–	271,508
Deferred tax assets (note 24)	11,163	27	11,190
Prepayments, deposits and other receivables	31,945	–	31,945
	<u>2,095,336</u>	<u>4,156</u>	<u>2,099,492</u>
CURRENT ASSETS			
Inventories	1,263,680	35	1,263,715
Amounts due from customers for construction contracts	207,795	–	207,795
Trade and bills receivables	2,076,159	7,058	2,083,217
Prepayments, deposits and other receivables	941,805	264	942,069
Financial assets at fair value through profit or loss	1,334	–	1,334
Bank and cash balances	1,126,415	477	1,126,892
	<u>5,617,188</u>	<u>7,834</u>	<u>5,625,022</u>
CURRENT LIABILITIES			
Trade and bills payables	1,901,862	2,761	1,904,623
Other payables and accruals	1,953,576	3,671	1,957,247
Bank and other borrowings	984,300	–	984,300
	<u>4,839,738</u>	<u>6,432</u>	<u>4,846,170</u>
NET CURRENT ASSETS	<u>777,450</u>	<u>1,402</u>	<u>778,852</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,872,786</u>	<u>5,558</u>	<u>2,878,344</u>
NON-CURRENT LIABILITIES			
Other payables and accruals	96,506	–	96,506
Bank and other borrowings	221,172	–	221,172
	<u>317,678</u>	<u>–</u>	<u>317,678</u>
Net assets	<u>2,555,108</u>	<u>5,558</u>	<u>2,560,666</u>
Identifiable net assets acquired	(2,555,108)	(5,558)	(2,560,666)
Non-controlling interests	98,204	482	98,686
Consideration transferred			
– Consideration paid/payable	1,580,782	32,043	1,612,825
– Carrying amount of previously held investment	274,145	–	274,145
– Gain on remeasurement of interest in an associate (note 8)	38,234	–	38,234
Bargain purchase gain recognised as deemed contributions by owner	563,743	–	563,743
Goodwill (note 22)	<u>–</u>	<u>26,967</u>	<u>26,967</u>
Net cash outflow arising on acquisition			
Total cash consideration paid	(1,131,634)	(32,043)	(1,163,677)
Add: cash and cash equivalents acquired	1,126,415	477	1,126,892
Net cash outflow of cash and cash equivalents in respect of the acquisition	<u>(5,219)</u>	<u>(31,566)</u>	<u>(36,785)</u>

2014

	Others <i>RMB'000</i>
NON-CURRENT ASSETS	
Property, plant and equipment (<i>note 15</i>)	782,173
Prepaid lease payments (<i>note 16</i>)	98,583
Intangible assets (<i>note 18</i>)	43,258 ^(*)
Deferred tax assets (<i>note 24</i>)	350
	<u>924,364</u>
CURRENT ASSETS	
Inventories	110,865
Trade and bills receivables	39,503
Prepayments, deposits and other receivables	803,683
Bank and cash balances	94,471
	<u>1,048,522</u>
CURRENT LIABILITIES	
Bank and other borrowings	2,000
Trade and bills payables	120,296
Other payables and accruals	721,087
	<u>843,383</u>
NET CURRENT ASSETS	<u>205,139</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,129,503</u>
NON-CURRENT LIABILITIES	
Other payables and accruals	320
Deferred tax liabilities (<i>note 24</i>)	12,067
	<u>12,387</u>
Net assets	<u><u>1,117,116</u></u>
Identifiable net assets acquired	(1,117,116)
Non-controlling interests	864,654
Consideration transferred	928,199
– Consideration paid/payable	<u>928,199</u>
Goodwill (<i>note 22</i>)	<u><u>675,737^(*)</u></u>
Net cash outflow arising on acquisition	(883,931)
Total cash consideration paid	(883,931)
Add: cash and cash equivalents acquired	94,471
Net outflow of cash and cash equivalents in respect of the acquisition	<u><u>(789,460)</u></u>

Five months ended 31 May 2015

	Others <i>RMB'000</i>
NON-CURRENT ASSETS	
Property, plant and equipment (<i>note 15</i>)	287,512
Intangible assets (<i>note 18</i>)	717,011 ^(*)
Investments in joint ventures	895,114
Deferred tax assets (<i>note 24</i>)	22
	<u>1,899,659</u>
CURRENT ASSETS	
Inventories	5,026
Trade and bills receivables	92,032
Prepayments, deposits and other receivables	7,674
Bank and cash balances	21,650
	<u>126,382</u>
CURRENT LIABILITIES	
Trade and bills payables	23,847
Other payables and accruals	1,021,132
	<u>1,044,979</u>
NET CURRENT LIABILITIES	<u>(918,597)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>981,062</u>
NON-CURRENT LIABILITIES	
Bank and other borrowings	337,850
Deferred tax liabilities (<i>note 24</i>)	61,386
	<u>399,236</u>
Net assets	<u>581,826</u>
Identifiable net assets acquired	(581,826)
Non-controlling interests	141,752
Cash consideration transferred	525,767
	<u>85,693^(*)</u>
Goodwill (<i>note 22</i>)	<u>85,693^(*)</u>
Net cash outflow arising on acquisition	(525,767)
Total cash consideration paid	(525,767)
Add: cash and cash equivalents acquired	21,650
	<u>(504,117)</u>
Net cash outflow of cash and cash equivalents in respect of the acquisition	<u>(504,117)</u>

* The amounts of goodwill and intangible assets are provisional.

In December 2014, the Group's cement production segment acquired a business to expand its operation in Hubei province in the PRC.

The initial accounting for the acquisition is incomplete by 31 December 2014 and 31 May 2015, provisional amounts are reported for intangible assets and goodwill. The Group is still in the process to engage a third party valuation firm to obtain some new information about facts and circumstances that existed as of the acquisition date. Once the fair value exercise is completed during the measurement period (before the end of 2015), the Group will retrospectively adjust the amount of identifiable intangible assets which are currently nil balance and reduce the current provisional amount of goodwill accordingly.

In April 2015, the Group's investment and other business segment acquired a business to expand its operation in the waste water purification in the PRC.

The initial accounting for the acquisition is incomplete by 31 May 2015, and provisional amounts are reported for intangible assets and goodwill. The Group is still in the process to engage a third party valuation firm to obtain some new information about facts and circumstances that existed as of the acquisition date. Once the fair value exercise is completed during the measurement period (before the end of April 2016), the Group will retrospectively adjust the amount of identifiable intangible assets as well as financial assets in respect of receivable from grantor of the concession right, and also adjust the amount of goodwill accordingly.

The aggregate fair value of receivables acquired as a result of the above acquisitions amounting to RMB93,512,000, RMB2,726,729,000, RMB814,389,000 and RMB95,615,000 for the years ended 31 December 2012, 2013 and 2014, and the five months ended 31 May 2015, respectively, which comprised trade receivables, bills receivable and other receivables, approximate the gross contractual amounts. There are no contractual cash flows not expected to be collected.

Goodwill arose on the above acquisitions because the costs of the combinations included a control premium. In addition, the considerations paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the acquirees. These benefits are not recognised separately from goodwill because they are not capable of being separated from the acquirees Group and sold, transferred, licensed, rented or exchanged, either individually or collectively. None of the goodwill arising on these transactions is expected to be deductible for tax purposes.

Had the respective acquisition been completed at the beginning of respective year/period, total revenue and profit of the Group for the respective year/period would be as follows:

Pro forma information

	Year ended 31 December			Five months ended
	2012	2013	2014	31 May
	RMB'000	RMB'000	RMB'000	2015
Revenue	139,383,903	155,314,238	183,891,441	67,472,022
Profit for the year/period	2,750,927	2,541,607	4,099,291	2,038,111

The additional business generated by these newly acquired subsidiaries contributed revenue and profit to the Group in the respective year/period of acquisition are as follows:

	Year ended 31 December			Five months ended
	2012	2013	2014	31 May
	RMB'000	RMB'000	RMB'000	2015
Revenue	273,138	2,399,053	28,884	37,129
Profit (loss) for the year/period	49,946	72,678	541	(10,136)

In determining the “pro-forma” revenue and profit of the Group had the respective subsidiaries been acquired at the beginning of respective year/period, respectively, the Directors have calculated depreciation of property, plant and equipment, investment properties and amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combinations rather than the carrying amounts recognised in the pre-acquisition financial statements.

52. DISPOSAL OF SUBSIDIARIES

In 2012, 50% equity interests in China Power Construction Engineering Consulting Central Southern Co., Ltd.* was disposed of by the Group. The Group still has joint control over the entity after the disposal transaction. The remaining equity interests were measured at fair value at the date when control was lost and was accounted for as a joint venture from that date onwards.

The net assets at the date control was lost were as follows:

2012	<i>RMB'000</i>
NON-CURRENT ASSETS	
Investment in an associate	500
CURRENT ASSETS	
Bank and cash balances	17,906
CURRENT LIABILITIES	
Other payables and accruals	11,190
NET CURRENT ASSETS	6,716
Net assets disposed of	7,216
Net assets disposed of	7,216
Fair value of 50% interest retained	(3,608)
Consideration	(4,463)
Gain on disposal of a subsidiary (note 8)	855
Net cash outflow arising on disposal	
Cash consideration received	4,463
Less: Cash and cash equivalents disposed of	(17,906)
	(13,443)

In 2013, the entire equity interests in Tianjin Chenghaoda Construction and Installation Co., Ltd.* was disposed of by the Group.

The net assets at the date of disposal were as follows:

2013

RMB'000

NON-CURRENT ASSETS

Property, plant and equipment (<i>note 15</i>)	13
--	----

CURRENT ASSETS

Trade and bills receivables	11,906
-----------------------------	--------

Prepayments, deposits and other receivables	86
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Bank and cash balances	5,425
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17,417

CURRENT LIABILITIES

Other payables and accruals	16,218
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NET CURRENT ASSETS

1,199

Net assets disposed of	1,212
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Consideration	(1,590)
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Gain on disposal of a subsidiary (*note 8*)

378

Net cash outflow arising on disposal

Cash consideration received	1,590
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Less: Cash and cash equivalents disposed of	(5,425)
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(3,835)

In 2014, the entire equity interests in CGGC Zhongge Hubei Construction Engineering Co., Ltd.* held by the Group and 100% equity interests in Shanxi Yidi Science and Technology Co., Ltd.* were disposed of by the Group.

2014

RMB'000

NON-CURRENT ASSETS

Property, plant and equipment (<i>note 15</i>)	4,971
Investment in an associate	2,000
	<u>6,971</u>

CURRENT ASSETS

Inventories	6,009
Trade and bills receivables	3,377
Prepayments, deposits and other receivables	24,937
Bank and cash balances	14,464
	<u>48,787</u>

CURRENT LIABILITIES

Trade and bills payables	17,900
Other payables and accruals	3,647
	<u>21,547</u>

NET CURRENT ASSETS

	<u>27,240</u>
--	---------------

Net assets	34,211
Non-controlling interest	(9,099)
	<u>25,112</u>
Net assets disposed of	25,112
Cash consideration received	(12,211)
Net-off with other payables	(12,901)
	<u>-</u>

Gain on disposal of subsidiaries

Net cash outflow arising on disposal	
Cash consideration received	12,211
Less: Cash and cash equivalents disposed of	(14,464)
	<u>(2,253)</u>

* The English names of these companies above represent direct translation for the Chinese names of these companies as no English names have been registered.

53. MAJOR NON-CASH TRANSACTIONS

Major non-cash transactions during each of the Track Record Period and the five months ended 31 May 2014 were set out as follows:

	Year ended 31 December			Five months ended 31 May	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Contributions of non-cash net assets (liabilities) to the Group by ENERGY CHINA GROUP (<i>note</i>)	3,514,618	232,301	(652,353)	991,457	–
Deemed distribution of non-cash net assets to ENERGY CHINA GROUP pursuant to the Reorganisation (<i>note</i>)	–	–	1,408,643	–	–
Other distributions of non-cash net assets to ENERGY CHINA GROUP (<i>note</i>)	–	–	365,624	348,029	–
Addition of property, plant and equipment under finance lease arrangements	37,022	35,176	298,045	73,322	75,938

Note: Details of these contributions and distributions are set out in notes to the consolidated statements of changes in equity.

B. DIRECTORS' AND SUPERVISORS' REMUNERATION

Under the arrangement currently in force, the aggregate amount of remunerations of the Directors and supervisors payable for the year ending 31 December 2015 is estimated to be approximately RMB1,904,000 (excluding any discretionary bonus).

C. EVENTS AFTER THE REPORTING PERIOD

- (a) Pursuant to the written resolutions of the board of directors of the Company passed on 3 August 2015, prior to the Hong Kong public offering and international offering of the ordinary shares of the Company, the existing shareholders of the Company, ENERGY CHINA GROUP and EPPE Company, are entitled to special dividends based on the proportion of shares they hold, the total amount of which shall be determined based on the consolidated distributable net profits attributable to the owners of the Company for the period from 1 January 2015 to 31 October 2015, as determined based on the audited consolidated financial statements of the Company prepared in accordance with the PRC GAAP after allowance has been made for the allocation to the statutory reserve. This special dividend has not been provided in the Financial Information.

- (b) In August 2015, the Group entered into an agreement to dispose of its 100% equity interest in a subsidiary, Wuzhou Guijiang Electric Power Co., Ltd (梧州桂江電力有限公司), through the China Beijing Equity Exchange (北京產權交易所), for a consideration of RMB658.3 million.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any periods subsequent to 31 May 2015.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for the three years ended December 31, 2014 and the five months ended May 31, 2015 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's Reporting Accountants, as set out in Appendix I to this prospectus (the "Accountants' Report"), and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group which has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if the Global Offering had taken place on May 31, 2015. The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at May 31, 2015 or at any future dates following the Global Offering. It is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2015 as derived from the Accountants' Report set out in Appendix I of this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2015 ⁽¹⁾ RMB'000	Estimated net proceeds from the Global Offering ⁽²⁾ RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share RMB ⁽³⁾ HK\$ ⁽⁴⁾	
Based on an Offer Price of HK\$1.73 per Share	21,058,044	11,077,996	32,136,040	1.09	1.32
Based on an Offer Price of HK\$1.59 per Share	21,058,044	10,174,572	31,232,616	1.06	1.28

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as of May 31, 2015 has been calculated based on the audited consolidated net assets of the Group attributable to the owners of the Company of RMB29,342,302,000 after deducting intangible assets and goodwill of RMB16,925,637,000 and RMB811,160,000, respectively, extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and after adjusting the share of these intangible assets and goodwill by non-controlling interests of RMB9,452,539,000.
- (2) The estimated net proceeds from the Global Offering are based on 8,000,000,000 Shares at the Offer Price of HK\$1.59 and HK\$1.73 per Share, respectively, after deduction of the underwriting fees and other related expenses. No account has been taken of the Shares which may be issued pursuant to any exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of RMB0.82309 to HK\$1.00, which was the PBOC rate prevailing on November 18, 2015. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at all.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share is calculated based on 29,600,000,000 Shares, comprising 21,600,000,000 Shares in issue at May 31, 2015 and 8,000,000,000 new Shares to be issued under the Global Offering. It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share is converted from RMB into Hong Kong dollars at the rate of HK\$1.00 to RMB0.82309, which was the PBOC rate prevailing on November 18, 2015. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
- (5) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at May 31, 2015 do not take into account the Special Dividends, details of which are disclosed in the section headed "Financial Information – Dividend Policy – Dividend Distribution Prior to the Listing" in this prospectus. The Company preliminarily estimated that the Special Dividend would amount to approximately RMB2,613.3 million, which would be further adjusted based on the consolidated distributable net profits of the Group attributable to the owners of the Company for the period from January 1, 2015 to October 31, 2015, as determined based on the audited consolidated financial statements of the Group prepared in accordance with PRC GAAP, after allowance has been made for the allocation to the statutory reserve. Had the declaration of Special Dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share would be reduced to RMB0.97 (equivalent to HK\$1.17), based on an Offer Price of HK\$1.59 per Offer Share, and RMB1.00 (equivalent to HK\$1.21), based on an Offer Price of HK\$1.73 per Offer Share.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at May 31, 2015 to reflect any trading result or other transaction of the Group entered into subsequent to May 31, 2015.

(B) ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this prospectus.

Deloitte.
德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**TO THE DIRECTORS OF CHINA ENERGY ENGINEERING CORPORATION LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Energy Engineering Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group as at May 31, 2015 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated November 27, 2015 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at May 31, 2015 as if the Global Offering had taken place at May 31, 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended December 31, 2014 and the five months ended May 31, 2015, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at May 31, 2015 would have been as presented.

The reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

November 27, 2015

China Gezhouba Group Stock Company Limited (“CGGC”), our significant subsidiary, has listed on the A-Share market of the Shanghai Stock Exchange. Under the rules of the Shanghai Stock Exchange, CGGC is required to publish interim financial report containing unaudited financial statements prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “MOF”) of the PRC in 2006, and other relevant rules and regulations issued by the MOF. Because CGGC released financial statements for the nine-month period ended 30 September 2015 and three-month period ended 30 September 2015 (including financial statements for the same period in 2014) prior to the date of this prospectus, CGGC has prepared interim financial report in accordance with Accounting Standards for Business Enterprises 32 “Interim Financial Reporting” and we have incorporated such report in this prospectus. The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the statutory auditor of CGGC, BDO China Shu Lun Pan Certified Public Accountants LLP.

27 November 2015

TO THE BOARD OF DIRECTORS OF CHINA GEZHOUBA GROUP STOCK COMPANY LIMITED

Introduction

We reviewed the accompanying interim financial statements of China Gezhouba Group Stock Company Limited (the “Company”) and its subsidiaries, which comprise consolidated and the Company’s balance sheets as at 30 September 2015; Consolidated and the Company’s income statements for the nine months ended 30 September 2014 and 2015; Consolidated and the Company’s cash flow statements for the nine months ended 30 September 2014 and 2015, and other explanatory notes to these unaudited interim financial statements. (together “PRC Interim Financial Information”).

Respective Responsibilities of the Board of Directors of the Company and Auditor

The directors of the Company are responsible for the preparation and presentation of the PRC Interim Financial Information in accordance with Accounting Standard for Business Enterprises 32, “Interim Financial Reporting” issued by the Ministry of Finance of the People’s Republic of China (“PRC”). Our responsibility is to express a conclusion on PRC Interim Financial Information, based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standard Board. A review of Interim Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other reviewed procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the PRC Interim Financial Information is not prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises 32 “Interim Financial Reporting” issued by the Ministry of Finance of the PRC.

BDO China Shu Lun Pan
Certified Public Accountants LLP.
Shanghai, China

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

CONSOLIDATED BALANCE SHEET

	<u>30 September 2015</u>	<u>31 December 2014</u>
	<i>RMB</i>	<i>RMB</i>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	11,385,336,251.93	10,743,826,167.80
Financial asset at fair value through profit or loss	51,756,219.14	157,901,738.58
Bills receivable	794,184,020.41	1,263,091,328.85
Trade receivables	12,987,598,490.02	11,933,818,561.48
Prepayments	4,913,406,186.57	4,841,637,042.04
Interest receivables	165,000.00	145,538.86
Other receivables	6,878,124,124.44	5,430,757,010.93
Inventories	34,187,764,691.73	26,762,917,352.65
Non-current assets due within one year	454,510,200.14	329,457,965.87
Other current assets	1,368,107,589.33	1,184,944,101.94
TOTAL CURRENT ASSETS	73,020,952,773.71	62,648,496,809.00
NON-CURRENT ASSETS:		
Available-for-sale financial assets	4,436,163,269.12	5,180,935,966.72
Long-term receivables	8,549,145,850.14	5,948,870,405.30
Long-term equity investments	2,915,518,275.88	1,049,661,934.58
Investment properties	56,446,509.85	57,666,540.49
Fixed assets	11,687,191,987.28	11,644,418,180.70
Construction in progress	1,384,802,383.02	521,191,164.71
Disposal of fixed assets	23,283,530.24	4,446,902.10
Intangible assets	15,960,897,624.13	14,926,353,684.02
Development costs	57,825,505.15	46,897,876.67
Goodwill	754,479,567.02	671,443,394.25
Long-term prepaid expenses	242,364,878.35	253,681,794.47
Deferred tax assets	211,174,195.13	176,717,614.65
Other non-current assets	1,156,408,893.09	1,769,472,712.86
TOTAL NON-CURRENT ASSETS	47,435,702,468.40	42,251,758,171.52
TOTAL ASSETS	120,456,655,242.11	104,900,254,980.52

	<u>30 September 2015</u>	<u>31 December 2014</u>
	<i>RMB</i>	<i>RMB</i>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short term borrowings	14,066,633,007.43	8,218,422,000.00
Bills payable	477,068,674.97	359,392,608.34
Trade payables	15,877,710,344.64	15,335,188,613.56
Advance from customers	9,411,855,608.12	9,347,606,569.40
Accrued payroll and welfare	329,676,600.08	358,228,360.50
Tax payables	1,114,093,657.67	998,721,890.68
Interest payables	186,630,452.34	152,646,534.40
Dividend payables	23,383,398.37	18,227,667.34
Other payables	8,632,735,558.18	7,997,744,206.91
Non-current liabilities due within one year	4,819,591,490.45	5,122,952,105.24
Other current liabilities	9,205,367,311.20	6,645,569,446.22
TOTAL CURRENT LIABILITIES	64,144,746,103.45	54,554,700,002.59
NON-CURRENT LIABILITIES:		
Long-term borrowings	26,137,425,710.33	21,230,097,346.20
Bond payables	1,150,000,000.00	1,650,000,000.00
Long-term payables	1,968,750,657.20	2,188,911,859.63
Special payables	–	300,000.00
Deferred income	143,565,417.32	171,010,454.64
Deferred tax liabilities	871,590,740.61	946,486,858.55
TOTAL NON-CURRENT LIABILITIES	30,271,332,525.46	26,186,806,519.02
TOTAL LIABILITIES	94,416,078,628.91	80,741,506,521.61
OWNERS' EQUITY:		
Share capital	4,604,777,412.00	4,604,777,412.00
Capital reserves	7,484,125,200.15	7,221,230,785.30
Other comprehensive income	1,189,422,257.79	2,005,115,457.48
Special reserves	48,900,552.35	25,049,361.49
Surplus reserves	844,532,274.58	844,532,274.58
Retained earnings	5,001,747,924.13	3,897,541,185.59
Total equity attributable to the owners of the Company	19,173,505,621.00	18,598,246,476.44
Non-controlling interests	6,867,070,992.20	5,560,501,982.47
TOTAL OWNERS' EQUITY	26,040,576,613.20	24,158,748,458.91
TOTAL LIABILITIES AND OWNERS' EQUITY	120,456,655,242.11	104,900,254,980.52

BALANCE SHEET

	<u>30 September 2015</u>	<u>31 December 2014</u>
	<i>RMB</i>	<i>RMB</i>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	2,600,276,684.93	2,276,642,791.41
Bills receivable	6,950,000.00	15,700,000.00
Trade receivables	2,417,635,982.66	3,278,283,344.92
Prepayments	773,192,156.25	957,658,305.37
Other receivables	10,436,219,350.44	6,873,950,824.39
Inventories	1,988,659,240.21	1,439,614,514.97
Other current assets	12,307,361.07	12,765,555.10
TOTAL CURRENT ASSETS	18,235,240,775.56	14,854,615,336.16
NON-CURRENT ASSETS:		
Available-for-sale financial assets	4,302,712,579.84	5,117,037,777.44
Held-to-maturity investments	14,540,070,809.63	10,325,070,809.63
Long term receivables	828,589,149.34	805,270,000.00
Long-term equity investments	19,832,623,036.90	18,445,538,585.54
Fixed assets	442,580,928.06	491,034,739.06
Disposal of fixed assets	1,292,449.44	321,503.84
Intangible assets	243,052,898.51	250,014,236.24
Development costs	10,957,626.54	9,600,846.54
Long-term prepaid expenses	15,740,176.02	18,661,515.87
Deferred tax assets	13,560,418.80	13,271,370.02
Other non-current assets	110,000.00	2,109,260.18
TOTAL NON-CURRENT ASSETS	40,231,290,073.08	35,477,930,644.36
TOTAL ASSETS	58,466,530,848.64	50,332,545,980.52
CURRENT LIABILITIES:		
Short-term borrowings	14,957,529,770.00	7,918,405,100.00
Bills payable	81,879,264.00	–
Trade payables	2,197,127,318.60	2,389,107,124.29
Advance from customers	1,353,262,668.34	1,604,093,114.78
Accrued payroll and welfare	96,409,591.31	99,516,128.40
Tax payables	136,067,475.30	67,302,038.51
Interest payables	54,507,750.00	55,047,424.66
Dividend payables	19,113.16	19,113.16
Other payables	6,915,326,241.49	5,801,229,818.96
Non-current liabilities due within one year	2,346,000,000.00	3,283,500,000.00
Other current liabilities	3,521,148,770.49	3,557,772,207.00
TOTAL CURRENT LIABILITIES	31,659,277,962.69	24,775,992,069.76

	<u>30 September 2015</u>	<u>31 December 2014</u>
	<i>RMB</i>	<i>RMB</i>
NON-CURRENT LIABILITIES:		
Long-term borrowings	9,135,500,000.00	5,881,500,000.00
Bond payables	1,150,000,000.00	1,650,000,000.00
Long-term payables	70,830,000.00	76,990,000.00
Deferred tax liabilities	421,638,958.62	633,965,803.47
TOTAL NON-CURRENT LIABILITIES	10,777,968,958.62	8,242,455,803.47
TOTAL LIABILITIES	42,437,246,921.31	33,018,447,873.23
OWNERS' EQUITY:		
Share capital	4,604,777,412.00	4,604,777,412.00
Capital reserves	6,821,325,286.69	6,818,254,246.41
Other comprehensive income	1,262,844,355.27	1,905,911,819.90
Special reserves	1,299,930.94	848,799.81
Surplus reserves	844,532,274.58	844,532,274.58
Retained earnings	2,494,504,667.85	3,139,773,554.59
TOTAL OWNERS' EQUITY	16,029,283,927.33	17,314,098,107.29
TOTAL LIABILITIES AND OWNERS' EQUITY	58,466,530,848.64	50,332,545,980.52

CONSOLIDATED INCOME STATEMENT

	Three months ended 30 September 2015	Three months ended 30 September 2014	Nine months ended 30 September 2015	Nine months ended 30 September 2014
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
ITEMS				
1. Total revenue	18,180,486,181.54	16,178,935,943.97	52,012,887,513.05	51,859,227,730.71
Including: Operating income	18,180,486,181.54	16,178,935,943.97	52,012,887,513.05	51,859,227,730.71
2. Total operating costs	17,377,771,712.05	15,590,502,868.23	49,422,382,490.21	49,706,360,089.39
Including: Operating costs	15,410,912,650.07	14,070,798,724.90	43,939,683,771.72	44,947,788,892.50
Business taxes and surcharges	382,096,669.55	360,485,017.49	1,246,610,628.32	1,192,936,905.50
Selling and distribution expenses	165,422,218.09	134,936,390.35	452,650,676.51	408,467,662.61
General and administrative expenses	869,299,671.20	697,023,441.79	2,264,100,983.99	1,872,683,335.03
Financial expenses	552,462,833.45	325,468,624.19	1,501,970,832.18	1,285,933,216.91
Impairment loss	(2,422,330.31)	1,790,669.51	17,365,597.49	(1,449,923.16)
Add: Gain/(loss) from changes in fair values	(19,002,627.65)	42,141,329.02	(58,120,925.01)	32,361,223.97
Investment income/(loss)	18,332,419.52	84,549,220.96	333,873,661.53	91,625,820.14
Including: Investment income from joint ventures and associates	(5,167,851.00)	(4,134,376.76)	(13,123,358.70)	(4,133,698.51)
3. Operating profit/(loss)	802,044,261.36	715,123,625.72	2,866,257,759.36	2,276,854,685.43
Add: Non-operating income	49,254,880.58	69,567,758.17	202,557,928.01	229,033,013.58
Including: Gain from disposal of non-current assets	949,600.31	2,199,590.74	9,142,772.41	8,785,737.41
Less: Non-operating expenses	5,356,284.57	5,340,457.61	20,689,206.49	22,368,344.46
Including: Loss from disposal of non-current assets	4,223,587.44	2,351,713.29	15,528,602.95	10,763,330.21
4. Total profit/(loss)	845,942,857.37	779,350,926.28	3,048,126,480.88	2,483,519,354.55
Less: Income tax expenses	204,721,650.74	203,321,820.46	712,729,712.81	555,575,262.87
5. Net profit/(loss)	641,221,206.63	576,029,105.82	2,335,396,768.07	1,927,944,091.68
Including: Net profit attributable to shareholders of parent company	539,788,918.64	472,657,259.26	1,794,923,350.34	1,633,482,191.05
Non-controlling interests	101,432,287.99	103,371,846.56	540,473,417.73	294,461,900.63

	Three months ended 30 September 2015	Three months ended 30 September 2014	Nine months ended 30 September 2015	Nine months ended 30 September 2014
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
6. Other comprehensive income, net of tax	(641,999,895.44)	223,550,774.63	(815,763,562.49)	52,295,408.42
Other comprehensive income attributable to owners of the company, net of tax	(641,929,876.64)	223,552,142.63	(815,693,199.69)	52,349,943.22
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax)	(134,699,981.20)	(67,268,632.00)	(134,559,637.20)	(191,965,465.20)
– Remeasurement of defined benefit obligations	(134,699,981.20)	(67,268,632.00)	(134,559,637.20)	(191,965,465.20)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)	(507,229,895.44)	290,820,774.63	(681,133,562.49)	244,315,408.42
– Net fair value gain on Available-for- sale financial assets	(481,034,423.52)	280,805,533.92	(641,539,469.57)	233,460,313.32
– Exchange differences on translating foreign operations	(26,195,471.92)	10,015,240.71	(39,594,092.92)	10,855,095.10
Other comprehensive income attributable to non-controlling interest, net of tax	(70,018.80)	(1,368.00)	(70,362.80)	(54,534.80)
7. Total comprehensive income				
attributable to:	(778,688.81)	799,579,880.45	1,519,633,205.58	1,980,239,500.10
Owners of the Company	(102,140,958.00)	696,209,401.89	979,230,150.65	1,685,832,134.27
Non-controlling interests	101,362,269.19	103,370,478.56	540,403,054.93	294,407,365.83
8. Earnings per share:				
– Basic (RMB)	0.12	0.10	0.39	0.39
– Diluted (RMB)	0.12	0.10	0.39	0.39

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 September 2015	Three months ended 30 September 2014	Nine months ended 30 September 2015	Nine months ended 30 September 2014
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
ITEMS				
1. Operating income	1,804,844,130.75	2,158,193,550.40	6,328,612,013.57	8,075,098,645.29
Less: Operating cost	1,669,521,321.45	2,021,952,727.07	5,837,665,545.64	7,494,906,474.39
Business taxes and surcharges	56,454,476.93	55,220,375.42	167,307,443.76	203,618,006.30
General and administrative expenses	46,179,531.91	78,427,376.56	273,687,538.62	314,973,676.56
Financial expenses	117,153,825.69	24,749,778.46	254,159,714.26	259,642,524.09
Impairment loss	(519,922.54)	2,701,317.31	1,267,432.44	6,934,761.41
Add: Investment income/(loss)	62,025,823.31	2,045,233,006.77	253,188,714.19	2,153,531,506.77
2. Operating profit/(loss)	(21,919,279.38)	2,020,374,982.35	47,713,053.04	1,948,554,709.31
Add: Non-operating income	45,926.00	767,595.00	1,313,525.82	2,678,929.75
Including: Gain from disposal of non-current assets	38,000.00	585,300.00	1,249,572.82	1,298,383.83
Less: Non-operating expenses	12,138.57	4,480.00	1,012,087.83	2,093,970.13
Including: Loss from disposal of non-current assets	3,176.79	–	479,001.15	90,994.00
3. Total profit/(loss)	(21,885,491.95)	2,021,138,097.35	48,014,491.03	1,949,139,668.93
Less: Income tax expenses	1,564,618.99	233,617.81	2,566,765.97	(5,235,356.61)
4. Net profit/(loss)	(23,450,110.94)	2,020,904,479.54	45,447,725.06	1,954,375,025.54
5. Other comprehensive income, net of tax	(487,191,008.75)	277,129,407.84	(643,067,464.63)	230,469,850.43
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax)	(3,330,000.00)	(1,740,000.00)	(3,350,000.00)	(5,170,000.00)
– Remeasurement of defined benefit obligations	(3,330,000.00)	(1,740,000.00)	(3,350,000.00)	(5,170,000.00)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)	(483,861,008.75)	278,869,407.84	(639,717,464.63)	235,639,850.43
– Net fair value gain on Available-for- sale financial assets	(481,034,423.52)	277,678,033.92	(636,980,534.57)	231,000,013.32
– Exchange differences on translating foreign operations	(2,826,585.23)	1,191,373.92	(2,736,930.06)	4,639,837.11
6. Total Comprehensive income	(510,641,119.69)	2,298,033,887.38	(597,619,739.57)	2,184,844,875.97

CONSOLIDATED CASHFLOWS STATEMENT

	Nine months ended 30 September 2015	Nine months ended 30 September 2014
	<i>RMB</i>	<i>RMB</i>
ITEMS		
1. Cash flows from operating activities		
Cash received from the sales of goods and the rendering of services	42,631,583,969.60	41,129,492,862.32
Tax refunds	139,550,878.32	164,850,396.61
Cash received relating to other operating activities	6,495,172,623.18	4,097,118,867.68
Sub-total of cash inflows from operating activities	49,266,307,471.10	45,391,462,126.61
Cash paid for goods purchased and services received	40,815,861,606.57	35,754,303,974.72
Cash paid to and on behalf of employees	3,530,244,777.50	2,965,815,853.03
Cash paid for taxes	2,443,591,382.62	2,649,360,030.34
Cash paid relating to other operating activities	8,212,652,621.36	5,945,016,004.32
Sub-total of cash outflows from operating activities	55,002,350,388.05	47,314,495,862.41
Net cash flows from operating activities	(5,736,042,916.95)	(1,923,033,735.80)
2. Cash flows from investing activities		
Proceeds from realization of investments	1,809,929,632.07	4,296,260.00
Investment income received	117,553,845.30	101,346,857.42
Proceeds from disposals of fixed assets, intangible assets and other long-term assets	26,296,863.09	8,121,190.83
Cash received relating to other investing activities	231,494,457.00	297,686,188.06
Sub-total of cash inflows from investing activities	2,185,274,797.46	411,450,496.31
Cash paid to acquire fixed assets, intangible assets and other long-term assets	3,268,529,130.76	1,917,813,502.24
Cash paid for investments	2,708,238,159.68	1,058,150,000.00
Net cash acquired for acquisitions of subsidiaries and other business units	494,117,393.60	150,535,282.01
Sub-total of cash outflows from investing activities	6,470,884,684.04	3,126,498,784.25
Net cash flows from investing activities	(4,285,609,886.58)	(2,715,048,287.94)
3. Cash flows from financing activities		
Cash received from capital contribution	1,055,492,690.00	4,014,821,828.36
Including: Cash received from minority shareholders of subsidiaries	1,055,492,690.00	42,489,830.06
Proceeds from borrowings	25,033,139,879.45	15,690,650,160.00
Proceeds from issuance of bonds	5,000,000,000.00	3,500,000,000.00
Cash received relating to other financing activities	3,194,160,000.00	600,826,685.78
Sub-total of cash inflows from financing activities	34,282,792,569.45	23,806,298,674.14
Repayments of borrowings	20,397,045,382.77	14,361,214,016.28
Cash payments for distribution of dividends, profits, or interest expenses	2,817,898,882.51	2,410,110,275.58
Including: Cash paid for distribution of dividends or profits to minority shareholders of subsidiaries	302,629,031.63	292,862,107.44
Cash payments relating to other financing activities	330,861,008.04	1,384,215,651.85
Sub-total of cash outflows from financing activities	23,545,805,273.32	18,155,539,943.71
Net cash flows from financing activities	10,736,987,296.13	5,650,758,730.43
4. Effect of foreign exchange rate changes on cash and cash equivalents	48,473,694.65	(1,080,255.61)
5. Net increase in cash and cash equivalents	763,808,187.25	1,011,596,451.08
Add: Cash and cash equivalents at beginning of period	10,543,604,922.84	8,319,616,850.27
6. Cash and cash equivalents at end of period	11,307,413,110.09	9,331,213,301.35

CASHFLOWS STATEMENT

	Nine months ended 30 September 2015	Nine months ended 30 September 2014
	<i>RMB</i>	<i>RMB</i>
ITEMS		
1. Cash flows from operating activities		
Cash received from the sales of goods and the rendering of services	6,224,451,318.36	7,647,382,101.30
Tax refunds	1,456,345.11	–
Cash received relating to other operating activities	2,503,591,273.90	2,392,158,695.37
Sub-total of cash inflows from operating activities	8,729,498,937.37	10,039,540,796.67
Cash paid for goods purchased and services received	5,945,755,020.65	6,900,510,412.10
Cash paid to and on behalf of employees	446,959,031.31	414,216,388.66
Cash paid for taxes	80,209,686.31	153,994,451.99
Cash paid relating to other operating activities	4,678,159,791.57	4,288,230,677.09
Sub-total of cash outflows from operating activities	11,151,083,529.84	11,756,951,929.84
Net cash flows from operating activities	(2,421,584,592.47)	(1,717,411,133.17)
2. Cash flows from investing activities		
Proceeds from realization of investments	5,977,791,865.61	4,385,000,000.00
Investment income received	227,877,939.75	305,490,967.65
Proceeds from disposals of fixed assets, intangible assets and other long-term assets	–	596,340.00
Sub-total of cash inflows from investing activities	6,205,669,805.36	4,691,087,307.65
Cash paid to acquire fixed assets, intangible assets and other long-term assets	10,790,126.06	28,586,348.80
Cash paid for investments	11,180,800,000.00	9,435,817,220.97
Sub-total of cash outflows from investing activities	11,191,590,126.06	9,464,403,569.77
Net cash flows from investing activities	(4,985,920,320.70)	(4,773,316,262.12)
3. Cash flows from financing activities		
Cash received from capital contribution	–	3,972,331,998.30
Proceeds from borrowings	21,694,888,770.00	12,119,672,880.00
Proceeds from issuance of bonds	5,000,000,000.00	3,500,000,000.00
Sub-total of cash inflows from financing activities	26,694,888,770.00	19,592,004,878.30
Repayments of borrowings	17,873,888,770.00	12,592,068,080.00
Cash payments for distribution of dividends, profits, or interest expenses	1,100,815,637.38	1,031,475,677.61
Cash payments relating to other financing activities	18,664,657.53	29,300,000.00
Sub-total of cash outflows from financing activities	18,993,369,064.91	13,652,843,757.61
Net cash flows from financing activities	7,701,519,705.09	5,939,161,120.69
4. Effect of foreign exchange rate changes on cash and cash equivalents	30,539,950.88	607,798.21
5. Net increase in cash and cash equivalents	324,554,742.80	(550,958,476.39)
Add: Cash and cash equivalents at beginning of period	2,275,491,942.13	2,721,151,009.68
6. Cash and cash equivalents at end of period	2,600,046,684.93	2,170,192,533.29

CHINA GEZHOUBA GROUP STOCK COMPANY LIMITED
NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION
(All amounts in Renminbi unless otherwise stated)

1. CORPORATE INFORMATION

China Gezhouba Group Stock Company Limited (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (“PRC”) by way of public subscription exclusively promoted by China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd in accordance to the Ministry of Electric Power Industry of Politics and Law [1996] No. 907. The Company’s business license registration number: 42000000004382. In May 1997, the Company was listed on The Shanghai Stock Exchange in the civil construction segment.

As at 30 September 2015, the Company had a total of 4,604,777,412 issued shares, and paid-in capital amounting to RMB4,604,777,412. The address of the registered office and the head quarter is No. 558 Jiefang Road, Wuhan, Hubei, PRC. The Company and its subsidiaries are primarily engaged in the business of construction and contracting for water conservancy and hydropower, transportation and municipal administration projects.

The parent company is China Gezhouba Group Company Limited and the ultimate holding company is State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”).

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The Company prepared the unaudited interim financial information in accordance with Accounting Standards for Business Enterprises 32 “Interim Financial Reporting” issued by the Ministry of Finance of the PRC. The unaudited interim financial information does not meet the disclosure requirement of an annual report, and thus the unaudited interim financial information should be read in conjunction with the Company’s annual financial statements as at 31 December 2014.

b. Changes in significant accounting policies

According to Accounting Standards for Business Enterprises 9 – “Employee Benefits” issued by the Ministry of Finance of the PRC and “Approval on the Supplementary Provision for Retirement and Early Retirement Staffs Due to the Overall Restructuring for Initial Public Offering of China Energy Engineering Corporation Limited” (Guo Zi Fen Pei 2015 No. 690) issued by SASAC, the Company made a retrospective adjustments regarding the defined benefit obligations for the benefits of retired employee and termination. The details of the adjustments are illustrated as follows:

i. Effect on Balance Sheet

Financial Statement Items Affected	Amount of effect on the Consolidated Financial Statements	
	As at 30 September 2015	As at 31 December 2014
Non-current liability due within one year	254,740,000.00	254,740,000.00
Long term payable	1,962,710,000.00	1,903,260,000.00
Capital reserve	1,534,913,839.18	1,400,111,688.54
Other comprehensive income	(49,036,998.00)	85,522,639.20
Retain earnings	(3,684,023,502.88)	(3,627,103,943.64)
Non-controlling interests	(19,303,338.30)	(16,530,384.10)

ii. *Effect on Income Statement*

Financial Statement Items Affected	Amount of effect on the Consolidated Financial Statements	
	Nine months ended 30 September 2015	Nine months ended 30 September 2014
General and administrative expenses	(26,997,849.36)	11,933,731.30
Financial expense	86,620,000.00	101,390,000.00
Net profit	(59,622,150.64)	(113,323,731.30)
Profit attributable to owners of the Company	(56,919,559.24)	(109,428,449.67)
Non-controlling interests	(2,702,591.40)	(3,895,281.63)

Other than the above changes, the accounting policies adopted by the Company for the preparation of unaudited interim financial information are consistent with the Company's annual financial statements as at 31 December 2014.

3. SEGMENT INFORMATION

With reference to the Company's internal organization structure, management expectation and internal reporting system, the Company's business is divided into six reporting segments, these reporting segments are mainly determined on the basis of product types. For the purpose of assessing segment performance and allocating resource among the segments, the management evaluates the operating results of the reporting segments regularly. The accounting policies and measurement basis used in these segments are consistent with the preparation of the financial statements and the reporting to management.

For the nine months ended 30 September 2015:

Item	Nine months ended 30 September 2015		Nine months ended 30 September 2014	
	Revenue	Cost	Revenue	Cost
Construction	35,639,513,005.34	31,874,976,699.22	39,499,050,142.93	36,138,936,029.26
Cement production	4,097,900,051.17	3,076,595,484.41	4,222,636,623.74	3,154,627,529.12
Civil explosives	1,961,139,305.46	1,331,845,065.18	1,943,425,597.92	1,315,395,206.62
Real estate	4,033,279,168.88	2,615,775,524.40	3,024,520,457.48	2,147,636,351.09
Highway	838,932,256.23	333,695,474.85	692,491,930.19	311,411,766.13
Hydropower	237,984,533.25	93,489,267.55	149,961,409.28	56,027,143.87
Others	5,204,139,192.72	4,613,306,256.11	2,327,141,569.17	1,823,754,866.41
Total	52,012,887,513.05	43,939,683,771.72	51,859,227,730.71	44,947,788,892.50

4. DIVIDEND

In according with the resolution of shareholders' meeting of the Company on 28 April 2015, based on the Company's total shares of 4,604,777,412, the Company declared its distributable profit amounting to RMB690,716,611.80 in a form of cash dividend at RMB1.5 (tax inclusive) per 10 shares.

5. ANALYTICAL REVIEW ON MAJOR CHANGES

- a. Financial assets at fair value through profit or loss: the fluctuation was mainly attributable to the disposal of certain financial assets during current period.
- b. Bills receivable: the fluctuation was mainly attributable to the maturity of certain bill acceptance during current period.
- c. Non-current assets due within one year: the fluctuation was mainly attributable to the increase in receivables from BT projects due within one year in current period.
- d. Long-term receivables: the fluctuation was mainly attributable to the increase in receivables from BT projects in current period.

- e. Long-term equity investments: the fluctuation was mainly attributable to additional investments in joint ventures in current period.
- f. Construction in progress: the fluctuation is mainly due to investments on facilities for cement production segment.
- g. Other non-current assets: the fluctuation is mainly due to less prepayment for investments.
- h. Short-term borrowings: the fluctuation is mainly due to the increase in short-term borrowing for working capital movements during current period.
- i. Bills payable: the fluctuation was mainly attributable to the issuance of bill acceptance during current period.
- j. Other current liabilities: the fluctuation was mainly attributable to additional entrusted loans from parent company.
- k. Bond payable: the fluctuation was mainly attributable to the transfer of certain bonds payable to non-current liabilities due within one year for measurement in current period.
- l. Other comprehensive income: the fluctuation was mainly attributable to the decrease in market value of available-for-sale financial assets compared with the same period of the previous year.
- m. Gain/(loss) from changes in fair values: the fluctuation was mainly attributable to the decrease in market value of financial assets at fair value through profit or loss compared with the same period of the previous year.
- n. Investment income/(loss): the fluctuation was mainly attributable to the increase in disposal gain of financial assets at fair value through profit or loss in current period.
- o. Non-controlling interests: the fluctuation was mainly due to the net profit attributable to non-controlling interests in current period.
- p. Other comprehensive income attributable to owners of the company: the fluctuation was mainly attributable to the decrease in market value of available-for-sale financial assets compared with the same period of the previous year.
- q. Total comprehensive income attributable to owners of the company: the fluctuation was mainly attributable to the decrease in market value of available-for-sale financial assets compared with the same period of the previous year.
- r. Total comprehensive income attributable to non-controlling interests: the fluctuation was mainly attributable to the increase in net profit attributable to non-controlling interests in current period.
- s. Net cash flows from operating activities: the fluctuation was mainly attributable to the increase in payments for acquisition of land by subsidiaries engaged in property development compared with the same period of the previous year.
- t. Net cash flows from investing activities: the fluctuation was mainly attributable to the increase in capital investments for projects under construction compared with the same period of the previous year.
- u. Net cash flows from financing activities: the fluctuation was mainly attributable to the increase in borrowings in current period.

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

a. Related parties

i. Definition of related parties

If one party has the ability, directly or indirectly, to control the other party or has significant influence on the other party's financial and operating decisions, they are related parties. Parties under common control are also considered as related parties.

ii. The parent company

<u>Name of company</u>	<u>Relationship</u>	<u>Place of registration</u>	<u>Business nature</u>	<u>Registered Capital</u> (RMB'000)	<u>Shareholding on the Company</u> (%)	<u>Voting right on the Company</u> (%)
China Gezhouba Group Company Limited ("CGGC Group")	Holding company	Wuhan Hubei	Construction	3,000,000.00	42.34	42.34

Description:

In 2015, CGGC Group increased its shareholding on the Company through The Shanghai Stock Exchange. After the acquisition, CGGC Group holds 1,949,448,239 shares of the Company's shares, representing 42.34% of the Company's total issued shares.

Intermediate holding Companies: China Energy Engineering Group Co., Ltd., China Energy Engineering Corporation Limited

Ultimate holding: SASAC

iii. The following table listed the companies, which the directors of the Company and the management consider as related parties:

<u>Related party</u>	<u>Relationship</u>
SASAC 國務院國有資產監督管理委員會	Ultimate holding company
China Energy Engineering Group Co., Ltd. 中國能源建設集團有限公司	Intermediate holding company
China Energy Engineering Corporation Limited 中國能源建設股份有限公司	Intermediate holding company
CGGC Group 中國葛洲壩集團有限公司	The parent company
Subsidiaries of intermediate holding company	
China Energy Engineering Group Guangdong No. 1 Electric Power Construction Engineering Co., Ltd 中國能源建設集團廣東省電力第一工程局	Subsidiary of intermediate holding company
China Power Engineering Consulting Group Co., Ltd 中國電力工程顧問集團公司	Subsidiary of intermediate holding company
China Energy Engineering Group Equipment Co., Ltd 中國能建集團裝備有限公司	Subsidiary of intermediate holding company
China Energy Engineering Group The First Northeast Electric Power Engineering Co. 中國能源建設集團東北電業管理局第一工程公司	Subsidiary of intermediate holding company
Beijing Power Equipment Group Co., Ltd 北京電力設備總廠有限公司	Subsidiary of intermediate holding company

Related party	Relationship
China Energy Engineering Group No. 3 Northeast Power Smoke Tower Engineering Company 中國能源建設集團東北電業管理局煙塔工程公司	Subsidiary of intermediate holding company
China Energy Engineering Group Tianjin Electric Power Construction Co. Ltd 中國能源建設集團天津電力建設公司	Subsidiary of intermediate holding company
Hunan Electric Lines and Wares Co., Ltd 中國能源建設集團湖南省電力線路器材廠	Subsidiary of intermediate holding company
China Energy Engineering Group Yunnan Thermal Power Construction Co., Ltd 雲南火電建設有限公司	Subsidiary of intermediate holding company
China Energy Engineering Group Gansu Electric Power Design Institute Co., Ltd 中國能源建設集團甘肅省電力設計院有限公司	Subsidiary of intermediate holding company
China Energy Engineering Group Gansu Thermal Power Construction Company 中國能源建設集團甘肅火電工程公司	Subsidiary of intermediate holding company
Guangdong Power Material Co., Ltd 廣東火電物資供應公司	Subsidiary of intermediate holding company
China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd 中國能源建設集團廣東省電力設計研究院	Subsidiary of intermediate holding company
China Energy Engineering Group Hunan Electric Power Design Institute Co., Ltd 中國能源建設集團湖南省電力勘測設計院	Subsidiary of intermediate holding company
China Energy Engineering Group Hunan Thermal Power Construction Co., Ltd 中國能源建設集團湖南省火電建設有限公司	Subsidiary of intermediate holding company
China Energy Engineering Group Northwest Electric Power No. 3 Construction Company 西北電力建設第三工程公司	Subsidiary of intermediate holding company
China Energy Engineering Group Yunnan Electric Power Design Institute Co., Ltd 中國能源建設集團雲南省電力設計院有限公司	Subsidiary of intermediate holding company
China Energy Engineering Group Shaanxi Electric Power Design Institute Co., Ltd 中國能源建設集團陝西電力建設總公司	Subsidiary of intermediate holding company
China Energy Engineering Group Anhui No. 1 Electric Power Construction Engineering Co., Ltd 中國能源建設集團安徽電力建設第一工程有限公司	Subsidiary of intermediate holding company
China Energy Engineering Group Beijing Electric Power Construction Company 中國能源建設集團北京電力建設公司	Subsidiary of intermediate holding company
China Energy Engineering Group Shanxi Electric Power Design Institute Co., Ltd 中國能源建設集團山西省電力勘測設計院	Subsidiary of intermediate holding company
China Energy Engineering Group Shanxi Electric Power No. 2 Construction Company 中國能源建設集團山西省電力建設二公司	Subsidiary of intermediate holding company
China Energy Engineering Group Shanxi Electric Power No. 1 Construction Company 中國能源建設集團山西省電力建設一公司	Subsidiary of intermediate holding company
China Energy Engineering Group Shanxi Electric Power No. 4 Construction Company 中國能源建設集團山西省電力建設四公司	Subsidiary of intermediate holding company

Related party	Relationship
China Energy Engineering Group Shanxi Electric Power No.3 Construction Company 中國能源建設集團山西省電力建設三公司	Subsidiary of intermediate holding company
China Energy Engineering Group Northeast No.2 Electric Power Engineering Co., Ltd 中國能源建設集團東北電業管理局第二工程公司	Subsidiary of intermediate holding company
China Energy Engineering Group Guangxi Electric Power Design Institute Co., Ltd 中國能源建設集團廣西電力勘察設計研究院	Subsidiary of intermediate holding company
Guangxi Water Conservancy & Electric Power Construction Group Co., Ltd 廣西電力工程建設公司	Subsidiary of intermediate holding company
China Energy Engineering Group Zhejiang Electric Power Design Institute Co., Ltd 中國能源建設集團浙江省電力設計院有限公司	Subsidiary of intermediate holding company
China Energy Engineering Group Nanjing Power Line Products Co., Ltd 中國能源建設集團南京線路器材廠	Subsidiary of intermediate holding company
China Energy Engineering Group Heilongjiang Electric Power Design Institute Co., Ltd 中國能源建設集團黑龍江省電力勘察設計研究院	Subsidiary of intermediate holding company
China Energy Engineering Group Anhui No. 2 Electric Power Construction Engineering Co., Ltd 中國能源建設集團安徽電力建設第二工程公司	Subsidiary of intermediate holding company
China Energy Engineering Group Tianjin Electric Power Design Institute Co., Ltd 中國能源建設集團天津電力設計院	Subsidiary of intermediate holding company
Gezhouba (Beijing) Investments Co., Limited 葛洲壩(北京)投資有限公司	Subsidiary of intermediate holding company
Liaoning Electric Power Design Institute Co., Ltd. 中國能源建設集團遼寧電力勘测設計院	Subsidiary of intermediate holding company
China Energy Engineering Group Yichang Gezhouba Asset Management Center 中國能建宜昌葛洲壩資產管理中心	Subsidiary of intermediate holding company
Subsidiaries of the parent company	
Shanghai Gezhouba Yangming Properties Co., Ltd 上海葛洲壩陽明置業有限公司	Controlled by the same parent company *
Shanghai Gezhouba Hospitality International Co., Ltd 上海葛洲壩國際旅遊有限公司	Controlled by the same parent company
China Gezhouba Group Culture Communication Co., Ltd 中國葛洲壩集團新聞文化傳播有限公司	Controlled by the same parent company
Other related parties	
Yichang Miaozi Bridge Construction Engineering Co., Ltd 宜昌廟嘴大橋建設工程有限公司	Joint venture
Beijing Gezhouba Longfor Properties Co., Ltd 北京葛洲壩龍湖置業有限公司	Joint venture
Chongqing Jiangqi Highway Co., Ltd 重慶江碁高速公路有限公司	Associate
Zhangjiajie Limin Civil Explosive Co., Ltd 張家界永利民爆有限責任公司	Associate
Yiyang Yilian Civil Explosive Equipment Co., Ltd 益陽益聯民用爆破器材有限公司	Associate

<u>Related party</u>	<u>Relationship</u>
Chongqing Gezhouba Sunac Jinyu Properties Co., Ltd 重慶葛洲壩融創金裕置業有限公司	Associate
Chongqing Gezhouba Sunac Shenda Properties Co., Ltd 重慶葛洲壩融創深達置業有限公司	Associate
Beijing Franshion Gezhouba Real Estate Development Co., Ltd 北京方興葛洲壩房地產開發有限公司	Associate
Guangzhou Rumao Real Estate Development Co., Ltd 廣州市如茂房地產開發有限公司	Joint venture
Guangzhou Zhenglin Real Estate Development Co., Ltd 廣州市正林房地產開發有限公司	Joint venture

* The English name of the above companies are direct translations of the Chinese name only.

In August 2015, the Company's parent company, CGGC Group, disposed of its 61% equity interest in Shanghai Gezhouba Yangming Properties Co., Ltd (上海葛洲壩陽明置業有限公司) to an independent third party. Thereafter, Shanghai Gezhouba Yangming Properties Co., Ltd is not a related party of the Company.

b. Significant related party transactions

i. Sales and purchase of goods/receive and provision of services

Purchase of goods/receive of services

<u>Related party</u>	<u>Nine months ended 30 September 2015</u>	<u>Nine months ended 30 September 2014</u>
Subsidiaries of intermediate holding company	221,869,395.58	116,401,636.17
Other related parties	6,338,043.23	7,110,169.83
Total	<u>228,207,438.81</u>	<u>123,511,806.00</u>

Sale of goods/provision of services

<u>Related party</u>	<u>Nine months ended 30 September 2015</u>	<u>Nine months ended 30 September 2014</u>
Intermediate holding company	–	7,969,214.03
Subsidiaries of intermediate holding company	64,671,421.84	141,204,572.05
Subsidiaries of CGGC Group	–	443,447.40
Other related parties	721,261,138.06	885,929,290.09
Total	<u>785,932,559.90</u>	<u>1,035,546,523.57</u>

ii. *Related parties guarantee*

The Company as the guarantor:

<u>Guarantor</u>	<u>Guarantee</u>	<u>As at 30 September 2015 Guarantee amount</u>
China Gezhouba Group Stock Company Limited	Chongqing Jiangqi Highway Co., Ltd	320,000,000.00
	Total	<u>320,000,000.00</u>

The Company as the guaranteee:

<u>Guarantor</u>	<u>Guarantee</u>	<u>As at 30 September 2015 Guarantee amount</u>
CGGC Group	China Gezhouba Group Stock Company Limited	4,920,226,104.98
	Total	<u>4,920,226,104.98</u>

iii. *Other related parties transactions*(a) *Acceptance of entrusted loans*

<u>Related parties</u>	<u>Nine months ended 30 September 2015 Amount</u>	<u>Nine months ended 30 September 2015 Interest or relevant expense</u>
CGGC Group	3,100,000,000.00	–
Total	<u>3,100,000,000.00</u>	<u>–</u>

(b) *Trustee of entrusted loans*

<u>Related parties</u>	<u>Nine months ended 30 September 2015 Amount</u>	<u>Nine months ended 30 September 2015 Interest or relevant expense</u>
Intermediate holding company	270,000,000.00	–
Total	<u>270,000,000.00</u>	<u>–</u>

(c) *Repayment of entrusted loans*

Related parties	Nine months ended 30 September 2015 Amount	Nine months ended 30 September 2015 Interest or relevant expense
Subsidiaries of intermediate holding company	800,000,000.00	11,110,000.00
Total	800,000,000.00	11,110,000.00

(d) *Provision of entrusted loans*

Related parties	Nine months ended 30 September 2015 Amount	Nine months ended 30 September 2015 Interest or relevant expense
Subsidiaries of intermediate holding company	270,000,000.00	6,000.00
Total	270,000,000.00	6,000.00

(e) *Loans by the Company*

Related parties	Nine months ended 30 September 2015 Amount	Nine months ended 30 September 2015 Interest or relevant expense
CGGC Group	360,000,000.00	18,259,166.71
Subsidiaries of intermediate holding company	16,000,000.00	701,311.10
Total	376,000,000.00	18,960,477.81

(f) *Loans from non-financial institution*

Related parties	Nine months ended 30 September 2015 Amount	Nine months ended 30 September 2015 Interest or relevant expense
Other related parties	(1,454,190,552.39)	125,015,562.00
Total	(1,454,190,552.39)	125,015,562.00

(i) *Repayment of loans by the Company*

Related parties	Nine months ended 30 September 2015 Amount	Nine months ended 30 September 2015 Interest or relevant expense
CGGC Group	300,000,000.00	–
Subsidiaries of intermediate holding company	18,000,000.00	–
Total	318,000,000.00	–

(j) *Deposits*

Related parties	Nine months ended 30 September 2015 Amount	Nine months ended 30 September 2015 Interest or relevant expense
CGGC Group	(80,084,572.53)	5,955,753.30
Intermediate holding company	(95,146,158.75)	108,896.85
Subsidiaries of intermediate holding company	(534,180,206.00)	41,429,797.10
Subsidiaries of CGGC Group	(4,167,761.23)	12,378.00
Total	(713,578,698.51)	47,506,825.25

(k) *Entrusted investment*

Related parties	Nine months ended 30 September 2015 Amount	Nine months ended 30 September 2015 Interest or relevant expense
Intermediate holding company	360,000,000.00	363,639.10
Subsidiaries of intermediate holding company	(120,000,000.00)	91,094.78
Total	240,000,000.00	454,733.88

c. **Significant balance with related parties**i. *Trade receivables*

Related parties	As at 30 September 2015		As at 31 December 2014	
	Carrying value	Provision for doubtful debt	Carrying value	Provision for doubtful debt
Subsidiaries of intermediate holding company	26,577,996.73	–	39,289,733.74	–
Subsidiaries of CGGC Group	110,279.40	–	443,447.40	–
Other related parties	210,493,313.00	–	144,605,664.00	–
Total	237,181,589.13	–	184,338,845.14	–

ii. Prepayments

<u>Related parties</u>	<u>As at 30 September 2015</u>		<u>As at 31 December 2014</u>	
	<u>Carrying value</u>	<u>Provision for doubtful debt</u>	<u>Carrying value</u>	<u>Provision for doubtful debt</u>
Subsidiaries of intermediate holding company	263,062,182.10	–	63,184,372.16	–
Total	<u>263,062,182.10</u>	<u>–</u>	<u>63,184,372.16</u>	<u>–</u>

iii. Other receivables

<u>Related parties</u>	<u>As at 30 September 2015</u>		<u>As at 31 December 2014</u>	
	<u>Carrying value</u>	<u>Provision for doubtful debt</u>	<u>Carrying value</u>	<u>Provision for doubtful debt</u>
Subsidiaries of intermediate holding company	21,263,425.95	–	253,596.55	–
Other related parties	1,319,535,982.14	–	2,278,523,657.99	–
Total	<u>1,340,799,408.09</u>	<u>–</u>	<u>2,278,777,254.54</u>	<u>–</u>

iv. Long-term receivables

<u>Related parties</u>	<u>As at 30 September 2015</u>		<u>As at 31 December 2014</u>	
	<u>Carrying value</u>	<u>Provision for doubtful debt</u>	<u>Carrying value</u>	<u>Provision for doubtful debt</u>
Other related parties	900,000,000.00	–	817,000,000.00	–
Total	<u>900,000,000.00</u>	<u>–</u>	<u>817,000,000.00</u>	<u>–</u>

v. Other non-current assets (loan receivables)

<u>Related parties</u>	<u>As at 30 September 2015</u>		<u>As at 31 December 2014</u>	
	<u>Carrying value</u>	<u>Provision for doubtful debt</u>	<u>Carrying value</u>	<u>Provision for doubtful debt</u>
CGGC Group	535,000,000.00	–	475,000,000.00	–
Subsidiaries of intermediate holding company	336,000,000.00	–	68,000,000.00	–
Subsidiaries of CGGC Group	28,000,000.00	–	28,000,000.00	–
Total	<u>899,000,000.00</u>	<u>–</u>	<u>571,000,000.00</u>	<u>–</u>

vi. Trade payables

Related parties	Balance as at 30 September 2015	Balance as at 31 December 2014
Subsidiaries of intermediate holding company	157,366,961.32	120,167,440.32
Other related parties	1,069,052.78	937,023.82
Total	158,436,014.10	121,104,464.14

vii. Advance from customers

Related parties	Balance as at 30 September 2015	Balance as at 31 December 2014
Intermediate holding company	–	2,417,703.69
Subsidiaries of intermediate holding company	36,513,002.39	4,877,911.29
Other related parties	67,056,881.75	49,405,426.86
Total	103,569,884.14	56,701,041.84

viii. Other payables

Related parties	Balance as at 30 September 2015	Balance as at 31 December 2014
CGGC Group	714,958.36	714,958.36
Subsidiaries of intermediate holding company	10,240,348.09	6,706,782.20
Subsidiaries of CGGC Group	4,123,813.35	11,230,056.07
Other related parties	495,202,876.54	–
Total	510,281,996.34	18,651,796.63

ix. Interest payables

Related parties	Balance as at 30 September 2015	Balance as at 31 December 2014
CGGC Group	194,915.67	5,251,022.22
Intermediate holding company	131,825,833.34	91,194,583.34
Subsidiaries of intermediate holding company	–	1,153,504.18
Total	132,020,749.01	97,599,109.74

x. *Short-term borrowings (Entrusted loans)*

Related parties	Balance as at 30 September 2015	Balance as at 31 December 2014
Subsidiaries of intermediate holding company	–	500,000,000.00
Total	–	500,000,000.00

xi. *Other current liabilities (Entrusted loans and investments)*

Related parties	Balance as at 30 September 2015	Balance as at 31 December 2014
CGGC Group	3,128,000,000.00	28,000,000.00
Intermediate holding company	1,290,000,000.00	660,000,000.00
Subsidiaries of intermediate holding company	–	420,000,000.00
Total	4,418,000,000.00	1,108,000,000.00

xii. *Other current liabilities (Deposits)*

Related parties	Balance as at 30 September 2015	Balance as at 31 December 2014
CGGC Group	128,162,681.14	208,247,253.67
Intermediate holding company	1,121,247,635.68	1,216,393,794.43
Subsidiaries of intermediate holding company	11,345,903.98	545,526,109.98
Subsidiaries of CGGC Group	5,462,319.91	9,630,081.14
Total	1,266,218,540.71	1,979,797,239.22

7. RECONCILIATION OF NET PROFIT AND OWNERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 AND AS AT 30 SEPTEMBER 2015 AS REPORTED IN THE UNAUDITED INTERIM FINANCIAL STATEMENTS AND AS REPORTED UNDER THE ACCOUNTING POLICIES OF THE CHINA ENERGY ENGINEERING CORPORATION LIMITED, WHICH COMPLY WITH INTERNATIONAL FINANCIAL REPORTING STANDARD ("IFRS")

Items	Consolidated net profit attributable to owners of CGGC for the nine months ended 30 September 2015 RMB (Unaudited)	Consolidated total shareholders' equity attributable to owners of CGGC as at 30 September 2015 RMB (Unaudited)
Financial information as reported under PRC GAAP	1,794,923,350.34	19,173,505,621.00
Adjustment for safety production expenses (Note)	23,851,190.86	–
Financial information as adjusted under IFRS	1,818,774,541.2	19,173,505,621.00

Note: Under PRC GAAP, CGGC and its subsidiaries accrue safety production expense pursuant to the relevant regulations, such amounts are recognized as expenses with a corresponding credit to a specific reserve within equity. Under IFRS, the expenses are recognized in profit or loss as and when incurred. CGGC and its subsidiaries appropriate the unutilized provision from retained earnings to a specific reserve under IFRS.

8. SHARE BASE PAYMENT

None.

9. CONTINGENT LIABILITIES

a. Contingent liabilities

i. Contingent liabilities and financial impact on pending litigation

As at 30 September 2015, the Company has not identified any pending lawsuits, which would have significant impact on the PRC Interim Financial Information.

ii. Guarantee

As at 30 September 2015, the Company had guaranteed borrowings amounting to RMB6,823,042,400, including borrowings of RMB4,605,316,300 which were guaranteed by the Company or its subsidiaries.

Also, bank borrowings of RMB3,640,000,000 were made by an associate of the Company (重慶江碁高速公路有限公司) from China Development Bank, and guaranteed by China Gezhouba Group No. 5 Engineering Co., Ltd (中國葛洲壩集團第五工程有限公司), which is a wholly owned subsidiary, with the maximum exposure of RMB320,000,000 in relation to the borrowing's principal and interest, penalty interest, compound interest, compensation, damages and other related expenses.

iii. Pledge matters

As at 30 September 2015, the Company had pledged borrowings amounting to RMB5,686,200,000.

iv. Mortgage matters

As at 30 September 2015, the Company had mortgaged borrowings amounting to RMB4,546,580,000.

10. EVENTS AFTER THE REPORTING DATE

The Company had no material post balance sheet events to be disclosed.

11. OTHER SIGNIFICANT MATTERS

a. Business combinations not under common control

i. Business combinations not under common control in current period

Name of acquiree	Point of time when the equity acquired	Consideration	Percentage of equity acquired	Form of consideration	Acquisition date	Revenue of the acquiree since the acquisition date to period end date	Net profit of the acquiree since the acquisition date to period end date
			(%)				
Liaoyuan Zhuoli Petrochemical Co., Ltd 遼源卓力化工有限責任公司	January 2015	RMB39,695,600.00	80.00	Cash	1 January 2015	16,453,912.03	(2,281,672.77)
Guangdong Gezhouba Real Estate Development Co., Ltd 廣東葛洲壩房地產開發有限公司	January 2015	RMB10,000,000.00	100.00	Cash	27 January 2015	–	(37,861,783.62)
Kardan Water International Group (HK) Ltd 凱丹水務國際集團(香港)有限公司	April 2015	US\$75,741,750.00	75.00	Cash	1 April 2015	76,539,461.31	(3,269,579.79)

- (a) On 1 January 2015, Gezhouba Explosive Stock Co., Ltd, a subsidiary of the Company, acquired 80% equity interest in Liaoyuan Zhuoli Petrochemical Co., Ltd (遼源卓力化工有限責任公司) at a consideration of RMB39,695,600. The consideration was determined on the basis of the fair value for its 100% equity (RMB49,619,500) by reference to a valuation report from an independent valuation firm.
- (b) On 1 December 2014, China Gezhouba Group Real Estate Development Co., Ltd, a subsidiary of the Company, and Guangdong Poly Real Estate Development Co., Ltd, jointly signed an agreement to acquire the 100% equity interest in Guangdong Gezhouba Real Estate Development Co., Ltd, which was previously held by Guangdong Poly Real Estate Development Co., Ltd at a consideration of RMB10,000,000. The acquisition was completed on 27 January 2015.
- (c) On 15 January 2015, China Gezhouba Group Investment Holding Co., Ltd, a subsidiary of the Company, and Tahal Group Assets B.V., signed an agreement to acquire the 75% equity of Kardan Water International Group (HK) Ltd, which was previously held by Tahal Group Assets B.V. at a consideration of RMB472,500,000.

ii. *Goodwill*

<u>Consideration</u>	<u>Liaoyuan Zhuoli Petrochemical Co., Ltd</u>	<u>Guangdong Gezhouba Real Estate Development Co., Ltd</u>	<u>Kardan Water International Group (HK) Ltd</u>
Cash	39,695,600.00	10,000,000.00	476,071,739.96
Total consideration	39,695,600.00	10,000,000.00	476,071,739.96
Less: fair value of net identifiable assets acquired	32,235,610.76	10,000,000.00	436,556,977.68
Goodwill	7,459,989.24	–	39,514,762.28

b. **Correction of accounting error**

No correction of accounting error noted for the nine month ended 30 September 2015.

c. **Debt restructuring**

No debt restructuring occur for the nine months ended 30 September 2015.

d. **Asset exchange**

i. *Non-monetary asset exchange*

No non-monetary asset exchange for the nine months ended 30 September 2015.

ii. *Other asset exchange*

No other asset exchange for the nine months ended 30 September 2015.

e. **Discontinued operations**

No discontinued operations to be disclosed for the nine months ended 30 September 2015.

f. **Other issues**

In December 2014, the Company's cement production segment acquired a business to expand its operation in Hubei province in the PRC. Since the third party valuation firm engaged by the Company is still in the process of obtaining information to determine the fair value of each identifiable assets and liabilities, provisional amounts were reported for intangible assets and goodwill.

In September 2015, based on the final results of the valuation, the Company retrospectively adjusted the provisional amount of RMB653,761,832.15 by decreasing the intangible assets and increasing the goodwill correspondingly, in the comparative figures as if the new facts and circumstances were known on the acquisition date.

In April 2015, the Company's other segment acquired a business to expand its operation in the waste water purification in the PRC. Since the third party valuation firm engaged by the Company is still in the process of obtaining information to determine the fair value of each identifiable assets and liabilities, provisional amounts were reported for intangible assets, goodwill as well as financial assets in respect of receivables from grantor of the concession right and will retrospectively adjust the amount of above identifiable assets and liabilities once the fair value revaluation is completed during the measurement period (before the end of April 2016).

The following is the text of a letter, summary of values and valuation prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at September 30, 2015 of the selected property interests held by the Group.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

November 27, 2015

The Board of Directors
China Energy Engineering Corporation Limited
Building 1, No. 26 West Dawang Road
Chaoyang District
Beijing
The People's Republic of China

Dear Sirs,

In accordance with your instructions to value the selected property interests held by China Energy Engineering Corporation Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at September 30, 2015 (the "**valuation date**").

In accordance with Chapter 5 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the "Listing Rules"), these properties are classified as the property interests relating to "property activities" which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments. Having considered the implications of Rule 5.01A(1) of the Listing Rules, the selected property interests we valued are those property interests relating to "property activities" except for those with a carrying amount below 1% of the Group's total assets. The total carrying amount of property interests not valued does not exceed 10% of the Group's total assets. Furthermore, we have adopted the below guidance on what constitutes a property interest:-

- (a) one or more units in the same building or complex;
- (b) one or more properties located at the same address or lot number;

- (c) one or more properties comprising an integrated facility;
- (d) one or more properties, structures or facilities comprising a property development project (even if there are different phases);
- (e) (one or more properties held for investment within one complex;
- (f) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or
- (g) a project or phases of development presented to the public as one whole project or forming a single operating entity.

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have valued the property interests held by the Group for sale and for future development by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificate/Tables or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates have been obtained, this also includes those property interests which the State-owned Land Use Rights Grant Contract have been signed, but the State-owned Land Use Rights Certificates have not been issued.

In valuing the property interests that are currently under development, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Completed Construction Works Certified Report(s) or the Construction Work Completion and Inspection Certificate/Tables of the building(s) have not been issued.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Listing Rules; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests. We have relied considerably on the advice given by the Company's PRC legal advisers – Dentons Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in August and October 2015 by Mr. Arnold Gao who is a member of RICS and has 10 years' experience in the property valuation in the PRC, Ms. Amy Zhou who has 8 years' experience in the property valuation in the PRC and Mr. Terence Zhang who graduated in degree course with subjects in property development and has 2 years' experience in the property valuation in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

All monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MRICS MHKIS RPS (GP)

Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 21 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Completed properties held for sale by the Group in the PRC

Group II: Properties held under development by the Group in the PRC

Group III: Properties held for future development by the Group in the PRC

-: Not Available or Not Applicable

No.	Property	Market value	Market value	Market value	Total
		in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	market value in existing state as at the valuation date
		RMB	RMB	RMB	RMB
		Group I:	Group II:	Group III:	Total:
1.	Project Grand Canal Center (京杭廣場) located at the northeast of junction of Xinhua Avenue and Xinhua North Road Tongzhou District Beijing	–	3,510,000,000	–	3,510,000,000
2.	Project Gezhouba Greentown Yulan Garden (葛洲壩綠城玉蘭花園) located at No. 1699 Nong Qinghewan Road Xianghuaqiao Area Qingpu District Shanghai	–	1,835,000,000	2,726,000,000	4,561,000,000
3.	Project Blessed Bay (海棠福灣) located at Tufu Bay Resort Lingshui Li Autonomous County Hainan Province	–	2,346,000,000	–	2,346,000,000

No.	Property	Market value	Market value	Market value	Total
		in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	market value in existing state as at the valuation date
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
		Group I:	Group II:	Group III:	Total:
4.	Project Gezhouba International Plaza (葛洲壩國際廣場) located at the northeast of junction of Qingnian Road and Changqing Road Jiangnan District Wuhan City Hubei Province	405,400,000	–	1,765,390,000	2,170,790,000
5.	Project Gezhouba Century Garden (葛洲壩世紀花園) located at the junction of Luoyu East Road and Guandongyuan Fifth Road East Lake High-tech Development Zone Wuhan City Hubei Province	1,077,000,000	806,000,000	–	1,883,000,000
6.	A parcel of land located at the junction of Heyan Road and Anhuai Xin Cun Road Gulou District Nanjing City Jiangsu Province	–	–	No commercial value*	Nil
	Total:	<u>1,482,400,000</u>	<u>8,497,000,000</u>	<u>4,491,390,000</u>	<u>14,470,790,000</u>

Note:

* We have attributed no commercial value to the property, as the Group has not obtained the State-owned Land Use Rights Certificates to the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
1.	Project Grand Canal Center (京杭廣場) located at the northeast of junction of Xinhua Avenue and Xinhua North Road Tongzhou District Beijing	<p>Project Grand Canal Center is located at the junction of Xinhua Avenue and Xinhua North Road. It is close to Subway Line 6 and Batong Light Railway and well-served by public traffics facilities. The surrounding area of the project is clustered with high-rise residential buildings, schools, hospitals, retail facilities and Tongzhou Government Official Building. It occupies a parcel of land with a site area of approximately 39,454.56 sq.m. which will be developed into a composite development with residential units, offices, hotel, retail components and car parking spaces. Upon completion, Project Grand Canal Center will have a total gross floor area of approximately 280,031 sq.m. The project is currently under construction and is scheduled to be completed at the end of December 2015.</p> <p>The property comprises the whole of the project under construction, the gross floor area of which is set out in note 5.</p> <p>As advised by the Group, the total construction cost of the property is estimated to be approximately RMB3,047 million, of which RMB2,126 million had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for terms expiring on December 15, 2079 for residential use, December 15, 2049 for commercial use and December 15, 2059 for composite use.</p>	The property is currently under construction.	3,510,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Jing Tong Guo Yong (2011 Chu) Di No. 027, the land use rights of a parcel of land with a site area of approximately 39,454.56 sq.m. have been granted to Beijing Eastern Greentown Real Estate Co., Ltd. (北京東部綠城置業有限公司, “Eastern Greentown”, an indirectly 15.29%-owned subsidiary of the Company) for terms expiring on December 15, 2079 for residential use, December 15, 2049 for commercial use and December 15, 2059 for composite use.
2. Pursuant to 3 Construction Work Planning Permits – 2010 Gui (Tong) Jian Zi Di No. 0571, 2011 Gui (Tong) Jian Zi Di Nos. 0077 and 0078 in favor of Eastern Greentown, Project Grand Canal Center with a total gross floor area of approximately 280,031 sq.m. has been approved for construction.
3. Pursuant to 3 Construction Work Commencement Permits – 2011 Shi Jian Zi Nos. 0091, 0092 and 2012 Shi Jian Zi No. 0316 in favor of Eastern Greentown, permissions by the relevant local authority was given to commence the construction of the property with a total gross floor area of approximately 280,031 sq.m.
4. Pursuant to 2 Pre-sales Permits – Jing Fang Shou Zheng Zi (2013) Nos. 39 and 79 in favor of Eastern Greentown, the Group is entitled to sell residential and office units of Project Grand Canal Center (representing a total gross floor area of approximately 61,935.08 sq.m.) to purchasers.
5. According to the information provided by the Group, the gross floor area of the property upon completion is set out as below:

Usage	Gross Floor Area (sq.m.)	Nos. of Car parking spaces
Residential	51,138.24	
Aboveground retail	45,275.03	
Underground retail	24,452.60	
Office	10,796.84	
Hotel	48,202.94	
Ancillary	1,601.26	
Compensation retail/office	37,243.44	
Car parking spaces and ancillary	61,320.65	801
Total:	280,031	801

6. As advised by the Group, various residential and office units of Project Grand Canal Center with a total gross floor area of approximately 61,751.96 sq.m. have been pre-sold to various third parties at a total consideration of RMB1,785,692,734. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
7. The market value of the property as if completed as at the valuation date is estimated to be RMB4,578,000,000.
8. Our valuation has been made on the following basis and analysis:
 - a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB25,000 per sq.m. to RMB32,000 per sq.m. for residential units, RMB27,000 per sq.m. to RMB35,000 per sq.m. for office units and RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from about RMB9,200 per sq.m. to RMB9,700 per sq.m. for composite use and RMB11,000 per sq.m. to RMB13,000 per sq.m. for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. the Group has paid the land premium in respect of the property in full and obtained the State-owned Land Use Rights Certificate; and the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the site of the property; and
 - b. the Group has obtained the requisite approvals in respect of the development, construction and sale of the property from local authorities and the approvals are legal and valid.
10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Work Planning Permit | Yes |
| c. | Construction Work Commencement Permit | Yes |
| d. | Pre-sale Permit | Portion |
| e. | Construction Work Completion and Inspection Certificate/Table | N/A |
11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Phase	Market value in existing state as at the valuation date
		<i>(RMB)</i>
Group I – held for sale by the Group	–	–
Group II – held under development by the Group	The whole project	3,510,000,000
Group III – held for future development by the Group	–	–
Total:		<u><u>3,510,000,000</u></u>

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				<i>RMB</i>
2.	Project Gezhouba Greentown Yulan Garden (葛洲壩綠城玉蘭花園) located at No. 1699 Nong Qinghewan Road Xianghuaqiao Area Qingpu District Shanghai	<p>Project Gezhouba Greentown Yulan Garden is located at Qingpu New City Area which is a developing area in Qingpu District. The project is easily accessed from Caoying Road and Songze Avenue and there are some industrial buildings and residential buildings in the surrounding area with limited retail facilities. The project occupies 4 parcels of land with a total site area of approximately 235,185.1 sq.m. which will be developed into a composite development with residential buildings, offices, retail components, ancillary facilities and car parking spaces. Upon completion, Project Gezhouba Greentown Yulan Garden will have a total gross floor area of approximately 525,761.38 sq.m. The southern area (residential portion) of the project is currently under construction and is scheduled to be completed in November 2016, and the construction of the southern area (commercial portion) and the northern area of the project has not been commenced.</p>	<p>The southern area (residential portion) of the project is currently under construction, the southern area (commercial portion) and the northern area are bare land for future development.</p>	4,561,000,000
		<p>The property comprises the southern area (residential portion) of the project under construction, and the southern area (commercial portion) and the northern area which are bare land for future development. The gross floor area of the southern area (residential portion) is set out in note 6.</p>		
		<p>As advised by the Group, the total construction cost of the southern area (residential portion) is estimated to be approximately RMB1,175 million, of which RMB642.9 million had been paid up to the valuation date.</p>		
		<p>The land use rights of the property have been granted for terms expiring on February 4, 2085 and March 23, 2084 for residential use March 23, 2054 for commercial use and March 23, 2064 for office, cultural and sports uses.</p>		

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated January 16, 2014 and December 5, 2014, and a Supplemental Agreement, the land use rights of 2 parcels of land (comprising the southern area and northern area) with a total site area of approximately 235,185.1 sq.m. were contracted to be granted to Gezhouba (Shanghai) Real Estate Development Co., Ltd. (葛洲壩(上海)房地產開發有限公司, “**Shanghai Gezhouba**”, an indirectly 29.98%-owned subsidiary of the Company) for terms of 70 years for residential use, 40 years for commercial use and 50 years for office, cultural and sports uses. The total land consideration was RMB3,533,110,000. As advised by the Group, the consideration has been fully paid.
2. Pursuant to 4 Real Estate Title Certificates – Hu Fang Di Qing Zi (2014) Di Nos. 06309, 06310 and Hu Fang Di Qing Zi (2015) Di Nos. 002272, 002273, the land use rights of 4 parcels of land with a total site area of approximately 235,185.1 sq.m. have been granted to Shanghai Gezhouba for terms expiring on February 4, 2085 and March 23, 2084 for residential use, March 23, 2054 for commercial use and March 23, 2064 for office, cultural and sports uses.
3. Pursuant to a Construction Work Planning Permit – Hu Qing Jian (2014) FA31011820145464 in favor of Shanghai Gezhouba, the southern area (residential portion) of Project Gezhouba Greentown Yulan Garden with a total gross floor area of approximately 167,689.98 sq.m. has been approved for construction.
4. Pursuant to 2 Construction Work Commencement Permits – 1402QP0137D01310118201405140719 and 1402QP0137D02310118201405140719 in favor of Shanghai Gezhouba, permissions by the relevant local authority was given to commence the construction of the southern area (residential portion) of Project Gezhouba Greentown Yulan Garden with a total gross floor area of approximately 167,689.99 sq.m.
5. Pursuant to a Pre-sale Permit – Qing Pu Fang Guan (2015) Yu Zi No. 0000440 in favor of Shanghai Gezhouba, the Group is entitled to sell portion of the southern area of the property (representing a total gross floor area of approximately 41,930.84 sq.m.) to purchasers.
6. According to the information provided by the Group, the gross floor area of the southern area (residential portion) of the property upon completion is set out as below:

<u>Usage</u>	<u>Gross Floor Area</u> <i>(sq.m.)</i>	<u>Nos. of Car parking spaces</u>
Residential	104,274.61	
Ancillary	5,364.97	
Car parking spaces and underground ancillary	58,050.4	890
Total:	167,689.98	890

7. As advised by the Group, various residential units of southern area (residential portion) of Project Gezhouba Greentown Yulan Garden with a total gross floor area of approximately 7,954.44 sq.m. have been pre-sold to various third parties at a total consideration of RMB223,537,724. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the southern area (residential portion) as if completed as at the valuation date is estimated to be RMB2,867,380,000.
9. Our valuation has been made on the following basis and analysis:
 - a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB26,000 per sq.m. to RMB29,000 per sq.m. for residential units, and RMB70,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

- b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from about RMB10,000 per sq.m. to RMB12,000 per sq.m. for composite use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. the Group has paid the land premium in respect of the property in full and obtained the State-owned Land Use Rights Certificates; and the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the sites of the property; and
- b. the Group has obtained the requisite approvals in respect of the development, construction of the property from local authorities and the approvals are legal and valid.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | Real Estate Title Certificate | Yes |
| b. | Construction Work Planning Permit | Portion |
| c. | Construction Work Commencement Permit | Portion |
| d. | Pre-sale Permit | Portion |
| e. | Construction Work Completion and Inspection Certificate/Table | N/A |
12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Area	Market value in existing state as at the valuation date
		<i>(RMB)</i>
Group I – held for sale by the Group	–	–
Group II – held under development by the Group	Southern area (residential portion)	1,835,000,000
Group III – held for future development by the Group	Southern area (commercial portion) and the northern area	2,726,000,000
Total:		<u><u>4,561,000,000</u></u>

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				<i>RMB</i>
3.	Project Blessed Bay (海棠福灣) located at Tufu Bay Resort Lingshui Li Autonomous County Hainan Province	Project Blessed Bay is located at Tufu Bay Resort enjoying front line sea-view. The area is approximately 60 km far from Sanya International Airport and about 38 km from center of Sanya City. The project occupies a parcel of land with a site area of approximately 167,700 sq.m. which will be developed into a residential/retail development. Upon completion, Project Blessed Bay will have a total gross floor area of approximately 149,843.43 sq.m. The property is currently under construction and is scheduled to be completed in May and August 2016.	The property is currently under construction.	2,346,000,000
		The property comprises the whole of the project under construction, the gross floor area of the project is set out in note 5.		
		As advised by the Group, the total construction cost of the property is estimated to be approximately RMB2,180 million, of which RMB1,086 million had been paid up to the valuation date.		
		The land use rights of the property have been granted for a term expiring on December 4, 2080 for tourism use.		

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Ling Guo Yong (Ying) Di No. 13346, the land use rights of a parcel of land with a site area of approximately 167,700 sq.m. have been granted to Hainan Gezhouba Industrial Co., Ltd. (海南葛洲壩實業有限公司, “**Hainan Gezhouba**”, an indirectly 29.68%-owned subsidiary of the Company) for a term expiring on December 4, 2080 for tourism use.
2. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 4690342013092551 in favor of Hainan Gezhouba, the property with a gross floor area of approximately 150,380.85 sq.m. have been approved for construction.
3. Pursuant to a Construction Work Commencement Permit – No. 469028201312247301 in favor of Hainan Gezhouba, permissions by the relevant local authority were given to commence the construction of the property with a gross floor area of approximately 150,380.85 sq.m.
4. Pursuant to 2 Pre-sales Permits – Ling Fang Yu Zi [2014] Di Nos. 0011 and 0013 in favor of Hainan Gezhouba, the Group is entitled to sell residential portion of the property (representing a total gross floor area of approximately 73,408.57 sq.m.) to purchasers.
5. According to the information provided by the Group, the gross floor area of the property upon completion is set out as below:

Usage	Gross Floor Area
	<i>(sq.m.)</i>
High-rise residential	45,808.71
Villa	27,599.86
Retail	3,981.07
Ancillary	1,408.99
Underground car parking spaces and ancillary	60,529.25
Stilt floor	10,515.55
Total:	149,843.43

6. As advised by the Group, various residential units of the property with a total gross floor area of approximately 2,407.70 sq.m. have been pre-sold to various third parties at a total consideration of RMB125,929,671. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
7. The market value of the property as if completed as at the valuation date is estimated to be RMB4,423,000,000.

8. Our valuation has been made on the following basis and analysis:
- a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB25,000 per sq.m. to RMB35,000 per sq.m. for high-rise residential units, RMB80,000 per sq.m. to RMB120,000 per sq.m. for villa units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from about RMB11,000 per sq.m. to RMB14,300 per sq.m. for commercial and office uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. the Group has paid the land premium in respect of the property in full and obtained the State-owned Land Use Rights Certificates; and the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the sites of the property; and
 - b. the Group has obtained the requisite approvals in respect of the development, construction and sale of the property from local authorities and the approvals are legal and valid.
10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Work Planning Permit | Yes |
| c. | Construction Work Commencement Permit | Yes |
| d. | Pre-sale Permit | Yes |
| e. | Construction Work Completion and Inspection Certificate/Table | N/A |
11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Phase	Market value in existing state as at the valuation date
		(RMB)
Group I – held for sale by the Group	–	–
Group II – held under development by the Group	The whole project	2,346,000,000
Group III – held for future development by the Group	–	–
Total:		2,346,000,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value
				in existing state as at the valuation date
				<i>RMB</i>
4.	Project Gezhouba International Plaza (葛洲壩國際廣場) located at the northeast of junction of Qingnian Road and Changqing Road Jiangnan District Wuhan City Hubei Province	Project Gezhouba International Plaza is close to Subway Line 6 and is well-served by public traffics facilities. The surrounding area of the project is clustered with high-rise residential buildings, schools and retail facilities. It occupies 2 parcels of land with a total site area of approximately 103,589.29 sq.m. which will be developed into a composite development with residential buildings, offices, retail components and car parking spaces. Upon completion, Project Gezhouba International Plaza will have a total gross floor area of approximately 648,270 sq.m. Phase I was completed at the end of 2011 and the construction of Phase II has not been commenced. The property comprises the unsold units of Phase I and the whole Phase II. The gross floor area of Phase II of Project Gezhouba International is set out in note 6. The land use rights of the property have been granted for terms expiring on September 25, 2078 and December 13, 2082 for residential use, September 25, 2048 and December 13, 2052 for commercial use.	The unsold units of Phase I of the property are currently vacant for sale, and Phase II of the property is a bare land for future development.	2,170,790,000

Notes:

- Pursuant to 2 State-owned Land Use Rights Certificates – Wu Guo Yong (2010) Di No. 173 and Jiang Guo Yong (2014) Di No. 11713, the land use rights of 2 parcels of land with a total site area of approximately 103,589.29 sq.m. have been granted to Gezhouba Haiji Real Estate Development Co., Ltd. (葛洲壩海集房地產開發有限公司, “Gezhouba Haiji”, the former name of China Gezhouba Group Real Estate Co., Ltd., 中國葛洲壩集團置業有限公司, an indirectly 39.42%-owned subsidiary of the Company) for terms expiring on September 25, 2078 and December 13, 2082 for residential use, September 25, 2048 and December 13, 2052 for commercial use.
- Pursuant to a Construction Work Planning Permit – Wu Gui Jian [2010] No. 071 in favor of Gezhouba Haiji, Phase I of Project Gezhouba International Plaza with a total gross floor area of approximately 301,350.80 sq.m. has been approved for construction.
- Pursuant to 9 Construction Work Commencement Permits in favor of Gezhouba Haiji, permissions by the relevant local authority was given to commence the construction of Phase I of Project Gezhouba International Plaza with a total gross floor area of approximately 299,437.30 sq.m.
- Pursuant to 6 Pre-sales Permits in favor of Gezhouba Haiji, the Group is entitled to sell Phase I of Project Gezhouba International Plaza (representing a total gross floor area of approximately 231,056.82 sq.m.) to purchasers.
- Pursuant to 14 Construction Work Completion and Inspection Certificates in favor of Gezhouba Haiji, the construction of Phase I of Project Gezhouba International Plaza with a total gross floor area of approximately 305,577 sq.m. has been completed and passed the inspection acceptance.

6. According to the information provided by the Group, the gross floor area of Phase I (unsold portion) and the gross floor area upon completion of Phase II is set out as below:

Phase	Usage	Gross Floor Area <i>(sq.m.)</i>	Nos. of Car parking spaces
Phase I (Unsold portion only)	Residential	18,388.04	
	Retail	970.06	
	kindergarten	2,795.00	
	Car parking spaces	N/A	1,018
	Sub-total:	22,153.10	1,018
Phase II (Planned)	Office	132,720.00	
	Retail	112,434.00	
	Ancillary	17,892.00	
	Car parking spaces	79,647.00	3,200
	Sub-total:	342,693.00	3,200
Grand-total:		364,846.10	4,218

7. As advised by the Group, various residential and retail units of Phase I with a total gross floor area of approximately 12,067.87 sq.m. have been pre-sold to various third parties at a total consideration of RMB147,185,952. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. Our valuation has been made on the following basis and analysis:
- a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB12,000 per sq.m. to RMB14,000 per sq.m. for residential units, RMB25,000 per sq.m. to RMB35,000 per sq.m. for retail units and RMB120,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from about RMB5,400 per sq.m. to RMB7,600 per sq.m. for composite use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. the Group has paid the land premium in respect of the property in full and obtained the State-owned Land Use Rights Certificate; and the Group is entitled to occupy, use, mortgage, transfer or otherwise dispose of the site of the property;
 - b. the Group has obtained from local authorities the requisite approvals in respect of the development, construction and sale of phase I of the property and the approvals are legal and valid; and
 - c. the construction work of phase II of the property has been delayed for more than two years than the due statement to the land in the State-owned Land Use Rights Grant Contract due to planning change and other non-Group's reasons, the relevant land should not be treated as idle land and as advised by the Group, they have not received any investigation notice or administrative penalty.

10. A summary of major certificates/approvals is shown as follows:

- | | | |
|----|---|--------------------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Work Planning Permit | Yes (Phase I only) |
| c. | Construction Work Commencement Permit | Yes (Phase I only) |
| d. | Pre-sale Permit | Yes (Phase I only) |
| e. | Construction Work Completion and Inspection Certificate/Table | Yes (Phase I only) |

11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Phase	Market value in existing state as at the valuation date
		<i>(RMB)</i>
Group I – held for sale by the Group	Phase I	405,400,000
Group II – held under development by the Group	–	–
Group III – held for future development by the Group	Phase II	1,765,390,000
Total:		2,170,790,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				<i>RMB</i>
5.	Project Gezhouba Century Garden (葛洲壩世紀花園) located at the junction of Luoyu East Road and Guandongyuan Fifth Road East Lake High-tech Development Zone Wuhan City Hubei Province	<p>Project Gezhouba Century Garden (葛洲壩世紀花園) is located at East Lake High-tech Development Zone which is a developing area in Wuhan. The project is easily accessed from 3rd Ring Road and there are some science and optoelectronic industrial buildings and residential buildings in the surrounding area with limited retail facilities.</p> <p>Project Gezhouba Century Garden comprises Zone A and Zone B occupying 3 parcels of land with a total site area of approximately 288,851.19 sq.m. which will be developed into a residential development with townhouses, high-rise residential buildings, retail components and car parking spaces.</p> <p>Zone A of the project is known as Project Mountain Villas (葛洲壩卡爾頓莊園) which was completed in 2014. As at the valuation date, the external wall decoration was undergoing.</p> <p>Zone B of the project comprises three Phases, of which Phases I and II were completed in 2009 and 2013 respectively, Phase III is under construction and is scheduled to be completed in September 2016.</p> <p>The property comprises the unsold units of Zone A and Phases I & II of Zone B, and the whole Phase III of Zone B under construction, the gross floor area of which is set out in note 8.</p> <p>As advised by the Group, the construction cost of Phase III of Zone B is estimated to be approximately RMB581 million, of which RMB228 million had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on August 7, 2077 for residential use.</p>	The unsold units of Zone A and Phases I & II of Zone B of the property are currently vacant for sale, and Phase III of Zone B is currently under construction.	1,883,000,000

Notes:

- Pursuant to 3 State-owned Land Use Rights Certificates – Wu Xin Guo Yong (2009) Di Nos. 019 and 038 and Wu Xin Guo Yong (2011) Di No. 058, the land use rights of 3 parcels of land with a total site area of approximately 288,851.19 sq.m. have been granted to Gezhouba Haiji Real Estate Development Co., Ltd. (葛洲壩海集房地產開發有限公司, “**Gezhouba Haiji**”, the former name of China Gezhouba Group Real Estate Co., Ltd., 中國葛洲壩集團置業有限公司, an indirectly 39.42%-owned subsidiary of the Company) for a term expiring on August 7, 2077 for residential use.

2. Pursuant to 5 Construction Work Planning Permits in favor of Gezhouba Haiji, Project Gezhouba Century Garden with a total gross floor area of approximately 570,030.14 sq.m. has been approved for construction.
3. Pursuant to 11 Construction Work Commencement Permits in favor of Gezhouba Haiji, permissions by the relevant local authority was given to commence the construction of Project Gezhouba Century Garden with a total gross floor area of approximately 569,308.58 sq.m.
4. Pursuant to 10 Pre-sales Permits in favor of Gezhouba Haiji, the Group is entitled to sell Project Gezhouba Century Garden (representing a total gross floor area of approximately 461,410.31 sq.m.) to purchasers.
5. Pursuant to a Construction Work Completion and Inspection Certificates – Wu Fang Kai Bei Zi [2014] No. 171 in favor of Gezhouba Haiji, the construction of Gezhouba Century Garden Zone A with a total gross floor area of approximately 74,687.95 sq.m. has been completed and passed the acceptance inspection.
6. Pursuant to 26 Construction Work Completion and Inspection Certificates in favor of Gezhouba Haiji, the construction of Phase I of Zone B with a total gross floor area of approximately 189,940.00 sq.m. has been completed and passed the acceptance inspection.
7. Pursuant to 2 Construction Work Completion and Inspection Certificates – Wu Fang Kai Bei Zi [2012] No. 153 and Wu Fang Kai Bei Zi [2013] No. 177 in favor of Gezhouba Haiji, the construction of Phase II of Zone B with a total gross floor area of approximately 162,329.29 sq.m. has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of Zone A (unsold portion), Phases I and II of Zone B (unsold portion) and the gross floor area upon completion of Phase III of Zone B are set out as below:

Phase	Usage	Gross Floor Area <i>(sq.m.)</i>	Nos. of Car parking spaces
Zone A (Unsold portion only)	Residential Sub-total:	65,830.01 65,830.01	
Phases I and II of Zone B (Unsold portion only)	Residential Retail Club Car parking spaces Sub-total:	11,716.94 5,605.15 4,118.70 N/A 21,440.79	 1,145 1,145
Phase III of Zone B (Planned)	Residential Ancillary Stilt floor Car parking spaces Sub-total:	124,108.58 776.55 1,724.32 28,200.52 154,809.97	 798 798
	Grand-total:	242,080.77	1,943

9. As advised by the Group, (i) various residential units of Zone A of the property with a total gross floor area of approximately 7,549.19 sq.m. have been pre-sold to various third parties at a total consideration of RMB86,197,987; and (ii) various residential units of Phases I and II of Zone B with a total gross floor area of approximately 6,091.97 sq.m. have been pre-sold to various third parties at a total consideration of RMB40,326,807. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of Phase III of Zone B of the property as if completed as at the valuation date is estimated to be RMB1,103,500,000.

11. Our valuation has been made on the following basis and analysis:
- a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,000 per sq.m. to RMB8,000 per sq.m. for residential units and RMB70,000 to RMB85,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from about RMB2,500 per sq.m. to RMB2,900 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. the Group has paid the land premium in respect of the property in full and obtained the State-owned Land Use Rights Certificate; and the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the sites of the property; and
 - b. the Group has obtained from local authorities the requisite approvals in respect of the development, construction and sale of the property and the approvals are legal and valid.
13. A summary of major certificates/approvals is shown as follows:
- | | |
|--|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. State-owned Land Use Rights Certificate | Yes |
| c. Construction Work Planning Permit | Yes |
| d. Construction Work Commencement Permit | Yes |
| e. Pre-sale Permit | Yes |
| f. Construction Work Completion and Inspection Certificate/Table | Portion |
14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Phase	Market value in existing state as at the valuation date
		(RMB)
Group I – held for sale by the Group	Zone A and Phases I&II of Zone B	1,077,000,000
Group II – held under development by the Group	Phase III of Zone B	806,000,000
Group III – held for future development by the Group	–	–
Total:		1,883,000,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				<i>RMB</i>
6.	A parcel of land located at the junction of Heyan Road and Anhui Xin Cun Road Gulou District Nanjing City Jiangsu Province	The property comprises a parcel of land with a site area of approximately 136,787.95 sq.m. which is planned to be developed into a residential development with residential units, retail component, car parking spaces and some ancillary facilities. Upon completion, the property will have a total gross floor area of approximately 384,078.45 sq.m. The land use rights of the property have been granted for terms of 40 years for commercial use and 70 years for residential use.	The property is currently vacant for future development.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 19 June 2015, the land use rights of a parcel of land with a total site area of approximately 136,787.95 sq.m. were contracted to be granted to Gezhouba (Nanjing) Real Estate Development Co., Ltd. (葛洲壩南京房地產開發有限公司, “**Nanjing Gezhouba**”, an indirectly 69.10%-owned subsidiary of the Company) and Shanghai Rongchuang Real Estate Development Co., Ltd. (上海融創房地產開發有限公司, a third party) for terms of 70 year for residential use and 40 years for commercial use. The total land consideration was RMB3,230,000,000. As advised by the Group, an amount of RMB2,602,508,407.15 had be paid up to the valuation date.
2. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. the State-owned Land Use Rights Grant Contract is legal and valid; and
 - b. the Group is now applying for the State-owned Land Use Rights Certificate of the property, and after obtaining the Certificate, the Group will entitle to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.
3. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. State-owned Land Use Rights Certificate	N/A
c. Construction Work Planning Permit	N/A
d. Construction Work Commencement Permit	N/A

4. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

<u>Group</u>	<u>Phase</u>	<u>Market value in existing state as at the valuation date</u> (RMB)
Group I – held for sale by the Group	–	–
Group II – held under development by the Group	–	–
Group III – held for future development by the Group	the whole project	<u>No commercial value*</u>
Total:		<u>Nil</u>

Note:

- * We have attributed no commercial value to the property, as the Group has not obtained the State-owned Land Use Rights Certificates to the property.

This appendix contains a summary of the laws and regulations of Hong Kong and PRC governing taxation and foreign exchange.

A. PRC TAXATION

Taxations applicable to joint stock corporations with limited liability

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the People's Republic of China ("EIT Law") and the Implementation Rules of the Law of the People's Republic of China ("Implementation Rules"), both of which became effective on January 1, 2008, non-resident enterprises which have establishments or premises of business in China are subject to Enterprise Income Tax on their income sourced from China by such establishments or premises of business in China and on their income sourced from outside China which is effectively connected with such establishments or premises of business. Non-resident enterprises, which do not have establishments or premises of business in China, or which have establishments or premises of business in China but relevant income is not effectively connected with such establishments or premises of business, are subject to enterprise income tax on their income sourced from China. The tax rate for enterprise income tax is 25 per cent under the EIT Law.

Business Tax

Pursuant to the Provisional Regulations on Business Tax of the People's Republic of China (《中華人民共和國營業稅暫行條例》) and its Implementation Rules which became effective on January 1, 2009, all entities and individuals who provide taxable services, assign intangible assets or sell immovable properties within the territory of the PRC are subject to business tax at rates ranging from 3% to 20%. Construction enterprises are subject to a business tax rate of 3%.

Value-added Tax (VAT)

Pursuant to the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》) which became effective on January 1, 2009 and its implementation rules, all entities and individuals who sell goods, provide processing services, repairs and replacement services, or import goods within the territory of the PRC are VAT payers. The tax rate for general taxpayers selling or importing food grains, edible vegetable oil, tap water, heating, air conditioning, hot water, coal gas, liquefied petroleum gas, natural gas, methane gas, coal or charcoal-based products for household use, books, newspapers, magazines, feeds, chemical fertilizers, agricultural chemicals, agricultural machinery and covering plastic film for farming and other goods as stipulated by the State Council shall be 13%. The tax rate for taxpayers exporting goods shall be 0%, except as otherwise stipulated by the State Council. The tax rate for taxpayers selling or importing goods other than those mentioned above, or providing processing, repair and replacement services shall be 17%. The tax rate for small-scale taxpayers shall be 3%. A small-scale taxpayer refers

to a taxpayer who produces goods or provides taxable services, or who produces goods or provides taxable services as its core business while operating wholesale or retail business as a sideline with annual taxable sales amount (“taxable sales amount”) below RMB500,000; or a taxpayer who operates wholesale or retail business with annual taxable sales amount below RMB800,000. An individual, a non-enterprise entity, and an enterprise who seldom has taxable activities with annual taxable sales amount exceeding the minimum taxable sales amount for a small-scale taxpayer shall be deemed as a small-scale taxpayer for VAT purpose.

Stamp Duty

Pursuant to the Provisional Regulation on Stamp Duty of the People’s Republic of China (《中華人民共和國印花稅暫行條例》) which became effective on October 1, 1988, last amended on January 8, 2011 and the Implementation Rules of the Provisional Regulations on Stamp Duty of the People’s Republic of China (《中華人民共和國印花稅暫行條例施行細則》) which became effective on September 29, 1989, last amended on November 5, 2004, entities and individuals who execute or receive taxable instruments within the territory of the PRC are subject to stamp duty. Taxable instruments include purchases and sales contracts, the undertaking of processing contracts, contracts for undertaking construction projects, property leasing contracts, commodity transport contracts, warehousing and safekeeping contracts, loan contracts, property insurance contracts, technology contracts and other documents of contractual nature, property transfer documents, account books, certificates of title, licenses and other documents that are taxable as determined by the MOF. Pursuant to the stamp duty schedule, the stamp duty rate applicable to survey and design contracts for engineering and construction projects will be 0.05% of the professional fees receivable for rendering survey and design service, as compared to 0.03% of the contractual amount for construction and installation project contracts.

Taxations applicable to shareholders of companies

Dividend Tax

Pursuant to the Individual Income Tax Law of the People’s Republic of China which was implemented on September 10, 1980, last amended on June 30, 2011 and became effective on September 1, 2011, and the Implementation Regulations of the Individual Income Tax Law of the People’s Republic of China, which was last amended by the State Council on July 19, 2011 and became effective on September 1, 2011, dividends paid on the H shares held by a non-resident foreign individual is subject to individual income tax at a tax rate of 20%, unless specifically exempted by the taxation authority of the State Council or reduced under an applicable tax treaty.

Pursuant to the Circular Concerning Questions on Withholding and Payment of Enterprise Income Tax when PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Corporate Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股利代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation, which became effective on November 6, 2008, any PRC resident

enterprises distributing dividends for the year of 2008 and onward to overseas non-resident corporate shareholders of H Shares shall withhold enterprise income tax at a uniform rate of 10%. Such tax may be exempted or reduced under an applicable tax treaty for avoidance of double taxation after an application is approved.

Pursuant to the Circular on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No.045) (《關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) promulgated for implementation by the State Administration of Taxation on June 28, 2011, the overseas resident individual shareholders of a domestic non-foreign-invested enterprise which issued stocks in Hong Kong are entitled to relevant preferential tax treatments in accordance with the tax treaties entered into by and between the countries they are from and China as well as the taxation arrangement between the Mainland China and Hong Kong (Macau). An individual income tax shall be withheld at a preferential tax rate of 10% generally for dividends paid to overseas resident individual shareholders by the domestic non-foreign-invested enterprise which issued stocks in Hong Kong. In case the 10% tax rate is not applicable, tax shall be levied as follows: (i) for individual shareholders receiving dividends who are residents of countries which have entered into tax treaties with China with tax rate lower than 10%, the obligatory withholder may apply for the preferential tax treatment at such lower rate on behalf of the entitled shareholders when distributing dividends, and the surplus amount withheld will be refunded upon approval by the taxation authority; (ii) for individual shareholders receiving dividends who are foreign residents of countries which have entered into tax treaties with China with tax rate higher than 10% but lower than 20%, the obligatory withholder shall withhold the individual income tax at the rate agreed under the tax treaty when distributing dividends, and no application procedure is required; (iii) individual shareholders receiving dividends who are foreign residents of countries which have not entered into tax agreements with China or otherwise, the obligatory withholder shall withhold the individual income tax at the rate of 20% when distributing dividends.

Pursuant to the Arrangement Between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (Guo Shui Han [2006] No. 884) in respect of income taxes signed by the Mainland China and Hong Kong on August 21, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax amount shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25% equity interest in a PRC company, such tax amount shall not exceed 5% of the gross amount of dividends payable by the PRC company after an application is made to and approved by the PRC taxation authority.

Taxation relating to transfer of shares

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its Implementation Rules currently in force, non-resident foreign individuals shall pay individual income tax at the rate of 20% on gains realized from sale of equity securities. However, under the Circular Declaring the Continuation of Temporary Exemption of Individual Income Tax on

Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by MOF and State Administration of Taxation on March 30, 1998, income of individuals from transfer of listed stocks would continue to be exempted from individual income tax with effect from January 1, 1997. As of the Latest Practicable Date, no legislation has expressly provided individual income tax shall be collected from non-PRC resident individuals on the sale of shares in PRC resident enterprises listed on overseas stock exchanges. In practice, no such tax has ever been collected by the PRC taxation authorities.

Estate Duty

Under the current legal environment in the PRC, holders of H Shares who are non-PRC residents are not subject to estate duty.

Stamp Duty

Pursuant to the Provisional Regulations on Stamp Duty of the People's Republic of China, stamp duty of the PRC on transferring shares of listed companies in the PRC does not apply to purchase and disposal of H shares outside China. This Provisional Regulations stipulate that China's stamp duty only applies to documents executed or received within the territory of PRC which are only legally binding within China and are protected by China's laws.

Foreign exchange controls

Renminbi, which is the lawful currency of the PRC, is subject to foreign exchange controls. The SAFE, under the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Foreign Exchange Control Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》) ("Foreign Exchange Regulations") promulgated by the State Council on April 1, 1996, which was amended on January 14, 1997 and August 5, 2008, are applicable to all activities related to the foreign exchange receipts and disbursements and transactions of domestic corporations and individuals and to the said activities of overseas corporations and individuals within the territory of People's Republic of China. The Foreign Exchange Regulations stipulates that all international disbursement and transfer of funds are classified under current account and capital account. Approval from the SAFE is not required for most current account transactions, but is required for capital account-transactions.

Pursuant to the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996, which became effective on July 1, 1996, China abolished the balance restrictions on the current account foreign exchange conversion while retaining the restrictions on capital account foreign exchange transaction.

With effect from December 1, 1998, foreign exchange transactions of foreign-invested enterprises shall be conducted through the banking system for the settlement and sale of foreign exchange.

On July 21, 2005, the PBOC announced that, the Renminbi exchange rate is no longer pegged to the U.S. dollar, and the PRC would implement a regulated and managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and with reference to a basket of currencies. Foreign exchange rates will be determined with reference to the trading prices of Renminbi against major foreign currencies on interbank foreign exchange market on the day before.

Since January 4, 2006, the PBOC had improved the method of generating the middle price for quoting the Renminbi exchange rate by introducing an enquiry system in the inter-bank spot foreign exchange market, while keeping the matching system. In addition, the PBOC provided liquidity in the foreign exchange market by introducing the market-making system in the inter-bank foreign exchange market.

Pursuant to the Foreign Exchange Regulations, the foreign exchange income earned from current account transactions may be reserved or sold to financial institutions operating foreign exchange sale and settlement business. Approvals of foreign exchange control bureaus shall be obtained before foreign exchange incomes earned from capital account transactions are retained or sold to financial institutions engaged in the settlement and sale of foreign exchange, unless it is otherwise provided under PRC laws.

PRC enterprises which require foreign exchange for their ordinary business, trading or non-trading activities, import business or fulfill their foreign obligations may purchase foreign exchanges at the designated banks, provided valid receipts and evidences of transactions must be produced. In addition, foreign-invested enterprises which require foreign exchange for distribution of dividends, bonus or profits to their shareholders outside China and PRC enterprises which are required to pay dividends or profits to their shareholders in foreign currency under relevant regulations may effect such conversion and payment of foreign exchanges from their foreign exchange account or at the designated foreign exchange banks pursuant to the relevant resolutions approved by the general meeting of shareholders or board meetings of the PRC enterprises for distribution of dividends, bonus or profits together with valid evidences.

Convertibility of foreign exchange in respect of capital account items, such as direct investment and capital contribution, is still subject to restriction and prior approval from SAFE and its relevant branches.

Dividends payable to investors of H Shares will be denominated in Renminbi and shall be paid in Hong Kong dollars. We prepare our consolidated financial statements in Renminbi.

In accordance with the Circular on the Relevant Issues of Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the State Administration of Foreign Exchange and took effect on December 26, 2014, a domestic company shall complete the registration procedure for overseas listing with the local branch of the State Administration of Foreign Exchange at the place of its incorporation within 15 working days after completion of its overseas offering. The proceeds from the listing may be remitted to domestic or deposited overseas, and the use of such proceeds shall be consistent with the relevant contents of the prospectus and other public disclosure documents.

Pursuant to the Decision of the State Council on Canceling or Adjusting a Group of Administrative Approval Items and other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50) as promulgated by the State Council on October 23, 2014, the SAFE and its branch bureaus abolished approval requirements for repatriation and settlement of foreign exchange for proceeds raised by domestic issuers from overseas listed foreign shares.

B. HONG KONG TAXATION

1. Dividend Tax

The current practice of the Hong Kong Inland Revenue Department is that no tax is payable in Hong Kong in respect of dividends paid by us.

2. Tax on Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the H Shares. However, gains from the sale of H Shares by persons carrying on a trade, profession or business in Hong Kong where the gains are derived from or arise from the trade, profession or business in Hong Kong will be subject to Hong Kong profits tax, which is currently imposed at the rate of 16.5% on corporations and at a maximum rate of 15% on individuals. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers could prove that the investment securities are held for long-term investment purpose. Gains from the sale of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would therefore arise in respect of trading gains from the sale of H Shares effected on the Hong Kong Stock Exchange by persons carrying on a business of trading or dealing in securities in Hong Kong.

3. Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of H Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the H Shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of H Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of H shares is effected by a person who is not resident in Hong Kong and any stamp duty payable on the contract note is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon and the transferee shall be liable to pay such duty.

4. Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H Shares whose death occur on or after February 11, 2006.

PRC LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE CONTROL

The foreign exchange control system of China has experienced a number of reforms and the current system contains two major regulatory laws and regulations since 1993. The Foreign Exchange Control Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》) ("Foreign Exchange Regulations") promulgated by the State Council on April 1, 1996, which was amended on January 14, 1997 for the first time and on August 1, 2008 for the second time, and became effective on August 5, 2008, is applicable to all activities related to the foreign exchange receipts and disbursements and transactions of domestic corporations and individuals and to the said activities of overseas corporations and individuals within the territory of People's Republic of China. Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (Zhong Guo Ren Min Yin Hang Ling [1996] No. 1) promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996 governs the foreign exchange settlements, purchases, foreign exchange account openings and payments to foreign countries that are incurred in China by domestic institutions, individual residents, foreign organizations' institutions in China and individuals visiting China. The PBOC publicizes the exchange rates between RMB and other major foreign currencies on each business day. The exchange rates are determined by reference to the preceding day's trading prices of RMB against major foreign currencies on the inter-bank foreign exchange market.

This appendix sets out summaries of certain aspects of the PRC legal and judicial system, its arbitration system and its company and securities regulations. It also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between PRC Company Law and Hong Kong company law, certain requirements of the Hong Kong Listing Rules and the Mandatory Provisions.

1. PRC LAWS AND REGULATIONS

The PRC legal system

The PRC legal system is based on the PRC Constitution (hereinafter referred to as “the Constitution”) and is made up of written laws, administrative regulations, local regulations and rules, autonomy regulations and separate rules and regulations of State Council departments, rules and regulations of local governments and international treaties of which the PRC Government is a signatory. Court judgments do not constitute legally binding precedents, although they are used for judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (“the Legislation Law”), the NPC and the standing committee of the NPC (“the Standing Committee”) are empowered to exercise the legislative power of the State. The NPC enacts and amends basic laws governing criminal offenses, civil affairs, the State organs and other matters. The Standing Committee enacts and amends laws other than those that shall be formulated by the NPC, and during the period of adjournment of the NPC, the Standing Committee may partially supplement and amend the laws enacted by the NPC, but not in contradiction to the basic principles of such laws. The State Council is the highest organ of state administration and enacts administrative regulations based on the Constitution and laws. The people’s congresses at the provincial level and their standing committees may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly under the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people’s governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. The people’s congresses of the national autonomous regions have the power to enact autonomous regulations and separate regulations on the basis of the political, economic and cultural characteristics of the local nationalities that reside in the area.

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The significance of laws is greater than that of administrative regulations, local regulations, and rules. The significance of administrative regulations is greater than that of local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The significance of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee has the power to annul any administrative regulation that contravenes the Constitution and laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or local regulation which has been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

The power to interpret laws is vested in the Standing Committee by the Constitution. According to Resolutions of the Standing Committee on Improving Interpretation of Laws passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee shall provide interpretations or make stipulations by means of decrees. Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and supervisory authorities. In case where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the supervisory authorities under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

The PRC judicial system

According to the Constitution and the Law of Organization of the People's Courts of the PRC (hereinafter referred to as the "Law of Organization of the People's Courts"), the People's Courts consist of the Supreme People's Court, the local people's courts, the military courts and other special people's courts. The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts, and other special divisions, such as the intellectual property division, where necessary.

The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The people's procuratorates also have the power to exercise legal supervision over the litigation proceedings of people's courts at the same level or below. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the people's courts at all levels.

The people's courts have adopted a "second instance as final" appellate system. A party may appeal against a judgment or ruling by the people's court of first instance to the people's court at the next higher level prior to the judgment or the ruling of the first instance is legally effective. The judgment or the ruling of the second instance by the people's court at the next higher level is final and legally binding. First judgments or rulings by the Supreme People's Court are final as well. However, in the case that the Supreme People's Court or the people's court at a higher level finds definite error(s) in the legally effective judgment or ruling by the people's court at a lower level, or the presiding judge of the people's court finds definite error(s) in the legally effective judgment by the court over which he/she presides, the case may then be retried in accordance with the procedures of trial supervision.

The Civil Procedure Law of the PRC (hereinafter referred to as the "Civil Procedure Law") sets forth provisions for the launching of civil litigation, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a local court in the defendant's place of domicile. The parties to a contract may, by express agreement, select a court of jurisdiction where civil actions may be brought, provided that the court of jurisdiction is located in either the plaintiff's or the defendant's place of domicile, or the place of execution or implementation, or the place of the object of the action, and provided that the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. Should the judicial system of a foreign country limit the litigation rights of PRC citizens or enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country. If any party to a civil action refuses to comply with a legally effective judgment or ruling by a people's court or an effective award by an arbitration tribunal in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment, ruling or award. However, specific time limits are imposed on the right to apply for such compulsory enforcement.

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When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with relevant provisions of international treaties concluded or acceded to by China, or on the principle of reciprocity, request recognition and enforcement by a foreign court. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interests.

The PRC Company Law, Special Regulations and Mandatory Provisions

On December 29, 1993, the Company Law of the PRC (hereinafter referred to as the "Company Law") was adopted by the standing committee of the Eighth NPC, last amended on December 28, 2013 and came into effect on March 1, 2014, for the purpose of regulating the organization and activities of the Company and safeguarding the legitimate rights and interests of companies, shareholders and creditors and regulating the organization and activities of the Company. The latest amendment to the Company Law in 2013 has canceled the restriction on the minimum registered capital and replaced the registered paid-up share capital system by the registered subscribed share capital system.

The Special Regulations of the State Council Concerning the Floatation and Listing Abroad of Shares by Joint Stock Limited Companies (hereinafter referred to as the "Special Regulations") were promulgated by the Standing Committee Meeting of the State Council, and took effect on August 4, 1994. The Special Regulations are formulated according to the Company Law (1993) in respect of the overseas share subscription and listing of joint stock limited companies.

The Mandatory Provisions in Articles of Association of Joint Stock Limited Companies to be Listed Overseas (hereinafter referred to as the "Mandatory Provisions") were promulgated by the former Securities Commission of the State Council and the State Economic System Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association (which are summarized in "Appendix VII – Summary of Articles of Association").

Copies of the Chinese version of the Company Law, the Special Regulations and the Mandatory Provisions together with copies of their unofficial English translations thereof are available for inspection as mentioned in "Appendix IX – Documents Delivered to the Registrar of Companies and Available for Inspection."

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The principal provisions of the Company Law, the Special Regulations and the Mandatory Provisions are summarized as follows.

(i) General provisions

A “joint stock limited company” (hereinafter referred to as the “company”) is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

A State-owned enterprise that is restructured into a company must comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the handling and evaluation of the company’s assets and liabilities and the establishment of its internal management organs.

A company must conduct its business in accordance with law and professional ethics. A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liability associated with the debts of the invested enterprises.

(ii) Incorporation

A company may be incorporated by promotion or public subscription.

A company may be incorporated by two to 200 promoters, but at least half of the promoters must have the domicile in the PRC. According to the Special Regulations, state-owned enterprises or enterprises with the majority of their assets owned by the PRC government can be restructured in accordance with the relevant regulations to become joint stock limited companies which may issue shares to overseas investors. These companies can issue new shares once incorporated.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

The Company Law provides that for companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce. The company shall not raise capital from others before the promoters fully pay the capital subscribed by them. For companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce.

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up, and shall give notice to all subscribers or make a public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business license has been issued.

The promoters of a company shall individually and jointly be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) compensation for damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

(iii) Share capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value, except the assets not permitted by laws and regulations to be used for capital contribution.

If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency.

Pursuant to the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from Hong Kong, Macau and Taiwan and listed overseas are defined as overseas listed foreign shares, and those issued to investors within the PRC other than the aforementioned areas are defined as domestic shares.

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A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. According to the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement on issuing overseas-listed-foreign-invested shares, to retain not more than 15% of the aggregate amount of overseas-listed-foreign-invested shares proposed to be issued less the amount of underwritten shares.

The share offering price may be equal to or in excess of par value, but shall not be less than par value. The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council. The transfer of registered shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Bearer shares are transferred by delivery of the H share certificates to the transferee.

Pursuant to the Mandatory Provisions, no modification registration shall be made to the register of shareholders within thirty (30) days prior to the shareholders' general meeting being held or within five (5) days prior to the benchmark date set for the purpose of distribution of dividends.

(iv) Increase in capital

Pursuant to the Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting. Except for abovementioned conditions of obtaining approval at the general meeting required by the Company Law, the Securities Law requires the following conditions for a company to offer new shares to the public: (i) a complete and well-operated organization; (ii) capability of making profits continuously and a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years; and (iv) fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council.

The public offer requires the approval of the securities administration authority of the State Council. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

(v) Reduction of share capital

Subject to the minimum registered capital requirements, a company may reduce its registered capital in accordance with the following procedures stipulated by the Company Law:

- the company shall prepare a balance sheet and an inventory of assets;
- the reduction of registered capital must be approved by shareholders in the general meeting;

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- the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within 30 days once the resolution approving the reduction in capital being passed;
- creditors of the company may require the company to clear off its debts or provide guarantees covering the debts within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

(vi) Repurchase of shares

A company shall not repurchase its own shares other than for the following purposes:

- to reduce the registered capital by canceling its shares or to merge with another company holding its shares;
- to grant shares as a reward to the staff of the company;
- to repurchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting; or
- other purposes permitted by laws and administrative regulations.

The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year.

The Company shall not accept its shares being held as security under a pledge.

(vii) Transfer of shares

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder shall transfer his/her shares in stock exchanges established pursuant to laws or by other means as stipulated by the State Council. Registered shares may be transferred by endorsement or in any other manner specified in applicable laws and regulations.

Shares held by the promoter(s) of a company shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange. Directors, supervisors and senior management personnel of the company shall report their shareholdings and the corresponding changes and shall not transfer over 25% of the total shares they hold in the company each year during their term of office. The above personnel shall not transfer shares they hold within half a year from the date of resignation.

(viii) Shareholders

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all the shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

- general meeting and to vote in respect of the amount of shares held;
- the right to transfer his/her shares in accordance with applicable laws and regulations as well as the articles of association;
- the right to inspect the company's articles of association, the register of shareholders, records of short-term debentures, minutes of shareholders' general meeting, board resolutions, supervisor resolutions and financial accounting reports, and to put forward proposals or raise questions on the business operations of the company;
- if a resolution approved by the shareholders' general meeting or by the board of directors violates any law or regulation, or infringes on the shareholders' lawful rights and interests, the right to institute an action in a people's court demanding that the illegal infringing action be stopped;
- the right to receive dividends based on the number of shares held;
- the right to obtain surplus assets of the company upon its termination in proportion to shares he/she holds; to claim against other shareholders who abuse their rights of shareholders for the damages; and
- any other shareholders' rights specified in the articles of association.

The obligations of shareholders include: abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for debts and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status of the company as a legal person and its limited liability companies as to damage the interests of the creditors of the company; and any other obligation specified in the articles of association of the company.

(ix) Shareholders' general meeting

The shareholders' general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with the Company Law.

The shareholders' general meeting exercises the following functions and powers:

- to decide on operational policies and investment plans of the company;

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- to elect or remove the directors and supervisors who are not representatives of the employees, and to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or the supervisors;
- to review and approve annual financial budgets and financial accounts proposed by the company;
- to review and approve proposals for profit distribution and for recovery of losses of the company;
- to decide on increase and reduction of the registered capital of the company;
- to decide on bond issuances of the company;
- to decide on merger, division, dissolution and liquidation of the company and other issues;
- to amend the articles of association of the company; and
- other functions and powers specified in the articles of association of the company.

The annual shareholders' general meeting must be convened once a year. An extraordinary shareholders' general meeting shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number specified in the articles of association of the company;
- the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;
- as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;
- when deemed necessary by the board of directors;
- as suggested by the board of supervisors; or
- other matters required by the articles of association.

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The shareholders' general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors.

The notice to convene the shareholders' general meeting shall be dispatched to all the shareholders 20 days before the general meeting pursuant to the Company Law, and 45 days pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting. Under the Special Regulations and the Mandatory Provisions, shareholders intending to attend are required to send written confirmations of their attendance to the company 20 days before the general meeting. According to the Special Regulations, at the annual shareholders' general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions to be reviewed at the general meeting, which if within the functions and powers of the shareholders' general meeting, are required to be added to the agenda of the general meeting.

Shareholders present at the shareholders' general meeting possess one vote for each share they hold. However, the company shall have no vote for any of its own shares the company holds.

Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present in person (including those represented by proxies) at the general meeting, except that such resolutions as merger, division or reduction of registered capital, the issue of bonds or short-term debentures, the change in the form of the company or the amendment to the articles of association, shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present (including those represented by proxies) at the general meeting.

A shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% or more of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic invested shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders for this purpose.

(x) Directors

A company shall have a board of directors, which shall consist of five to nineteen members, and there can be staff representatives of the company. The term of office of each director shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon re-election.

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Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors at least ten days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an extraordinary meeting of the board of directors.

Under the Company Law, the board of directors exercises the following functions and powers:

- to convene the shareholders' general meeting and report on its work to the shareholders;
- to implement the resolution of the shareholders' general meeting;
- to decide on the company's business plans and investment plans;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's proposals for profit distribution and for recovery of losses;
- to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- to prepare plans for the merger, division or dissolution or the change of the corporate form of the company;
- to decide on the company's internal management structure;
- to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;
- to formulate the company's basic management system; and
- other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the

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company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the Company Law, the following persons may not act as a director of a company:

- persons without capacity or with restricted capacity to undertake civil liabilities;
- persons who have committed the offense of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offense, where less than five years have elapsed since the date of the completion of implementation of this deprivation;
- persons who are former directors, factory managers or managers of a company or enterprise that has been bankrupt and liquidated due to mismanagement, and those persons are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license;
- persons who have a relatively large amount of debt due and outstanding; or
- other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in “Appendix VII – Summary of Articles of Association”).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises the following functions and powers (including but not limited to):

- to preside over shareholders’ general meetings and convene and preside over meetings of the board of directors;
- to check on the implementation of the resolutions of the board of directors.

In accordance with the articles of association, legal representatives of the company may consist of the chairman, any executive directors or managers. The Special Regulations provide that a company’s directors, supervisors, managers and other senior officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect

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the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in “Appendix VII – Summary of Articles of Association.”

(xi) Supervisors

A company shall have a supervisory committee composed of not less than three members. Each term of office of a supervisor is three years, and the supervisors may hold consecutive terms upon re-election. The supervisory committee is made up of shareholders representatives and an appropriate proportion of the company’s staff representatives; and the percentage of the number of the company’s staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

The supervisory committee exercises the following functions and powers:

- check the financial affairs of the company;
- supervise the directors and senior management in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the articles of association or any resolution of the shareholders’ meeting;
- require the director or senior manager to make corrections if his/her act is detrimental to the interests of the company;
- propose the convening of extraordinary shareholders’ general meetings, and to convene and preside over shareholders’ meetings when the board of directors fails to exercise the function of convening and presiding over shareholders’ meetings;
- put forward proposals at shareholders’ general meetings;
- initiate actions against directors or senior management; and
- other functions and duties as provided for by the articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to supervisors of a company.

(xii) Managers and other senior officers

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

- manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;

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- arrange for the implementation of the company’s annual business and investment plans;
- formulate plans for the establishment of the company’s internal management structure;
- formulate the basic administration system of the company;
- formulate the company’s internal rules;
- recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other executives (other than those required to be appointed or dismissed by the board of directors);
- attend board meetings as a non-voting attendant; and
- other powers conferred by the board of directors or the company’s articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior management personnel of a company include the chief financial officer, secretary of the board of directors and other executives as specified in the articles of association of the company.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to managers and senior officers of the company. The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior management personnel of a company have been incorporated in the Articles of Association (a summary of which is set out in “Appendix VII – Summary of Articles of Association”).

(xiii) Duties of directors, supervisors, managers and senior officers

A director, supervisor, manager and other senior officers of a company are required under the Company Law to comply with the relevant laws, regulations and the company’s articles of association, carry out their duties honestly and protect the interests of the company. A director, supervisor, manager and other senior officers of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

A director, supervisor, manager and other senior officers who contravenes any law, regulation or the company’s articles of association in the performance of his/her duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officers of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

(xiv) Finance and accounting

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the responsible financial department of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited and verified as provided by law.

A company shall make available its financial statements at the company for the inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' meeting or the shareholders' general meeting, the company may make an allocation to its discretionary common reserve from the after-tax profits.

If the aggregate balance of the company's statutory common reserve is not enough to make up for the losses of the company of the previous year, the current year's profits shall first be used for making up for the losses before the statutory common reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and statutory common reserves have been set aside, the remaining profits shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association.

The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company on issue, and other amounts required by the financial department of the State Council to be treated as the capital common reserve.

The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the capital of the company, but the capital common reserve shall not be used for making up the company's losses. Where the statutory common reserve is converted into capital, the balance of the statutory common reserve shall not be less than 25% of the registered capital before such conversion.

(xv) Appointment and retirement of auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next annual general meeting.

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If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at shareholders' general meetings and shall be filed with CSRC for record.

(xvi) Distribution of profits

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed foreign shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

(xvii) Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the company approval department delegated by the State Council and CSRC. In relation to matters involving the company's registration, the company shall modify its registration with the company registration authority.

(xviii) Dissolution and liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the People's Court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the Company Law, a company shall be dissolved in any of the following events:

- (1) the term of its operations set down in the company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;
- (2) the shareholders in a general meeting have resolved to dissolve the company;
- (3) the company is dissolved by reason of its merger or demerger;
- (4) the company is subject to the revocation of business license, a closure order or dismissal in accordance with laws; or
- (5) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the People's Court for the dissolution of the company.

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Where the company is dissolved in the circumstances described in (1), (2), (4) and (5) above, a liquidation committee must be formed within 15 days from the date of dissolution. Members of the liquidation committee shall be appointed by the shareholders in the general meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for its establishment. The liquidation committee shall notify the company's creditors within 10 days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he/she did not receive any notification.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- notify creditors or issue public notices;
- deal with and settle any outstanding business of the company;
- pay any tax overdue;
- settle the company's financial claims and liabilities;
- handle the surplus assets of the company after its debts have been paid off; and
- represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the shareholders of the company in proportion to the number of shares held by them.

A company shall not engage in operating activities unrelated to the liquidation during liquidation.

If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court. Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the relevant supervisory department for verification. Thereafter, the report shall be submitted to the company registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

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Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the company and its creditors with respect to any loss arising from his willful or material default.

(xix) Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company's plan to issue overseas listed foreign shares and domestic shares which has been approved by the Securities Commission may be implemented by the board of directors of a company by way of respective issues, within 15 months after approval is obtained from Securities Commission.

(xx) Loss of H share certificates

A shareholder may apply, in accordance with the relevant provision set out in the PRC Civil Procedure Law, to a people's court in the event that H share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in "Appendix VII – Summary of Articles of Association").

(xxi) Suspension and Termination of Listing

The new and amended Company Law has deleted provisions governing suspension and termination of listing. The new Securities Law has been amended as follows:

The trading of shares of a company on a stock exchange may be suspended if so decided by the Securities Exchange under one of the following circumstances:

- (1) the total amount of shares or the shareholding distribution no longer complies with the necessary requirements for a listed company;
- (2) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;
- (3) the company has committed a major breach of the law;
- (4) the company has incurred losses for latest three (3) consecutive years; or

- (5) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (1) above, or the company has refused to rectify the situation in the case described in (2) above, or the company fails to become profitable in the next subsequent year in the case described in (4) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

(xxii) Merger and demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

Securities law and other relevant regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of Shares and disclosure of information by the Company. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for co-coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering CSRC. CSRC is the regulatory body of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In 1998, the State Council dissolved the Securities Committee and assigned its function to CSRC. CSRC is also responsible for the regulation and supervision of the national stocks and futures market according to laws, regulations and authorizations.

The Securities Law took effect on July 1, 1999 and was latest revised on August 31, 2014. This is the first national securities law in the PRC, and it is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the Securities Law provides that a company must obtain prior approval from the State Council's regulatory authorities to list shares outside the PRC. Article 239 of the Securities Law provides that specific measures with respect to shares of companies in the PRC that are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and CSRC.

Arbitration and enforcement of arbitral awards

The Arbitration Law of the People's Republic of China (the "Arbitration Law") was passed by the Standing Committee on August 31, 1994 and latest revised and became effective on August 27, 2009. It is applicable to contract disputes and other property disputes between natural person, legal person and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration rules, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in a company's Articles of Association and, in the case of the Hong Kong Listing Rules, also in contracts with each of the directors and supervisors, to the effect that whenever any disputes or claims arise between holders of H Shares and the company; holders of H Shares and the directors, supervisors, manager or other senior officers; or holders of H Shares and holders of domestic shares, with respect to any disputes or claims in relation to the companies affairs or as a result of any rights or obligations arising under its Articles of Association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, as the Company or its shareholders, directors, supervisors, managers or other senior management personnel, shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes related to a company's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

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A party seeking to enforce an arbitral award by a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the request for enforcement is made.

It was declared by the Standing Committee simultaneously with the accession of the PRC that (1) the PRC will only recognize and enforce foreign arbitral awards made within the territorial jurisdiction of another party to the Convention on the principle of reciprocity and (2) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

On June 18, 1999, an arrangement was made between Hong Kong and the Supreme People’s Court of the PRC for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People’s Court of the PRC and the Hong Kong Legislative Council, and became effective on February 1, 2000. The arrangement is made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958. Under the arrangement, awards made by PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in China.

2. SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and is supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate existence

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the Company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain preemptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or public subscription. A joint stock limited company has no minimum registered capital requirement, or otherwise be required by laws, administrative regulations or the State Council. Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

Share capital

Under Hong Kong law, the directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The PRC Company Law does not provide for authorized share capital. Our registered capital is the amount of our issued share capital. Any increase in our registered capital must be approved by our general meeting and the relevant PRC governmental and regulatory authorities.

Under the Securities Law, a company which is authorized by the relevant securities regulatory authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws or administrative regulations). For non-monetary assets to be used as capital contributions, appraisals must be carried out to ensure no over-valuation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on shareholding and transfer of shares

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for or traded by the State, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors.

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Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to our public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited liability company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on Controlling Shareholders' disposal of shares.

Financial assistance for acquisition of shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries on providing such financial assistance similar to those under the Hong Kong company law.

Variation of class rights

The PRC Company Law has no special provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in the appendix entitled "Appendix VII – Summary of Articles of Association."

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of the company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on major disposals and specify the circumstances under which a director may receive compensation for loss of office.

Board of supervisors

Under the PRC Company Law, a joint stock limited company's directors and managers are subject to the supervision of a board of supervisors. There is no mandatory requirement for the establishment of a board of supervisors for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative action by minority shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their fiduciary obligations to a company, the shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. In the event that the board of supervisors violates their fiduciary obligations to a company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court.

Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

The Mandatory Provisions provide further remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors in default.

Protection of minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory

powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards. The Mandatory Provisions, however, contain provisions that a Controlling Shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of general meetings

Under the PRC Company Law, notice of a shareholder's annual general meeting must be given not less than 20 days before the meeting. Under the Special Regulations and the Mandatory Provisions, at least 45 days' written notice must be given to all shareholders, and shareholders who wish to attend the meeting must reply in writing at least 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum period of notice of a general meeting, where convened for the purpose of considering ordinary resolutions, is 14 days and, where convened for the purpose of considering special resolutions, is 21 days. The notice period for an annual general meeting is 21 days.

Quorum for general meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member. The PRC Company Law does not specify any quorum requirement for a general meeting, but the Special Regulations and the Mandatory Provisions provide that general meetings may only be convened when replies to the notice of that meeting have been received from shareholders whose shares represent at least 50% of the voting rights at least 20 days before the proposed date of the meeting, or if that 50% level is not achieved, the company shall within five days notify its shareholders again by way of a public announcement and the general meeting may be held thereafter.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights represented by the shareholders who attend the general meeting.

Financial disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its annual general meeting. In addition, a joint stock limited company of which the shares are publicly offered must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting. A joint stock limited liability company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP. The Mandatory Provisions require that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on directors and shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the general meetings and financial and accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving agent

Under the PRC Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC law this limitation period is two years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673, Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. Under PRC law, merger, division, dissolution or change to the status of a joint stock limited liability company has to be approved by shareholders in general meeting.

Dispute arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

Mandatory deductions

Under the PRC Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Remedies of the company

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the Special Regulations, directors, supervisors are not permitted to engage in any activities which compete with or damage the interests of their company.

Closure of register of shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the PRC Company Law and the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a general meeting or within five days before the base date set for the purpose of distribution of dividends.

Hong Kong listing rules

The Listing Rules provide additional requirements which apply to us as an issuer incorporated in the PRC as a joint stock limited company and seeking a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of the principal provisions containing the additional requirements which apply to us.

The compliance adviser must keep the company informed on a timely basis of changes in the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company. It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

Accountants' report

The accountants' report must normally be drawn up in conformity with: (a) HKFRS; or (b) IFRSs; or (c) China Accounting Standards for Business Enterprises ("CASBE") in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

Independent non-Executive directors and supervisors

Independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the listed company's general body of shareholders will be adequately represented. Supervisors must have the character, expertise and integrity and be able to demonstrate the standard of competence commensurate with their position as supervisors.

Redeemable shares

A listed company must not issue any redeemable shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of its shareholders are adequately protected.

Pre-emptive rights

Except in the circumstances mentioned below, directors are required to obtain approval by way of a special resolution of shareholders at general meeting, and the approvals by way of special resolutions of the holders of class shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with and as required by the articles of association, prior to authorizing, allotting, issuing or granting shares or securities convertible into shares, options, warrants or similar rights to subscribe for any shares or such convertible securities.

No such approval will be required under the Listing Rules to the extent that (i) the existing shareholders have by special resolution in general meeting given a mandate to the board of directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of each of the existing issued domestic shares and H shares as at the date of the passing of the relevant special resolution, or (ii) such shares are issued as part of the company's plan at the time of its establishment to issue domestic shares and H shares and which plan is implemented within 15 months from the date of approval by the securities regulatory authority of the State Council.

Supervisors

A company listed or seeking a listing on the Hong Kong Stock Exchange is required to adopt rules governing dealings by the Supervisors in securities of our Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Listing Rules) issued by the Hong Kong Stock Exchange. A PRC issuer is required to obtain the approval of its shareholders at a general meeting (at which the relevant supervisor and his associates must abstain from voting on the matter) prior to the company or any of its subsidiaries entering into a service contract of the following nature with a supervisor or proposed supervisor of the listed company or any of its subsidiaries: (1) the term of the contract exceeds three years; or (2) the contract expressly requires the company (or its subsidiaries) to give more than one year's notice or to pay compensation or make other payments equivalent to the remuneration more than one year in order for it to terminate the contract.

The nomination and remuneration committee of the listed company or an independent board committee must form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the listed company and its shareholders as a whole and advise shareholders on how to vote.

Amendment to articles of association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions or the Listing Rules.

Documents for inspection

A PRC issuer is required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by its shareholders at reasonable charges of the following:

- a complete duplicate register of shareholders;
- a report showing the state of its issued share capital;
- its latest audited financial statements and the reports of the directors, auditors and supervisors, if any, thereon;
- special resolutions;
- reports showing the number and nominal value of securities repurchased by it since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between class shares);
- copy of the latest annual return filed with the SAIC or other competent PRC authority; and
- for shareholders only, copies of minutes of general meetings.

Receiving agents

Under Hong Kong law, a PRC issuer is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owed in respect of the H shares to be held, pending payment, in trust for the holders of such H shares.

Statements in share certificates

A PRC issuer is required to ensure that all of its listing documents and share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to the share registrar a signed form in respect of such shares bearing statements to the following effect, that the acquirer of shares:

- agrees with the company and each shareholder, and it agrees with each shareholder, to observe and comply with the PRC Company Law, the Special Regulations and its articles of association;

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- agrees with the company, each shareholder, director, supervisor, manager and other senior management and it (acting both for the company and for each director, supervisor, manager and other senior management), agree with each shareholder to refer all differences and claims arising from the articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning its affairs to arbitration. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- agrees with the company and each shareholder that shares are freely transferable by the holder thereof; and
- authorizes the company to enter into a contract on his behalf with each director and senior management whereby such directors and senior management undertake to observe and comply with their obligations to shareholders as stipulated in the articles of association.

English translation

All notices or other documents required under the Listing Rules to be sent by a PRC issuer to the Hong Kong Stock Exchange or to holders of the H Shares are required to be in English, or accompanied by a certified English translation.

General

If any change in the PRC law or market practices materially alters the validity or accuracy of any basis upon which the additional requirements have been prepared, the Hong Kong Stock Exchange may impose additional requirements or make listing of H shares by a PRC issuer subject to special conditions as the Hong Kong Stock Exchange may consider appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of any company's listing.

3. OTHER LEGAL AND REGULATORY PROVISIONS

Upon the listing on the Hong Kong Stock Exchange, the provisions of the SFO, the Hong Kong Takeovers Code and such other relevant ordinances and regulations will apply to a PRC issuer.

4. SECURITIES ARBITRATION RULES

The Securities Arbitration Rules of the HKIAC contain provisions allowing, upon application by any party, an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties, including witnesses and the arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party, other than a PRC party, or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

Any person wishing to have detailed advice on PRC law or the laws of any jurisdiction is recommended to seek independent legal advice.

Set out below is a summary of the principal provisions of the Articles of Association, the main objective of which is to provide investors with an overview of the Articles of Association. As the information contained below is in summary form only, it may not contain all the information that may be important to potential investors. Copies of the full English and Chinese texts of the Articles of Association are available for inspection as mentioned in “Appendix IX – Documents Delivered to the Registrar of Companies and Available for Inspection.”

The Articles of Association were passed at the annual general meeting on May 28, 2015.

The Articles of Association and relevant amendments thereto were adopted or authorized by our shareholders at the shareholders’ general meeting in accordance with applicable laws and regulations. Dentons Law Offices, the PRC legal advisers of our Company, opine that the Articles of Association has complied with our Company Law of the PRC, the Securities Law of the PRC, the Special Regulations and the Mandatory Provisions.

POWER OF DIRECTORS, SUPERVISORS AND OTHER SENIOR OFFICERS TO ALLOT AND ISSUE SHARES

There is no provision in the Articles of Association empowering our Directors, supervisors or other senior officers to allot and issue shares.

Proposals to increase registered capital of our Company must be formulated by the Board and submitted for approval by an affirmative vote of at least two thirds or more of the voting rights at the shareholders’ general meeting. Any such increase is subject to the formal formalities prescribed by relevant laws and administrative regulations.

POWER TO DISPOSE OF FIXED ASSETS OF OUR COMPANY

Without the prior approval of the shareholders’ general meeting, the Board may not dispose or agree to dispose of the fixed assets where the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposed fixed assets within four months immediately preceding the proposed disposal exceeds 33% of the value of the fixed assets shown in the last balance sheet presented at the shareholders’ general meeting.

A disposal of fixed assets referred herein shall include the transfer of certain interest in assets other than by way of providing security interest by using fixed assets as collaterals.

The validity of transactions whereby our Company disposes of fixed assets shall not be affected by the breach of above-mentioned restrictions contained in the Articles of Association.

EMOLUMENTS, COMPENSATION OR PAYMENTS FOR LOSS OF OFFICE

Our Company shall enter into a written contract with each Director and supervisor of our Company concerning his/her emoluments. Such contracts shall be approved by the shareholders' general meeting before they are entered into. The above-mentioned emoluments shall include:

- emoluments in respect of his/her service as a Director, supervisor or senior management member of our Company;
- emoluments in respect of his/her service as a Director, supervisor or senior management member of a subsidiary of our Company;
- other emoluments in connection with the provision of management or other services to our Company or any subsidiary thereof;
- funds as compensation for his/her loss of office or retirement to the aforementioned Directors and supervisors.

A Director or supervisor shall not sue our Company for any benefits due to him/her on the basis of the above-mentioned matters, except under a contract as mentioned above.

The contract entered into between our Company and each Director or supervisor of our Company in respect of his/her emolument should provide that in the event of a takeover of our Company, a Director or supervisor of our Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other funds obtainable for loss of office or retirement.

The term "a takeover of our Company" in the above paragraph shall refer to any of the following circumstances:

- anyone makes a tender offer to all the shareholders;
- anyone makes a tender offer so that the offeror will become a controlling shareholder as defined in the Articles of Association.

If the relevant Director or Supervisor fails to comply with the abovementioned provisions, any fund received by him/her shall belong to those persons who have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a pro rata basis shall be borne by the relevant Director or supervisor and may not be paid out of such fund.

LOANS TO DIRECTORS, SUPERVISORS AND OTHER SENIOR OFFICERS

Our Company shall not, directly or indirectly, provide a loan or loan guarantee to its Directors, supervisors, general manager or other senior officers or the Directors, supervisors, general manager or other senior officers of its parent company; and shall not provide a loan or loan guarantee to the related persons of any of the aforementioned personnel.

The above provisions shall not apply where:

- our Company provides a loan to its subsidiaries or provides a loan guarantee for the benefits of its subsidiaries;
- pursuant to the service contract upon approval of the shareholders' general meeting, our Company provides a loan, loan guarantee or other funds to any of its Directors, supervisors, general manager or other senior officers to pay any expenditures incurred or to be incurred by him/her for the purpose of our Company or for the purpose of enabling him/her to perform his/her duties properly in accordance with the terms of a service contract approved by the shareholders' general meeting, or
- our Company may provide a loan or loan guarantee to the related Directors, supervisors, general manager or other senior officers or any of their related persons on normal commercial terms and conditions should the provision of loan or loan guarantee be within the ordinary business scope of our Company.

FINANCIAL ASSISTANCE FOR ACQUISITION OF OUR COMPANY'S SHARES

Our Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in our Company. Such purchasers of our Company's shares referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in our Company.

Our Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations. However, the following acts are not prohibited:

- where our Company provides the relevant financial assistance truthfully for the benefit of our Company and the main purpose of the financial assistance is not to purchase shares of our Company, or the financial assistance is an incidental part of an overall plan of our Company;
- lawful distribution of our Company's property in the form of dividends;
- distribution of dividends in the form of shares;
- a reduction of registered capital, repurchase of shares, adjustment to shareholding structure effected in accordance with these Articles of Association;
- provision of a loan by our Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of our Company or that if the same results in a reduction, the financial assistance is paid out of our Company's distributable profits);

- the provision of funds by our Company for an employee shareholding plan (provided that the same does not lead to a reduction in the net assets of our Company or that if the same constitutes a reduction, the financial assistance is paid out of our Company's distributable profits).

For these purposes:

- "financial assistance" shall include but not be limited to:
 - gift;
 - guarantee (including undertaking of liability or provision of property by the guarantor to ensure the fulfillment of the obligation by the obligator), indemnity (not including, however, indemnity arising from our Company's own fault) and release or waiver of rights;
 - provision of a loan or conclusion of a contract under which the obligations of our Company are to be fulfilled prior to the obligation of performance by the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
 - financial assistance in any other form when our Company is insolvent or has no net assets or when such assistance would lead to a major reduction in our Company's net assets.
- "undertake obligations" shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement or by changing its financial position in any other way; whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligator individually or jointly with any other person.

DISCLOSURE OF CONTRACTUAL INTERESTS WITH OUR COMPANY

In cases where a Director, a supervisor, the general manager or other senior management of our Company has directly or indirectly vested a material interest in any contract, transaction or arrangement concluded or to be concluded by our Company (except his/her service contract with our Company), he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

Unless the interested Director, supervisor, general manager or other senior management of our Company has made such disclosure to the Board as required under the preceding paragraph hereof and the matter has been approved by the Board at a meeting in which he/she was not counted in the quorum and was abstained from voting, our Company shall have the right to revoke the contract, transaction or arrangement, except the other party is a bona fide party acting without knowledge of the breach of obligation by the Director, supervisor, general manager or other senior management of our Company concerned.

In cases where a related person of our Company's Director, supervisor, general manager and other senior management has directly or indirectly vested an interest in any contract, transaction or arrangement, such Director, supervisor, general manager and senior management shall also be deemed as having such interest.

If a Director, a supervisor, general manager or other senior management of our Company gives a written notice to the Board before the conclusion of the contract, transaction or arrangement is first considered by our Company, stating that due to the contents of the notice, he/she has an interest in the contract, transaction or arrangement that may subsequently be made by our Company, such Director, supervisor, general manager or other senior management shall be deemed for the purposes of the above paragraphs hereof to have declared his/her interest, insofar as attributable to the scope stated in the notice.

REMUNERATION

The remuneration of Directors and supervisors shall be approved by the shareholders of our Company at the shareholders' general meeting, as referred to in "– Emoluments, Compensation or Payments for Loss of Office" above.

RETIREMENT, APPOINTMENT AND REMOVAL

Our Company shall establish a Board, which shall comprise of seven to nine Directors. The Board shall have one chairman and one vice chairman.

Directors shall be elected or replaced by the shareholders' general meeting and serve a term of office of three years. Except for independent non-executive Directors, who are limited to a maximum term of six years (unless otherwise stipulated by laws, regulations and the listing rules of the place where the shares of our Company are listed), a Director may serve consecutive terms if re-elected upon the expiration of his/her term. Subject to the requirements of relevant laws and administrative regulations, the shareholders' general meeting may remove any Directors by ordinary resolution (but without prejudice to any claims for damages under any contracts) prior to the expiration of the term of such Directors.

Directors are natural persons and are not required to hold the shares of our Company. None of the following persons may serve as a Director, supervisor, general manager or other senior management of our Company:

- persons without capacity or with limited capacity for civil acts;
- persons who have been sentenced for crimes for corruption, bribery, encroachment or embezzlement of property or disruption of the social or economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence;
- Directors, or factory Directors or managers who bear personal liability for the bankruptcy or liquidation of their companies or enterprises where three years have not lapsed of following the date of completion of such bankruptcy or liquidation;

- the legal representatives of companies or enterprises that had their business licenses revoked or that had been shut down for violation of law(s), where such representatives bear individual liability therefore and three years have not lapsed following the date of revocation of such business licenses;
- persons with relatively heavy individual debts that have not been settled upon maturity;
- persons who is under criminal investigation by the judicial authorities, and such cases have not been closed;
- persons who shall not act as leaders of enterprises by virtue of laws and administrative regulations;
- non-natural persons;
- persons convicted of violating relevant securities laws and regulations by the competent regulatory authority, and such conviction involves a finding that he or she has acted fraudulently or dishonestly, where less than five years have elapsed since the date of conviction;
- persons who hold positions other than a Director in the controlling shareholder of our Company or de facto controlling person of our Company may not serve as senior management of our Company.

The election, entrustment or appointment of a Director, supervisor, general manager or other senior management in violation of the above provisions shall be deemed invalid.

The validity of an act of a Director, supervisor, general manager or other senior management of our Company on behalf of our Company towards a bona fide third party shall not be affected by any irregularity in his/her current position, election or qualifications.

Shareholders holding individually or jointly at least 3% of the shares of our Company with the right to vote shall have the right to nominate candidates for election to the Board or the Supervisory Committee (except for directorship or supervisorship representing employees) at a shareholders' general meeting by submission of a written proposal, provided that the number of the nominated candidates shall be in compliance with the Articles of Association and no more than the membership to be elected.

There is no provision in the Articles of Association regarding retirement or non-retirement of Directors under an age limit.

If an independent non-executive Director fails to attend the Board meeting personally for three times consecutively, the Board shall propose to the shareholders' general meeting to replace such independent Director.

DUTIES

In addition to obligations imposed by laws or listing rules of the stock exchange(s) on which shares of our Company are listed, our Company's Directors, supervisors, general manager and other senior management members shall have the following obligations to each shareholder in the exercise of the functions and powers granted to them by our Company:

- not to cause our Company to act beyond the scope of business stipulated in its business license;
- to act honestly in the best interests of our Company;
- not to deprive our Company of its property in any way, including (but not limited to) any opportunities that are favorable to our Company; and
- not to deprive any shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring plan of our Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

Our Company's Directors, supervisors, general manager and other senior management shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their acts with due care, diligence and skills as a reasonable and prudent person should do under similar circumstances.

Our Company's Directors, supervisors, general manager and other senior management must, in the exercise of their duties, abide by the principle of loyalty and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include but not (limited to) the fulfillment of the following obligations:

- to act honestly in the best interests of Company;
- to exercise powers within the scope of their functions and powers and not to act beyond such powers;
- to personally exercise the discretion vested on him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by laws or with the consent of the shareholders' general meeting that has been informed;

- to be impartial from shareholders of the same category and fair to shareholders of different categories;
- not to conclude a contract or enter into a transaction or arrangement with our Company except as otherwise provided in the Articles of Association or with the informed consent of the shareholders' general meeting;
- not to use our Company's property for his/her own benefit in any way without the informed consent of the shareholders' general meeting;
- not to use his/her positions and powers as a means to accept bribes or other forms of illegal income, and not to appropriate our Company's property in any way, including (but not limited to) any opportunities that are favorable to our Company;
- not to accept commissions in connection with our Company's transactions without the informed consent of the shareholders' general meeting;
- to abide by the Articles of Association, perform his/her duties faithfully, protect the interests of our Company and not to seek personal gain with his position, functions and powers in our Company;
- not to take advantage of his/her positions to seek our Company's business opportunities, nor operate the same category of business on behalf of himself/herself or any third party, not to compete with our Company in any way without the informed consent of the shareholders' general meeting;
- not to embezzle our Company's funds, not to deposit our Company's assets or funds in accounts opened in his/her own or in another person's name;
- not to lend our Company's funds to others or use our Company's assets to provide security interest for the debts of our Company shareholders or other individuals in violation of the Articles of Association and in the absence of the approval by the shareholders' general meeting or the Board;
- not to use his/her connected relationship to impair the interests of our Company;
- not to disclose confidential information relating to our Company that was acquired by him/her during his/her term of office without the informed consent of the shareholders' general meeting, and not to use such information except for the interests of our Company; however, such information may be disclosed to the court or other government authorities if:
 - required by laws;
 - required in the public interest;
 - required in the own interest of such Director, supervisor, general manager or other senior management.

A Director, a supervisor, the general manager or other senior management of our Company may not procure the following persons or organizations (“Related Persons”) to do what such Director, supervisor, general manager or other senior management may not do:

- the spouse or minor children of such Director, supervisor, general manager or other senior management member of our Company;
- the trustee of a Director, supervisor, general manager or other senior management of our Company or of any person referred in the aforesaid item above;
- the partner of a Director, supervisor, general manager or other senior management of our Company or of any person referred in aforesaid two items above;
- a company in which a Director, supervisor, general manager or other senior management of our Company, individually or jointly with any person referred to in aforesaid three items above or any other Director, supervisor, general manager or other senior management of our Company, has actual control; and
- a Director, a supervisor, the general manager or other senior management of the company being controlled as referred to in aforesaid item above.

The fiduciary duty of a Director, supervisor, general manager and other senior management of our Company does not necessarily cease with the termination of his/her term of office. His/her confidentiality obligation in relation to our Company’s trade secrets shall remain upon termination of their term of office. The term for continuance of other obligations shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with our Company terminates.

If a Director, a supervisor, the general manager or other senior management of our Company breaches his/her obligations to our Company, our Company shall, in addition to any rights and remedies provided by laws, have a right to:

- require the relevant Director, supervisor, general manager or other senior management of our Company to compensate for the losses sustained by our Company as a consequence of his/her dereliction of duty;
- rescind any contract or transaction concluded by our Company with the relevant Director, supervisor, general manager or other senior management of our Company and contracts or with a third party (where such third party is aware or should be aware that the Director, supervisor, general manager or other senior management representing our Company was in breach of his/her obligations to our Company);
- require the relevant Director, supervisor, general manager or other senior management of our Company to surrender the gains derived from the breach of his/her obligations;

- recover any funds received by the relevant Director, supervisor, general manager or other senior management of our Company that should have been received by our Company, including (but not limited to) commissions;
- require the relevant Director, supervisor, general manager or other senior management of our Company to return the interest earned or possibly earned on the funds that should have been given to our Company; and
- recover any property obtained by the Director, supervisor, general manager, and other senior management member convicted of the breach of his duties by legal proceedings.

BORROWING POWERS

The Articles of Association do not specifically provide for the manner in which borrowing powers may be exercised nor do they contain any specific provision in respect of the manner in which such borrowing powers may be amended, except for:

- provisions which authorize the Board to formulate proposals for the issuance of debentures and other securities by our Company;
- provisions which provide that the issuance of debentures and other securities shall be approved by the shareholders' general meeting by a special resolution.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

Our Company may amend the Articles of Association in accordance with laws and the provisions of the Articles of Association. Our Company shall amend the Articles of Association if any of the following circumstances occurs:

- if any terms contained in the Articles of Association becomes inconsistent with the provisions of the amended laws after the PRC Company Law or other relevant laws are amended;
- if certain changes of our Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;
- if the shareholders' general meeting resolves to amend the Articles of Association.

Any amendment to the Articles of Association falls in the scope of discloseable information prescribed by laws, and shall be subject to announcement in accordance with relevant provisions.

An amendment to the Articles of Association in connection with the Mandatory Provisions shall be subject to approval of the relevant supervisory and regulatory authorities of the State Council or CSRC. Where an amendment in the Articles of Association shall be subject to registration, our Company shall register the amendment according to the applicable law.

VARIATION OF RIGHTS OF EXISTING SHAREHOLDERS OF DIFFERENT CLASSES

Shareholders who hold different categories of shares in our Company shall be shareholders of different classes. Shareholders of different classes shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

In addition to shareholders of other categories of shares, shareholders of domestic-listed shares and foreign-listed shares shall be deemed as shareholders of different classes of shares.

Upon the approval of CSRC, holders of domestic shares of our Company may list and trade their shares on overseas stock exchange. The listing of such shares in overseas stock exchange shall be in compliance with relevant supervisory regulations, rules and requirements effective at the place of listing. The listing of such shares in overseas stock exchange does not need approval from shareholders of different categories by class meetings.

Any proposal by our Company to change or abrogate the rights of any class of shareholders shall be approved by the shareholders' general meeting by a special resolution and by a separate shareholders' general meeting convened by the affected shareholders of that classes conducted in accordance with the Articles of Association.

The rights of shareholders of a class shall be deemed to have been changed or abrogated in the following conditions:

- an increase or decrease in the number of shares of a class or an increase or decrease in the voting rights, distribution rights or other privileges of shares of a class;
- conversion of all or part of the shares of a class into shares of another class, or vice versa or the grant of a right to convert;
- cancellation or reduction of rights to accrued dividends or cumulative dividends attached to shares of a class;
- cancellation or reduction of a dividend preference or property distribution preference during liquidation of our Company, attached to shares of a class;
- an addition, cancellation or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights of placing or rights to acquire securities of our Company attached to shares of a class;
- cancellation or reduction of rights to receive amounts payable by our Company in a particular currency attached to shares of a class;
- creation of a new class of shares with voting rights, distribution rights or other privileges which are equal or superior to shares of a class;

- imposition of restrictions or additional restrictions on the transfer or ownership of shares of a class;
- issue of rights to subscribe for, or convert into, shares of a class or another class;
- an increase in the rights and privileges of shares of another class;
- restructuring of our Company which causes shareholders of different classes to bear liability on a disproportionate basis during the restructuring; or
- an amendment or cancellation of “special voting procedures for shareholders of different classes” as contained in the Articles of Association.

Interested shareholders (as defined below) shall not have the right to vote at meetings of shareholders of different classes.

Resolutions of a class shareholders’ general meeting may be passed only by way of poll by two-thirds or more of the voting rights of that class represented at that meeting who are entitled to vote at that meetings.

When our Company is to convene a class shareholders’ general meeting, it shall issue a written notice 45 days (excluding the date of such meeting) prior to the meeting informing all the registered shareholders of that class of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall, within 20 days prior to the day of the meeting, deliver a written reply to our Company on meeting attendance.

If a class shareholders’ general meeting is convened by serving of notice, such notice needs to be delivered only to the shareholders who are entitled to vote thereat.

The procedures pursuant to which a class shareholders’ general meeting is held shall, to the extent possible, be identical to the procedures according to which a shareholders’ general meeting is held. Provisions of the Articles of Association in relation to procedures for the holding of a shareholders’ general meeting shall be applicable to class shareholders’ general meetings.

The special voting procedures for shareholders of different classes shall not apply in the following circumstances:

- where, as approved by way of a special resolution of the shareholders’ general meeting, our Company issues, either separately or concurrently, domestic investment shares listed within the PRC and foreign investment shares listed outside the PRC every 12 months, and the number of the domestic investment shares and foreign investment shares listed outside the PRC intended to be issued does not exceed 20% of the issued and outstanding shares of the respective categories;

- where the plan for, issuance of domestic investment shares listed within the PRC and foreign investment shares listed outside the PRC upon the incorporation of our Company is completed within 15 months since being approved by the securities regulatory authorities of the State Council;

For the purposes of the provisions of the rights of shareholders of different classes, the “interested shareholders” shall have the following meanings:

- if our Company has made a repurchase offer to all shareholders in the same proportion or has repurchased its own shares through open transactions on a stock exchange in accordance with the Articles of Association, the controlling shareholders as defined in the Articles shall be “interested shareholders”;
- if our Company has repurchased its own shares by an agreement outside a stock exchange in accordance with the Articles of Association, shareholders in relation to such an agreement shall be “interested shareholders”;
- under a restructuring proposal of our Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest that is different from the interest of other shareholders of the same class shall be “interested shareholders.”

RESOLUTIONS-MAJORITY REQUIRED

Resolutions of shareholders’ general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by shareholders’ general meeting shall be adopted by more than half of voting shares represented by the shareholders attending the shareholders’ general meeting (including their proxies).

Special resolutions made by shareholders’ general meeting shall be adopted by two-thirds or more of voting shares represented by the shareholders attending the shareholders’ general meeting (including their proxies).

VOTING RIGHTS (GENERALLY, THE RIGHT ON A POLL AND TO DEMAND A POLL)

Shareholders (including their proxies) exercise voting rights according to the voting shares they hold, and each share shall have one voting right. However, the shares of our Company held by our Company shall not carry voting right and shall not be calculated into the aggregate amount of shares carrying voting right in attendance of the shareholders’ general meeting.

The matters of the shareholders' general meeting shall be resolved by open voting.

A poll demanded on a vote regarding the election of the chairman of the meeting or an adjournment of the meeting, shall be taken immediately. A poll demanded on any other matters shall be taken at the time as the chairman of the meeting decides and the meeting may proceed to other matters. The result of the poll shall still be a resolution of the meeting.

On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all of his votes in the same way.

In case of an equality of votes, the chairman of the meeting shall be entitled to a casting vote.

REQUIREMENTS FOR ANNUAL SHAREHOLDERS' GENERAL MEETING

Annual general meeting shall be held once every year within six months after the end of the last financial year.

ACCOUNTS AND AUDIT

Our Company shall formulate its accounting system in compliance with laws, administrative regulations and relevant stipulations in the generally accepted accounting principles of PRC formulated by the relevant regulatory authorities.

The Board of our Company shall submit to its shareholders at every annual general meeting such financial reports as are required by the laws and regulations.

The financial statements of our Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place outside China where our Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of our Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the different set of financial statements shall be adopted.

The financial reports of our Company shall be made available at our Company for inspection by shareholders 20 days before the annual general meeting. Each shareholder of our Company is entitled to a copy of the financial reports.

A copy of the above financial reports shall, at least 21 days before the date of the general meeting, be delivered or sent by pre-paid post to the registered address of every holders of Foreign Shares.

The interim results or financial information that our Company announces or discloses shall be compiled according to both PRC accounting standards, laws and regulations, and international accounting standards or accounting standards of the place at which shares of our Company are listed.

Our Company shall disclose its financial reports two times in each accounting year, that is, its interim financial reports within three months of the end of the first six months of a financial year and its annual financial reports within four months of the end of its financial year.

NOTICE OF MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT

There are two types of shareholders' general meetings: the annual shareholders' general meetings and the extraordinary shareholders' general meetings.

The extraordinary shareholders' general meeting shall be convened within two months upon the occurrence of any of the following events:

- the number of Directors is less than the number stipulated by PRC Company Law or less than two-thirds of the number required by the Articles of Association;
- the outstanding balance of our Company's loss that had not been made-up reaches one-third of our Company's total paid-in share capital;
- shareholders holding severally or jointly 10% or more of our Company's shares presents a written request to convene an extraordinary shareholders' general meeting (the percentage of shareholding shall be calculated in accordance with the shareholdings on the date of the presence of such request);
- the Board deems it as necessary or the Supervisory Committee proposes that the meeting be convened;
- two or more independent non-executive Directors propose in written that the meeting be convened; and
- other situations, as stipulated in laws and the Articles.

Any shareholders who hold, jointly or severally with others, 3% or more voting shares of our Company shall have the right to propose and submit in writing to the persons who convene shareholders' general meeting special proposals ten days prior to the convening of shareholders' general meeting. The convening persons shall issue a supplementary notice with the contents of the special proposals within two days of receipt of such proposals and submit the special proposals to the shareholders' general meeting for discussion. The special proposals shall fall within the scope of duties of the shareholders' general meeting and include specific subject and particular matters to be resolved.

When our Company is to convene a shareholders' general meeting, it shall issue a written notice 45 days prior to the meeting (excluding the date of the meeting), informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the shareholders' general meeting shall, within 20 days prior to the meeting, deliver a written reply to our Company on the meeting attendance.

The notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote on the shareholders' general meeting) by courier or per-paid mail to the recipient's address shown in the register of shareholders or by public announcement. The notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote on the shareholders' general meeting) by courier or per-paid mail to the recipient's address shown in the register of shareholders or by public announcement. The public announcement referred to in the preceding paragraph shall be published in one or more newspapers or periodicals designated by the securities regulatory authorities of the State Council as well as the website of our Company and the stock exchange during the period between 45 and 50 days before the meeting is held. Once the announcement is made, all shareholders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

For shareholders of foreign shares, notice of the shareholders' general meeting, shareholders' circulars and relevant documents may be issued on the website of our Company and the website of the Hong Kong Stock Exchange provided that the requirements of laws, administrative regulations, and the listing rules of the jurisdictions where the shares of our Company are listed as well as the Articles of Association are complied with.

A meeting and the resolutions adopted to thereof shall not be invalidated as a result of accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

The notice of a shareholders' general meeting shall meet the following requirements:

- it shall be made in writing;
- it shall specify the time, place and period of the meeting;
- it shall describe the matters to be discussed at the meeting;
- it shall provide necessary information and explanations to the shareholders so as to enable them fully understand the matters to be discussed and make decisions accordingly. This principle shall apply (but not limited to) when our Company proposes a merger, repurchase of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contracts (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
- it shall disclose the nature and extent of material interests, if any, of any Director, supervisor, general manager or other senior management of our Company in any matter to be discussed; and provide an explanation of the differences, if any, between the way in which the matter to be discussed would affect such Director, supervisor, general manager or other senior management of our Company in his/her capacity as shareholders and the way in which such matter would affect other shareholders of the same class;

- it shall contain the full text of any special resolutions proposed to be voted at the meeting;
- it shall contain a conspicuous statement that all shareholders are entitled to attend the shareholders' general meeting and have the right to appoint one or more proxies to attend and vote on their behalf and that such proxy is not required to be a shareholder;
- it shall state the time and place for the delivery of the meeting's proxy forms.

Based on the written replies received 20 days prior to a shareholders' general meeting, our Company shall calculate the number of votes represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is half or more of the total number of our Company's voting shares, our Company may convene the shareholders' general meeting. Otherwise, our Company shall within five days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, our Company may convene the shareholders' general meeting.

Unless under unusual circumstances such as any crisis, without the prior approval of the shareholders' meeting by special resolutions, our Company shall not enter into any contract with any party other than the Directors, supervisors, general manager or other senior management members pursuant to which such party shall be responsible for managing the whole or any substantial part of our Company's business.

Resolutions on the following items shall be adopted in the form of ordinary resolutions by a shareholders' general meeting:

- working report of the Board and the Supervisory Committee;
- plans made by the Board on profit distribution and loss make-up;
- election and removal of members of the Board and the shareholder representative supervisors and their remunerations and methods of payment;
- annual budget and final accounts plans;
- annual reports of our Company;
- matters other than those stipulated by laws, administrative regulations or the Articles of Association to be adopted by special resolutions.

The following items shall be adopted in the form of special resolutions:

- increase or reduction of our Company's registered capital or issuance of any class of shares, warrants of share subscription or other similar securities;

- issuance of bonds;
- division, merger, dissolution, liquidation or change of organizational form of our Company;
- amendment to the Articles of Association;
- purchase or sale of material assets or provision of security interest with an amount of more than 30% of our Company's audited total assets value for the most recent period within one year;
- share option incentive plans;
- other matters stipulated by laws, administrative regulations or the Articles of Association, and other matters decided in ordinary resolutions adopted by the shareholders' general meeting as having significant impact on our Company and requiring adoption by way of special resolutions.

TRANSFER OF SHARES

Upon obtaining the approval from the State Council's securities regulatory authority, our domestic share shareholders may list and trade their shares in an overseas stock exchange. The listing and trading of such transferred shares shall comply with the procedures, regulations and requirements prescribed by the relevant overseas stock market. No class shareholder voting is required for such listing and trading of shares on an overseas stock exchange.

Unless otherwise provided by laws and administrative regulations, our Company's shares may be transferred free of any encumbrances, provided that Hong Kong Stock Exchange shall be registered at the share registration institution in Hong Kong entrusted by our Company.

Any changes to or correction of any parts of the register of shareholders shall be conducted in accordance with the laws of the place where such parts of the register of shareholders are kept.

No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or five days prior to the record date set by our Company for the purpose of distribution of dividends.

POWER OF OUR COMPANY TO REPURCHASE ITS OWN SHARES

After being approved under the procedures stipulated by laws and the Articles of Association and obtaining approvals from administrative authorities authorized by the State Council, our Company may repurchase shares of our Company in the following circumstances:

- to cancel the shares for the purpose of reducing the registered capital of our Company;

- to merge with other companies holding the shares of our Company;
- to give the shares to employees as awards;
- to be requested to repurchase the shares held by the shareholders who object to the resolutions adopted at the shareholders' general meeting concerning consolidation and division of our Company;
- other circumstances where laws and administrative regulations so permit.

The repurchase of our Company's shares, upon the approval by the relevant competent governmental authorities, may be conducted in any of the following manners:

- making a repurchase offer pro rata to all shareholders;
- repurchase through open transactions in a stock exchange;
- repurchase through contractual arrangements outside a stock exchange;
- other means approved by laws, administrative regulations or administrative departments authorized by the State Council.

When our Company is to repurchase shares through contractual arrangements outside a stock exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with the Articles of Association. Upon prior approval of the shareholders' general meeting obtained in the same manner, our Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

- for the purposes of the above paragraph, contracts for the repurchase of shares shall include (but not limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.
- our Company may not assign contracts for the repurchase of its own shares or any of its rights thereunder.
- our Company shall apply to the State Administration for Industry and Commerce for the change of the registered capital registration in the event that the repurchased shares are canceled due to the repurchase thereof.
- the amount of our Company's registered capital shall be reduced by the total par value of the shares so canceled.

Unless our Company has already entered the liquidation stage, it must comply with the following provisions in buying back its issued and outstanding shares:

- where our Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and from the proceeds of a new share issuance made to repurchase the old shares;

- where our Company buy backs shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and from the proceeds of a new share issuance made to buy back the old shares. The portion in excess of the par value shall be handled according to the following methods:

where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit;

where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and from the proceeds of a new share issuance made to buy back the old shares; however, the amount deducted from the proceeds of the new share issuance may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in our Company's share premium account (or capital reserve funds account) (including the premiums from the new share issuance) at the time of buy-back;

- the amount paid by our Company for the purposes set forth below shall be paid out of our Company's distributable profits:

acquisition of the right to repurchase its own shares;

modification of any contract for repurchase of its own shares;

release from any of its obligations under any repurchase contracts.

- after the par value of the canceled shares has been deducted from the registered capital of our Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to buy back shares at the par value shall be included in our Company's share premium account (or capital reserve account).

POWER OF OUR COMPANY'S SUBSIDIARIES TO OWN SHARES OF OUR COMPANY

There are no provisions in the Articles of Association restricting the ownership of shares of our Company by any of our Company's subsidiaries.

DIVIDENDS AND OTHER METHODS OF PROFITS DISTRIBUTION

Our Company may distribute the dividends in the form of cash or shares.

Our Company shall appoint recipient agents for shareholders of foreign investment shares listed outside the PRC. The recipient agents shall collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of foreign investment shares listed outside the PRC, and to keep such amounts for the future payment to the relevant shareholders.

The recipient agents appointed by our Company for shareholders of foreign investment shares listed in Hong Kong shall be a company which is registered as a trust company under the “Trustee Ordinance” of Hong Kong.

After complying with PRC laws, our Company may expropriate dividends no one claimed for, but such right of expropriation shall only be exercised upon the expiration of the applicable statutory limitation.

PROXIES

Any shareholders entitled to attend and vote at a shareholders’ general meeting shall have the right to appoint one or more persons (who need not be shareholders) as his/her proxies to attend and vote on his/her behalf. Such proxy may exercise the following rights according to his/her entrustment by the shareholder:

- the shareholder’s right to speak at the shareholders’ general meeting;
- the exercise of voting right by ballot.

Shareholders shall entrust the proxy in writing, and the proxy shall be signed by the appointer or the agent authorized by the shareholders in writing. If the appointer is a legal person, the instrument shall be sealed with the legal person’s stamp or signed by its Director or formally authorized agent.

Legal person shareholders shall be represented by its legal representative or proxy entrusted by its legal representative to attend the meeting. Legal representative attending the meeting shall present his/her identification card and effective proof to his/her qualification as a legal representative and shareholding certificate. When a proxy is entrusted to attend the meeting, he/she shall present his/her identification card and written proxy or authorization letter issued by the legal representative of the legal person shareholder.

The proxy letter issued by a shareholder to entrust proxy to attend shareholders’ general meeting shall contain the following contents:

- name of the principal and the proxy;
- the number of shares held by the principal;
- proxy’s voting right;
- instructions on each item to be discussed on the agenda of shareholders’ general meeting, stating whether the shareholder agrees to, object to or abstain from voting the resolution respectively;
- instructions on the voting right in respect of the special proposals to be discussed on the agenda of shareholders’ general meeting, including detailed instructions on the exercise of such voting right, if any;

- the issuing date of proxy letter and its effective period;
- signature or seal of the appointer; if the appointer is a legal person, the proxy letter shall be sealed by it.

Any form issued by the Board of our Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative, negative or abstention vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The proxy letter shall specify that in the absence of instructions from the shareholder, the proxy may vote as he/she thinks fit.

If, before voting, the appointer has passed away, lost his/her ability to act, withdrawn the appointment, withdrawn the authorization to sign the proxy form, or transferred all his/her shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as our Company has not received the written notice regarding such matters before the commencement of relevant meeting.

CALLS ON SHARES AND FORFEITURE OF SHARES

Shareholders are entitled to the interests of any payment for shares prior to the making of calls on such shares, but can not claim any dividend in respect of such shares that is declared after that prepayment.

Our Company has right to sell the foreign investment shares listed outside the PRC, the holders of which are unable to get into contact with for a prescribed period of time subject to satisfaction of the following conditions:

- our Company has declared dividend in respect of such shares of at least three times within 12 years, but such dividend has never been collected by any person during that period; and
- after the expiration of the 12 year period, our Company shall publish an announcement in one or more magazines of the jurisdiction where our Company is listed, stating its intention to sell such shares, and notify the securities regulatory authorities of the jurisdiction where our Company is listed.

RIGHTS OF SHAREHOLDERS (INCLUDING INSPECTION OF REGISTER)

Shareholders of ordinary shares of our Company shall enjoy rights pursuant to the applicable laws and the Articles of Association as follows:

- collect dividends and other kinds of interests distributed based on the number of shares held by them;
- request for convention of, convene, preside over, attend or entrust a proxy to attend shareholders' meetings and exercise relevant voting right in accordance with the applicable laws;

- supervise and administrate the business operation of our Company, and make suggestions and enquiries accordingly;
- transfer, donate or pledge shares held by the shareholders in compliance with laws, administrative regulations, relevant requirements of securities regulatory authorities in the places where the shares are listed and the Articles of Association;
- obtain relevant information in accordance with the Articles of Association, including:
 - the right to obtain the Articles of Association, subject to payment of costs;
 - the right to inspect the following documents for free and make copies of the documents subject to payment of costs:
 1. all parts of the register of shareholders;
 2. personal materials of a Director, supervisor, general manager and other senior management of our Company;
 3. status of share capital of our Company;
 4. latest audited financial statements of our Company and the Reports of the Directors, auditors and Supervisory Committee;
 5. extraordinary general meeting of our Company;
 6. reports of the aggregate par value, number of shares, and highest and lowest prices of each class of shares repurchased by our Company since the last accounting year as well as all the expenses paid by our Company therefor;
 7. copy of the latest annual report filed with the PRC State Administration for Industry and Commerce or other competent PRC authority;
 8. minutes of shareholders' general meetings.
- participate in the distribution of our Company's remaining assets based on the number of shares held by the shareholders when our Company is terminated or liquidated;
- request our Company to purchase its shares if they object to the resolutions adopted by the shareholders' general meeting on merger or separation;
- other rights conferred by laws, administrative regulations and the Articles of Association.

QUORUM FOR SHAREHOLDERS' GENERAL MEETINGS AND SHAREHOLDERS' CLASS MEETINGS

Based on the written replies received 20 days prior to a shareholders' general meeting, our Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of our Company's voting shares, our Company may convene the shareholders' general meeting. Otherwise, our Company shall within five days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, our Company may convene the shareholders' general meeting.

If the number of voting shares of a class of shareholders represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that class carrying the right to vote at the meeting, our Company may hold the meeting of shareholders of that class. Otherwise, our Company shall within five days inform the shareholders once again of the matters to be examined at the meeting and the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, our Company may hold the meeting of shareholders of that class.

RIGHTS OF MINORITY SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange(s) on which the shares of our Company are listed, while exercising shareholder's rights, the controlling shareholders shall not make such decisions by exercising their voting rights to the detriment of all or part of the shareholders' interests as below:

- relieving a Director or supervisor of the responsibility to act honestly in the best interest of our Company;
- approving a Director or a supervisor for his/her own or other person's benefit to deprive our Company of its property in any form, including (but not limited to) any opportunities that are favorable to our Company; or
- approving a Director or a supervisor for his/her own or other person's benefit to deprive other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of our Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

The term "controlling shareholder(s)" in the Articles of Association shall refer to the person(s) satisfying any of the following conditions:

- acting alone or in concert with others, has the power to elect half or more number of the Directors;

- acting alone or in concert with others, has the power to exercise or control the exercise of 30% or more of our Company's voting rights;
- acting alone or in concert with others, hold 30% or more of shares of our Company;
- acting alone or in concert with others, can obtain actual control of our Company in any other manner.

PROCEDURES ON LIQUIDATION

Should any of the following circumstances occur, our Company shall be dissolved and liquidated pursuant to law:

- if the shareholders' general meeting resolves to dissolve our Company;
- if a dissolution is necessary as a result of the merger or division of our Company;
- if our Company is declared insolvent pursuant to law because it is unable to pay off matured debts;
- if our Company's business license is lawfully suspended, or our Company is lawfully declared to be closed or revoked;
- if no other solutions can be pursued when our Company has significant difficulties in its operation and management, and its continued existence will cause great loss to the shareholders' interests, shareholders with 10% or more of all the voting rights of our Company may file a lawsuit with the court to dissolve our Company.

If the Board decides that our Company should be liquidated (except the liquidation as a result of our Company's declaration of insolvency), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the Board has made full investigation into the position of our Company and that the Board holds the opinion that our Company can pay its debts in full within 12 months after the announcement of liquidation.

Dissolution and liquidation of our Company shall be in compliance with the relevant provisions stipulated under the PRC Company Law.

The functions and powers of the Board shall terminate immediately after the general shareholders' general meeting has adopted a resolution regarding liquidation.

During the period of liquidation, our Company still exists but shall not engage in any business activities irrelevant to such liquidation.

Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a PRC certified public accountant, submit to the Shareholders' general meeting or the people's court for confirmation.

OTHER PROVISIONS MATERIAL TO OUR COMPANY OR ITS SHAREHOLDERS**General provisions**

Our Company is a joint stock limited company having perpetual existence. From the date on which the Articles of Association came into effect, the Articles of Association constitute a legally binding public document regulating our organization and activities, and the rights and obligations between our Company and each shareholder and among the shareholders themselves.

In light of the demands of operation and business development and based on relevant laws and regulations, after obtaining separate resolutions of the shareholders' general meeting, our Company may increase its capital through the following ways:

- offering new shares to the public;
- private placing of shares;
- allotment of new shares to existing shareholders;
- transferring capital reserve funds;
- other methods provided by laws and administrative regulations or permitted by the administrative authorities authorized by the State Council.

Our Company's issuance of new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association.

Our Company may reduce its registered capital in accordance with the provisions of the Articles of Association. The reduction of registered capital shall follow the procedures set forth in the PRC Company Law and other regulations and provisions of the Articles of Association.

When our Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

Our Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish an announcement about the resolution in the newspapers designated by the relevant regulatory authorities in the jurisdiction where our Company is listed within 30 days and on the website of our Company and the relevant stock exchange. Creditors shall, within 30 days since receiving a written notice or within 45 days since the date of the public announcement for those who have not received a written notice, be entitled to require our Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of our Company may not be less than the statutory minimum.

Shareholders of ordinary shares of our Company shall undertake the following obligations:

- abide by laws, administrative regulations and the Articles of Association;
- contribute share capital according to the number of shares subscribed by them and the methods of capital contribution;
- the liability of the Shareholders to our Company is limited to the extent of the shares subscribed by them;
- unless otherwise stipulated by laws and administrative regulations, shareholders shall not withdraw their share capital;
- not to use his shareholder's rights inappropriately to harm the interests of our Company or of other shareholders, or to misuse the independent legal person status of our Company and limited liability status of a shareholder to harm the interests of creditors of our Company;
- where any of the shareholders of our Company causes any loss to our Company or to other shareholders by using the shareholder's rights inappropriately, it shall be liable for compensation;
- where any of the shareholders of our Company evades the payment of its debts by misusing the independent legal person status of our Company and the limited liability status of a shareholder, and it seriously harm the interest of any creditor of our Company, it shall bear joint and several liability for such debts of our Company;
- where shareholders who hold 5% or more of our Company's shares with voting rights pledge their shareholdings in our Company, such shareholders shall submit a written report to our Company on the same date of the creation of such pledge;
- other obligations imposed by laws and the Articles of Association.

SECRETARY OF THE BOARD

The Board has a secretary who shall be appointed and dismissed by the Board. The secretary of the Board is a member of senior management of our Company.

The major duties of the secretary of the Board shall include:

- to prepare and submit the reports and documents issued by the Board and shareholders' general meetings to the relevant government authorities;
- to organize and prepare for the Board meetings and shareholders' general meetings, take minutes of the meetings and take care of the documents and minutes of the meetings;

- to ensure the persons entitled to access to the relevant documents and records are furnished with such documents and records without delay;
- to be responsible for the information disclosure of our Company, attending all the relevant meetings, and timely acquisition of information on material operation decisions and relevant materials;
- to be responsible for the confidentiality of information sensitive to share price and to formulate a feasible confidentiality system and confidentiality measures; when the information sensitive to share price is leaked for any reasons, to take necessary remedies, make explanations and clarifications in time, and notify the regulatory authorities in the jurisdiction where our Company is listed;
- to coordinate with visits and reception work, maintain relationship with the media, coordinate public relationship;
- to assist Directors and the general manager to abide by domestic and foreign laws, regulations, the Articles of Association and other relevant provisions during their performance of duties, and upon knowing our Company passing or likely to pass a resolution in violation of relevant provisions, to be obliged to give timely remind and have the right to faithfully report to the regulatory bodies so as to reflect the actual situation;
- to exercise other powers conferred by the Board and other powers as may be required or provided for under laws of the places where our Company's shares are listed.

SUPERVISORY COMMITTEE

Our Company shall have a Supervisory Committee, which shall comprise three to seven supervisors, one of whom shall be elected as the chairman of the Supervisory Committee. The chairman of the Supervisory Committee shall be elected and replaced by two-thirds or more of all the supervisors. The term of office of each supervisor shall be 3 years. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. Directors, general manager and other senior management members of our Company may not serve as supervisors concurrently.

The Supervisory Committee shall perform the following duties:

- to examine the periodic report of our Company formulated by the Board and propose a written examination opinion;
- to supervise the financial activities of our Company and entrust an accounting firm in the name of our Company to conduct independent audit over our Company's financial issues where necessary;

- to supervise the performance of duties by the Directors, the general manager and senior management members of our Company, and dismissal of the Directors and senior management of our Company who violate laws, the Articles of Association or resolutions of the shareholders' general meeting;
- to require the Directors, the general manager, and other senior management of our Company to correct any act that is harmful to our Company's interests;
- to propose to hold an extraordinary shareholders' general meeting, and to convene and preside over a shareholders' general meeting when the Board fails to perform its duty of convening and presiding over such meeting pursuant to the laws;
- to make proposals to the shareholders' general meetings;
- to bring legal proceedings against the Directors, the senior management members in accordance with laws;
- to conduct investigations if in doubt of our Company's operation situations, and entrust professional institutions including accounting firm and law firm for assistance where necessary;
- other authorities conferred by shareholders' general meeting.

A supervisor can attend the Board meetings as a non-voting attendee and shall have the right to query on the resolved matters or propose suggestions.

A supervisor shall abide by laws and the Articles of Association, and perform his/her supervising responsibilities honestly and diligently.

GENERAL MANAGER OF OUR COMPANY

The general manager of our Company shall be accountable to the Board and shall have the right to exercise the following powers:

- be in charge of business operation and management, organize the implementation of resolutions of the Board and report to the Board;
- organize the implementation of annual operation and investment plans;
- formulate the resolutions of the Board meetings, internal management establishment structure of our Company;
- formulate the draft of the basic administrative system;
- formulate the basic regulations of our Company;

- propose to the Board for the appointment or dismissal of the deputy general manager and the chief accountants;
- appoint or dismiss other management that shall not be appointed or dismissed by the Board;
- other duties and powers authorized by the Articles of Association and the Board.

The general manager shall abide by laws and the Articles of Association and perform his duties faithfully, honestly and diligently.

BOARD

The Board shall be responsible to the shareholders' general meetings and exercise the following functions and powers:

- convening shareholders' general meetings and reporting on its performance to shareholders at such meetings;
- executing the resolutions of the shareholders' general meetings;
- determining business plans and investment proposals;
- formulating proposed annual budgets and final accounts;
- formulating profit distribution plans and plans for recovery of losses;
- formulating proposals for increases in or reductions of registered share capital, and proposals for issuance of bonds or other marketable securities and listing plans;
- formulating proposals for material acquisition, repurchase of shares, merger, separation, dissolution, liquidation or change of the nature of our Company;
- determining proposals for external investment, acquisition and disposal of asset, assets mortgage, guarantee for third party liabilities, debt financing, entrusted finance and connected transactions within the scope authorized at shareholders' general meetings;
- formulating proposals for any amendment to Articles of Association;
- appointing or dismissing our Company's general manager and secretary of the Board, appointing or dismissing the senior management members including deputy general managers based on the nomination of our general manager, and deciding on matters relating to their emoluments and on the imposition of any disciplinary measures or rewards;

- deciding on the establishment of internal management system;
- formulating the basic administrative rules and managing disclosure of information of our Company;
- proposing the appointment or dismissal of accounting firm as our Company's auditor to the shareholders' general meeting;
- hearing the work report by our Company's general manager and supervising the general manager's performance;
- deciding the establishment of special committees and their compositions;
- other authorities conferred by shareholders' general meetings or prescribed by the laws or the Articles of Association.

At least four regular meetings of the Board shall be held each year. Board meetings shall be convened by the chairman of the Board. The notice of a regular Board meeting and a special Board meeting shall be served in writing to all the Directors, supervisors and the general manager 14 days and 5 days respectively before such meetings are convened. The chairman of the Board shall convene and preside a special Board meeting within 10 days under one of the following circumstances:

- shareholders individually or collectively representing one tenth or more voting rights propose;
- the Supervisory Committee proposes;
- the chairman of the Board considers necessary;
- one third or more of the Directors propose jointly;
- two or more independent non-executive Directors propose;
- the general manager of our Company proposes;
- other situations prescribed by the laws or the Articles of Association.

Meetings of the Board may be held only if more than half of the Directors (including proxies) attend. Resolutions of the Board shall be adopted by the affirmative votes of more than half of all the Directors except for the following matters where an affirmative vote of at least two thirds or more of all the Directors will be required:

- formulating proposals for increases in or reductions of registered share capital, and proposals for issuance of bonds or other marketable securities and listing plans;

- formulating proposals for material acquisition, repurchase of shares, merger, separation, dissolution, liquidation or change of the nature of our Company;
- formulating proposals for any amendment to the Articles of Association.

Each Director shall have one vote. If the number of dissenting votes is equal to that of affirmative votes, the chairman of the Board shall have a casting vote.

The special committees set up under the Board include without limitation: Strategy Committee, Nomination Committee, Audit Committee and Compensation and Discipline Committee.

ENGAGEMENT OF AN ACCOUNTING FIRM

Our Company shall engage an independent accounting firm that complies with relevant State regulations to audit the annual financial reports and other financial reports of our Company. The term of engagement of an accounting firm engaged by our Company shall be between the end of the annual shareholders' general meeting of our Company and the end of the next annual shareholders' general meeting.

The shareholders' general meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of engagement, notwithstanding any provisions in the engagement contract between the accounting firm and our Company, without prejudice to such accounting firm's right, if any, to claim damages from our Company in respect of such dismissal.

The engagement, dismissal or refusal of the renewal of the engagement of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the securities regulatory authorities of the State Council.

The audit fees of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration to an accounting firm appointed by the Board shall be determined by the Board.

MAJOR INVESTMENT AND DISPOSAL OF ASSETS

The Board shall establish stringent review and approval procedures and policies in respect of its authorization for external investment, acquisition and disposal of assets, assets mortgage, pledge, guarantee for third party liabilities, entrusted finance, connected transactions and shall organize relevant professionals and experts to conduct analysis and judgment over significant investment and submit its decisions to the shareholders' general meeting for its approval.

DISPUTE RESOLUTION

If any disputes or claims related to our Company's business based on the rights or obligations provided in the Articles of Association, the PRC Company Law and other relevant laws arise between the shareholders of foreign investment shares listed outside the PRC and our Company, between the shareholders of foreign investment shares listed outside the PRC and the Directors, supervisors, the general manager and other senior management members of our Company or between the shareholders of foreign investment shares listed outside the PRC and other shareholders of domestic investment shares, the parties concerned may submit such dispute or claim for arbitration.

When such disputes or claims as described above are submitted for arbitration, such disputes or claims shall be submitted in their entirety, and all persons that have a cause of action due to the same events or whose participation is necessary for the settlement of such disputes or claims, and if such persons being our Company or Shareholders, Directors, supervisors, the general manager or other senior management members of our Company, shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.

A dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic or Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

Unless otherwise provided by laws or administrative regulations, the laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred in the above paragraph.

The award of the arbitration institution shall be final and binding upon each party.

The said arbitration agreement is reached between the Directors or senior executives and our Company, with our Company representing both itself and its Shareholders.

Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was established under the PRC Laws as a joint stock company with limited liability on December 19, 2014 by Energy China Group and EPPE Company as promoters.

We have established a place of business in Hong Kong at 36/F, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on August 13, 2015. Ms. Yung Mei Yee has been appointed as our agent for the acceptance of service of process and notices on behalf our Company in Hong Kong.

As our Company was established in the PRC, we are subject to the relevant PRC laws and regulations. A summary of the relevant aspects of PRC laws and regulations and a summary of our Articles of Association is set out in Appendices VI and VII to this prospectus, respectively.

B. Changes in the Share Capital of Our Company

At the time of our establishment as a joint stock limited liability company, our registered share capital was RMB21,600,000,000 divided into 21,600,000,000 Domestic Shares with a nominal value of RMB1.00 each.

Upon completion of the Global Offering, without taking into account any H Shares which may be issued pursuant to the Over-allotment Option, our registered share capital will be increased to RMB29,600,000,000, comprising 20,800,000,000 Domestic Shares and 8,800,000,000 H Shares issued under the Global Offering, representing approximated 70.3% and 29.7% of our registered capital, respectively.

Save as disclosed above, there has been no alteration in the share capital of our Company since its establishment.

C. Written Resolutions Passed by Our Shareholders

On May 28, 2015, the Shareholders of our Company passed, among other things, the following resolutions:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each up to 14,400,000,000 H Shares in total (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option) and subsequent listing of such H Shares on the Stock Exchange;
- (b) the granting of the Over-allotment Option in respect of no more than 15% of the number of H Shares issued as above-mentioned;

- (c) subject to the completion of the Global Offering, the Articles of Association have been approved and adopted, which shall only become effective from the Listing Date and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (d) approving the Board to handle all matters relating to, among other things, the issue of H Shares and the listing of H Shares on the Stock Exchange.

D. Our Reorganization

In preparation for the Global Offering, we underwent our Reorganization, details of which are set out in “History and Corporate Structure.” Our PRC legal advisers, Dentons Law Offices, have confirmed that the Reorganization was legally and duly completed, and that we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization.

E. Changes in Share Capital of Our Subsidiaries

Our principal subsidiaries (for the purpose of the Listing Rules) as of the Latest Practicable Date are set out under the financial information in the Accountants’ Report as included in Appendix I to this prospectus. The following alterations in the registered share capital of our principle subsidiaries have taken place within two years immediately preceding the date of this prospectus.

- (a) the registered capital of Tianjin Institute was increased from RMB50,000,000 to RMB100,000,000 on August 7, 2014;
- (b) the registered capital of Shanxi Institute was increased from RMB200,000,000 to RMB600,000,000 on December 23, 2014;
- (c) the registered capital of Jiangsu Institute was increased from RMB118,000,000 to RMB268,000,000 on May 8, 2014, and further increased from RMB268,000,000 to RMB300,000,000 on December 11, 2014;
- (d) the registered capital of Zhejiang Institute was increased from RMB200,000,000 to RMB580,000,000 on December 22, 2014;
- (e) the registered capital of Hunan Institute was increased from RMB20,009,942 to RMB80,000,000 on December 10, 2014;

- (f) the registered capital of Shaanxi Institute increased from RMB60,000,000 to RMB100,000,000 on December 11, 2014;
- (g) the registered capital of Guangdong Institute was increased from RMB600,000,000 to RMB1,000,000,000 on December 24, 2014;
- (h) the registered capital of Yunnan Institute was increased from RMB50,800,000 to RMB160,000,000 on June 5, 2014;
- (i) the registered capital of Heilongjiang Thermal Power 1 Company was decreased from RMB100,000,000 to RMB51,628,700 on December 16, 2014;
- (j) the registered capital of Heilongjiang Thermal Power 3 Company was increased from RMB210,000,000 to RMB350,000,000 on December 15, 2014;
- (k) the registered capital of Northeast Power 1 Company was decreased from RMB265,000,000 to RMB18,466,800 on December 11, 2014 and increased from RMB18,466,800 to RMB185,000,000 on April 22, 2015;
- (l) the registered capital of Northeast Power 2 Company was decreased from RMB110,000,000 to RMB39,872,700 on December 26, 2014 and increased from RMB39,872,700 to RMB110,000,000 on April 24, 2015;
- (m) the registered capital of Northeast Power 3 Company was increased from RMB131,000,000 to RMB205,000,000 on November 5, 2014;
- (n) the registered capital of Tianjin Power Construction was increased from RMB130,000,000 to RMB600,000,000 on March 17, 2015;
- (o) the registered capital of Shanxi Power Construction increased from RMB177,000,000 to RMB377,000,000 on March 23, 2015;
- (p) the registered capital of Jiangsu Power Construction 1 Company was decreased from RMB217,000,000 to RMB33,000,000 on December 23, 2014 and increased from RMB33,000,000 to RMB200,000,000 on April 28, 2015;
- (q) the registered capital of Jiangsu Power Construction 3 Company was increased from RMB148,000,000 to RMB260,000,000 on December 22, 2014;
- (r) the registered capital of Zhejiang Thermal Power was increased from RMB250,000,000 to RMB700,000,000 on December 23, 2014;

- (s) the registered capital of Anhui Power Construction 1 Company was increased from RMB88,000,000 to RMB241,514,000 on December 29, 2014;
- (t) the registered capital of Anhui Power Construction 2 Company was increased from RMB81,520,000 to RMB121,520,000 on March 15, 2014, increased from RMB121,520,000 to RMB200,000,000 on December 12, 2014 and further increased from RMB200,000,000 to RMB201,261,650 on September 24, 2015;
- (u) the registered capital of Hunan Thermal Power was increased from RMB90,410,000 to RMB249,000,000 on December 25, 2014;
- (v) the registered capital of Northwest Power Construction was increased from RMB430,000,000 to RMB710,000,000 on December 9, 2014;
- (w) the registered capital of Guangdong Thermal Power was increased from RMB310,000,000 to RMB1,000,000,000 on December 11, 2014; and
- (x) the registered capital of Guangdong Power Engineering was increased from RMB115,789,130 to RMB220,759,130 on February 28, 2014, further increased from RMB220,759,130 to RMB246,089,130 on September 9, 2014, decreased from RMB206,489,130 to RMB33,000,000 on December 11, 2014 and increased from RMB33,000,000 to RMB100,037,500 on May 22, 2015.

Save as disclosed above, there has been no other alteration in the share capital of any our principal subsidiaries within the two years immediately preceding the date of this prospectus.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this prospectus which are or may be material:

- (a) the reorganization agreement dated December 3, 2014 entered into between Energy China Group and our Company, pursuant to which Energy China Group injected into our Company of its principal business primarily relating to survey and design, construction and contracting, related-industry investment, property development and electric equipment manufacturing;
- (b) the Non-competition Undertaking as detailed in the sub-section headed “Non-competition Undertaking”;

- (c) the cornerstone investment agreement dated November 16, 2015, entered into between CEZN Limited, China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which CEZN Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$300 million at the Offer Price;
- (d) the cornerstone investment agreement dated November 23, 2015, entered into between State Grid International Development Limited (國家電網國際發展有限公司), China International Capital Corporation Hong Kong Securities Limited, CITIC CLSA Capital Markets Limited, CLSA Limited, The Hongkong and Shanghai Banking Corporation Limited and the Company, pursuant to which State Grid International Development Limited (國家電網國際發展有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$200 million at the Offer Price;
- (e) the cornerstone investment agreement dated November 23, 2015, entered into between China Southern Power Grid International (HK) Co., Limited (南方電網國際(香港)有限公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which China Southern Power Grid International (HK) Co., Limited (南方電網國際(香港)有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$60 million at the Offer Price;
- (f) the cornerstone investment agreement dated November 24, 2015, entered into between Huaneng Renewables (Hong Kong) Limited (華能新能源(香港)有限公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Huaneng Renewables (Hong Kong) Limited (華能新能源(香港)有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (g) the cornerstone investment agreement dated November 20, 2015, entered into between China Datang Overseas (Hong Kong) Co., Limited (中國大唐海外(香港)有限公司), CITIC CLSA Capital Markets Limited, CLSA Limited, and the Company, pursuant to which China Datang Overseas (Hong Kong) Co., Limited (中國大唐海外(香港)有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;

- (h) the cornerstone investment agreement dated November 24, 2015, entered into between Huadian Fuxin International Investment Company Limited (華電福新國際投資有限公司), CITIC CLSA Capital Markets Limited, CLSA Limited and the Company, pursuant to which Huadian Fuxin International Investment Company Limited (華電福新國際投資有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (i) the cornerstone investment agreement dated November 23, 2015, entered into between CGN Investment (HK) Co., Limited (中廣核投資(香港)有限公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which CGN Investment (HK) Co., Limited (中廣核投資(香港)有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (j) the cornerstone investment agreement dated November 23, 2015, entered into between China XD Group Corporation (中國西電集團公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which China XD Group Corporation (中國西電集團公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (k) the cornerstone investment agreement dated November 23, 2015, entered into between Zhejiang Energy Group (Hong Kong) Limited (浙能集團(香港)有限公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Zhejiang Energy Group (Hong Kong) Limited (浙能集團(香港)有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (l) the cornerstone investment agreement dated November 23, 2015, entered into between Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;

- (m) the cornerstone investment agreement dated November 23, 2015, entered into between Zhongchuan Investment & Development Co., Ltd. (中船投資發展有限公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Zhongchuan Investment & Development Co., Ltd. (中船投資發展有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (n) the cornerstone investment agreement dated November 18, 2015, entered into between Shanghai Everbright Securities Asset Management Co. Ltd. (上海光大證券資產管理有限公司) (for and on behalf of Shanghai Everbright Securities Asset Management Co. Ltd. Sunshine Finance Overseas (QDII) Directed Asset Management Scheme) (上海光大證券資產管理有限公司陽光理財海外(QDII)定向資產管理計劃), CITIC CLSA Capital Markets Limited, CLSA Limited and the Company, pursuant to which Shanghai Everbright Securities Asset Management Co. Ltd. (上海光大證券資產管理有限公司) (for and on behalf of Shanghai Everbright Securities Asset Management Co. Ltd. Sunshine Finance Overseas (QDII) Directed Asset Management Scheme) (上海光大證券資產管理有限公司陽光理財海外(QDII)定向資產管理計劃) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (o) the cornerstone investment agreement dated November 23, 2015, entered into between CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), CITIC CLSA Capital Markets Limited, CLSA Limited and the Company, pursuant to which CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (p) the cornerstone investment agreement dated November 23, 2015, entered into between Sichuan Sans Venture Capital Co., Ltd. (四川三新創業投資有限責任公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Sichuan Sans Venture Capital Co., Ltd. (四川三新創業投資有限責任公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$50 million at the Offer Price;
- (q) the cornerstone investment agreement dated November 23, 2015, entered into between Ping An of China Asset Management (Hong Kong) Company Limited, China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Ping An of China Asset Management (Hong Kong) Company Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$30 million at the Offer Price;






- (r) the cornerstone investment agreement dated November 23, 2015, entered into between Shandong State-owned Assets Investment Holdings Co., Ltd. (山東省國有資產投資控股有限公司), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Shandong State-owned Assets Investment Holdings Co., Ltd. (山東省國有資產投資控股有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$30 million at the Offer Price;
- (s) the cornerstone investment agreement dated November 23, 2015, entered into between CITIC Heavy Industries Co., Ltd. (中信重工機械股份有限公司), CITIC CLSA Capital Markets Limited, CLSA Limited and the Company, pursuant to which CITIC Heavy Industries Co., Ltd. (中信重工機械股份有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$30 million at the Offer Price;
- (t) the cornerstone investment agreement dated November 23, 2015, entered into between Hengjian International Investment Holding (Hong Kong) Limited (恒健國際投資控股(香港)有限公司), China International Capital Corporation Hong Kong Securities Limited, CITIC CLSA Capital Markets Limited, CLSA Limited, Goldman Sachs (Asia) L.L.C. and the Company, pursuant to which Hengjian International Investment Holding (Hong Kong) Limited (恒健國際投資控股(香港)有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$30 million (inclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price;
- (u) the cornerstone investment agreement dated November 23, 2015, entered into between China Construction Investment Co., Ltd (中設投資有限公司), CITIC CLSA Capital Markets Limited, CLSA Limited and the Company, pursuant to which China Construction Investment Co., Ltd (中設投資有限公司) agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$20 million at the Offer Price;






- (v) the cornerstone investment agreement dated November 23, 2015, entered into between GE Pacific Private Limited, China International Capital Corporation Hong Kong Securities Limited, CITIC CLSA Capital Markets Limited, CLSA Limited, Nomura International (Hong Kong) Limited and the Company, pursuant to which GE Pacific Private Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of Hong Kong dollars equivalent of US\$15 million at the Offer Price; and

- (w) the Hong Kong Underwriting Agreement.

B. Our Intellectual Property Rights*(a) Trademarks-registered*





As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material in relation to our businesses:



Trademark	Registrant	Registration number	Place of registration	Duration	Class
	Zhejiang Institute	11828050	PRC	2014/5/14- 2024/5/13	36
		11828079		2014/5/14- 2024/5/13	37
		11828100		2014/5/14- 2024/5/13	38
		11828135		2014/5/14- 2024/5/13	42
	CPECC	6501110	PRC	2011/2/14- 2021/2/13	39
		6501118		2010/4/7- 2020/4/6	9
		6501117		2010/5/14- 2020/5/13	7
		6501112		2010/9/21- 2020/9/20	36
		6501109		2010/7/14- 2020/7/13	42
	CPECC	4266885	PRC	2008/2/7- 2018/2/6	42
	CPECC	1314874	PRC	2009/9/14- 2019/9/13	42
	CPECC	7081524	PRC	2012/6/7- 2022/6/6	42
		7081580		2010/10/14- 2020/10/13	9
		7081590		2011/2/14- 2021/2/13	36
		7081561		2010/7/7- 2020/7/6	7

Trademark	Registrant	Registration number	Place of registration	Duration	Class
	Northeast Power 1 Company	1424717	PRC	2010/7/21- 2020/7/20	37
	Northeast Power 1 Company	4459448	PRC	2008/12/7- 2018/12/6	40
		4459449		2008/12/7- 2018/12/6	41
		4459447		2008/12/7- 2018/12/6	44
		4459451		2009/2/28- 2019/2/27	37
		4459444		2009/2/28- 2019/2/27	1
		4459446		2008/3/28- 2018/3/27	1
	Northeast Power 1 Company	4459453	PRC	2008/8/28- 2018/8/27	37
		4459445		2008/9/28- 2018/9/27	40
		4459454		2008/8/28- 2018/8/27	41
		4459455		2008/8/28- 2018/8/27	42
		4459456		2008/9/28- 2018/9/27	43
		4459443		2008/9/28- 2018/9/27	44
				Tianjian Power Construction	3606010
3606020	2005/3/21- 2015/3/20		40		
	Tianjian Power Construction	6934692	PRC	2010/5/21- 2020/5/20	40
		6934693		2010/6/7- 2020/6/6	37

Trademark	Registrant	Registration number	Place of registration	Duration	Class
CGGC	CGGC	1272569	PRC	2009/5/14- 2019/5/13	1
		1276921		2009/5/21- 2019/5/20	6
		1279568		2009/5/28- 2019/5/27	7
		1278721		2009/5/28- 2019/5/27	9
		1276998		2009/5/21- 2019/5/20	12
		1277828		2009/5/28- 2019/5/27	19
		1267472		2009/4/21- 2019/4/20	37
		1287253		2009/6/21- 2019/6/20	39
		1284999		2009/6/14- 2019/6/13	42
		GZB	CGGC	1272568	PRC
1276922				2009/5/21- 2019/5/20	6
1279567				2009/5/28- 2019/5/27	7
1281153				2009/6/7- 2019/6/6	9
1277000				2009/5/21- 2019/5/20	12
1280314				2009/6/7- 2019/6/6	19
1267470				2009/4/21- 2019/4/20	37
1279949				2009/5/28- 2019/5/27	39
1284998				2009/6/14- 2019/6/13	42

Trademark	Registrant	Registration number	Place of registration	Duration	Class
	CGGC	1279155	PRC	2009/5/28- 2019/9/27	6
		1281843		2009/6/7- 2019/6/6	7
		1278722		2009/5/28- 2019/5/27	9
		1286827		2009/6/21- 2019/6/20	12
		1277847		2009/5/28- 2019/5/27	19
		1267474		2009/4/21- 2019/4/20	37
		1287255		2009/6/21- 2019/6/20	39
		1287389		2009/6/21- 2019/6/20	42
	CGGC	1272570	PRC	2009/5/14- 2019/5/13	1
		1291907		2009/7/7- 2019/7/6	6
		1278724		2009/5/28- 2019/5/27	9
		1277811		2009/5/28- 2019/5/27	19
		1299975		2009/7/28- 2019/7/27	37
		1287251		2009/6/21- 2019/6/20	39
		1289824		2009/6/28- 2019/6/27	42



Trademark	Registrant	Registration number	Place of registration	Duration	Class
	CGGC	1272571	PRC	2009/5/14- 2019/5/13	1
		1322084		2009/10/7- 2019/10/6	6
		1279570		2009/5/28- 2019/5/27	7
		1278723		2009/5/28- 2019/5/27	9
		1276999		2009/5/21- 2019/5/20	12
		1277829		2009/5/28- 2019/5/27	19
		1267473		2009/4/21- 2019/4/20	37
		1279950		2009/5/28- 2019/5/27	39
		1285000		2009/6/14- 2019/6/13	42
	Gezhouba Explosive Company	5016894	PRC	2008/10/28- 2018/10/27	13
		5016893		2009/6/21- 2019/6/20	37
		5016892		2010/1/21- 2020/1/20	42
		5016891		2008/10/28- 2018/10/27	13
		5016890		2009/6/21- 2019/6/20	37
		5016889		2009/10/28- 2019/10/27	42
	Gezhouba Cement Company	695731	PRC	2014/6/28- 2024/6/27	19
	Gezhouba Cement Company	855467	PRC	2006/7/14- 2016/7/13	19

Trademark	Registrant	Registration number	Place of registration	Duration	Class
	Gezhouba Cement Company	3425734	PRC	2014/10/21- 2024/10/20	19
	Gezhouba Cement Company	7652137	PRC	2011/6/21- 2021/6/20	19

(b) Trademark-licensed

As of the Latest Practicable Date, we have been licensed to use the following trademarks which we consider to be material in relation to our business:

Trademark	Registrant	Registration number	Place of registration	Duration	Class
	Energy China Group	9752053	PRC	2012/9/21- 2022/9/20	1
		9752051		2012/11/14- 2022/11/13	5
		9752049		2012/12/7- 2022/12/6	7
		9752047		2014/4/14- 2024/4/13	9
		9752040		2012/11/21- 2022/11/20	16
		9752029		2012/11/14- 2022/11/13	28
		9752028		2012/12/7- 2022/12/6	29
		9752020		2013/11/14- 2023/11/13	37
		9752015		2013/11/14- 2023/11/13	42

Trademark	Registrant	Registration number	Place of registration	Duration	Class
	Energy China Group	10406665	PRC	2014/5/7- 2024/5/6	1
		10406659		2014/4/28- 2024/4/27	7
		10406661		2014/6/21- 2024/6/20	5
		10406657		2014/6/21- 2024/6/20	9
		10406684		2014/6/21- 2024/6/20	16
		10406673		2014/7/14- 2024/7/13	28
		10406672		2014/7/14- 2024/7/13	29
		10406770		2014/6/21- 2024/6/20	37
		10406690		2014/5/28- 2024/5/27	41
			Energy China Group	10406595	PRC
10406736				2013/12/7- 2023/12/6	16
10406747				2013/12/7- 2023/12/6	26
10406760				2013/12/7- 2023/12/6	33
10406741				2014/8/14- 2024/8/13	11
10406740				2014/8/14- 2024/8/13	12
10406739				2014/8/14- 2024/8/13	13
10406757				2014/8/14- 2024/8/13	36
10406756				2014/8/14- 2024/8/13	37
10406754				2014/8/14- 2024/8/13	39
10406753				2014/8/14- 2024/8/13	40

Trademark	Registrant	Registration number	Place of registration	Duration	Class
CEEC 中国能建	Energy China Group	12908386	PRC	2014/10/28- 2024/10/27	4
		12908387		2014/10/28- 2024/10/27	7
		12908388		2014/10/28- 2024/10/27	9
		12908385		2014/10/28- 2024/10/27	20
		12908384		2014/10/28- 2024/10/27	37

(c) Patents

As of the Latest Practicable Date, we have been granted the following patents in the PRC which we consider to be material in relation to our businesses:

Patents	Type	Patentee	Patent number	Application date	Grant date
An active coke regenerative feed heating system in flue gas desulfurization system of active coke boiler (活性焦鍋爐煙氣脫硫系統中的活性焦再生加熱系統)	Invention	CPECC	ZL 201110088619.9	2011/4/8	2014/8/20
Optical fiber communication system for concurrently realizing amplification of remote pump and Raman amplification (同時實現遙泵放大與拉曼放大的光纖通信系統)	Invention	CPECC	ZL 201110278902.8	2011/9/20	2014/7/30
Driving methods for automatically level adjuster of hydraulic driving terminal pad (液力驅動連接盤自動水準調節裝置的驅動方法)	Invention	CGGC	ZL 201010136531.5	2010/3/31	2012/4/25

Patents	Type	Patentee	Patent number	Application date	Grant date
A method for constructing underground concrete diaphragm wall in bedrock (一種基岩中建造混凝土地下連續牆的方法)	Invention	CGGC	ZL 201010172863.9	2010/5/17	2011/8/30
A construction method for cutting deep-lying structure with small-bore drilling rig and the drill stem locating rack to be used (一種小口徑鑽具切割深埋結構物的施工方法及所用的鑽桿定位架)	Invention	CGGC	ZL 201010172863.9	2010/5/17	2011/8/3
Installation and debugging method of cylindrical valve of water turbine (水輪機筒形閥的安裝和調試方法)	Invention	CGGC	ZL 201010274474.7	2010/9/7	2011/11/30
A layout method for large-volume concrete cooling water pipes (一種大體積混凝土冷卻水管佈置方法)	Invention	CGGC	ZL 201010579967.1	2010/12/9	2012/1/18
A convenient sliding formwork for circular arc concrete floor of tube and groove (管、槽圓弧形混凝土底板輕便滑模)	Invention	CGGC	ZL 201110174773.8	2011/6/27	2013/6/5
An installation method for precise lying of large screw group and base section (一種大型螺桿群組及基礎節精確埋設的安裝方法)	Invention	CGGC	ZL 201110179276.7	2011/6/29	2013/9/4

Patents	Type	Patentee	Patent number	Application date	Grant date
Construction methods and installation for parting section of outgoing side wall of internal embedded concrete pipe (混凝土內預埋管引出側牆分縫處的施工方法及裝置)	Invention	CGGC	ZL 201110247337.9	2011/8/24	2013/12/4
A water flow control method for cooling large-volume concrete (一種大體積混凝土冷卻通水流量控制方法)	Invention	CGGC	ZL 201110318693.5	2011/10/19	2014/9/3
An angle-adjustable walkway support system and its installation method (一種可調角度棧道支架系統及其安裝方法)	Invention	CGGC	ZL 201110385797.8	2011/11/29	2014/4/2
Hydraulic buffer float-type mooring pier (液壓緩沖浮筒式系船墩)	Invention	CGGC Gezhoubu Engineering 1 Company	ZL 201110078652.3	2011/3/30	2012/7/4
Gate-type hoisting device with vertical and horizontal traveling functions and its hoisting method (具備縱橫向行走功能的門式起重裝置及吊裝方法)	Invention	CGGC Gezhoubu Engineering 1 Company	ZL 201110085309.1	2011/4/6	2013/6/19
A low-cost water production system for hydraulic and hydroelectric engineering works (一種用於水利水電工程施工的低成本製水系統)	Invention	CGGC Gezhoubu Engineering 1 Company	ZL 201110096020.X	2011/4/18	2013/5/22

Patents	Type	Patentee	Patent number	Application date	Grant date
Bulkhead welding and overall hoisting method of volute for large hydropower station (大型水電站蝸殼閘頭拼焊及整體吊裝方法)	Invention	CGGC Gezhouba Mechanical Company	ZL 201110286241.3	2011/9/25	2013/5/8
On-floor transportation method and installation for stator winding's cable bars of large unit (大型機組定子繞組線棒場內運輸方法及裝置)	Invention	CGGC Gezhouba International Engineering	ZL 201110145221.4	2011/6/1	2013/8/7
An installation method for liner of separate liquid cargo tank of ship (一種用於船舶獨立液貨艙內膽安裝的方法)	Invention	Gezhouba Machinery Ship Company	ZL 201010262980.4	2010/8/26	2013/5/8
Electrical synchronizing method and installation for headstock gear with double lifting lugs (雙吊點啟閉機電氣同步的方法及裝置)	Invention	Gezhouba Machinery Ship Company	ZL 201010292498.5	2010/9/27	2012/9/12
Construction method for concrete cylindrical thin wall formwork (圓筒式薄壁混凝土牆模板的施工方法)	Invention	Gezhouba Engineering 2 Company	ZL 201110137405.6	2011/5/26	2012/9/12
A construction method for watertight gravel soil-blended core wall in large dam (一種大壩防滲心牆摻礫土摻合施工方法)	Invention	Gezhouba Engineering 5 Company	ZL 201010182069.2	2010/5/25	2011/10/5
Wheel-type sound-insulation dustproof construction aggregate production vehicle (輪式隔音防塵建設粒料製備車)	Invention	Gezhouba Engineering 5 Company	ZL 201010542912.3	2010/11/15	2013/3/13

Patents	Type	Patentee	Patent number	Application date	Grant date
A combined concrete coarse aggregate descent control device (一種組合式混凝土粗骨料緩降器)	Invention	Gezhouba Engineering 5 Company	ZL 201110063454.X	2011/3/17	2012/11/7
An overwater filter material preparation processing system and filter material preparation method (一種水上製備反濾料的加工系統及反濾料製備方法)	Invention	Gezhouba Engineering 5 Company	ZL 201110078133.7	2011/3/30	2013/5/8
Preparation system and method for materials blended with aggregated rocks for use in core walls of large dams (大壩心牆摻礫石料製備系統及方法)	Invention	Gezhouba Engineering 5 Company	ZL 201110232380.8	2011/8/15	2014/4/2
Construction method of pre-stressing force lining in shield tunnel and the pre-stressing force pipe piece to be used (盾構隧道預應力襯砌施工方法及所用的預應力管片)	Invention	Gezhouba Engineering 5 Company	ZL 201210023547.4	2012/2/3	2014/9/3
An annular pre-stress steel wire jigger and operating method (一種環形預應力鋼絞線穿索台車及穿索方法)	Invention	Gezhouba Engineering 5 Company	ZL 201210102638.7	2012/4/10	2013/11/6
Integrated preheating & precooling device of concrete aggregates and precooling & preheating methods (混凝土骨料預冷預熱一體化裝置及預冷預熱方法)	Invention	Gezhouba Engineering 5 Company	ZL 201210233310.9	2012/7/6	2014/6/11

Patents	Type	Patentee	Patent number	Application date	Grant date
Processing system for aggregate components of concrete and construction methods (混凝土組合骨料的加工系統及施工方法)	Invention	Gezhouba Engineering 5 Company	ZL 201210305039.5	2012/8/25	2014/9/3
Rolling compaction methods for cracks in laminated bituminous concrete core wall (碾壓式瀝青混凝土心牆騎縫碾壓方法)	Invention	Gezhouba Engineering 6 Company	ZL 201310215838.8	2013/6/3	2015/1/28
Methods and gate for blocking off diversion tunnel without cutoff when making cast-in-place reinforced concrete gate (現澆鋼筋混凝土閘門不斷流封堵導流隧洞的方法及閘門)	Invention	Gezhouba Engineering 1 Company	ZL 201010176721.X	2010/5/19	2011/8/24
Bottom formwork free construction method for concrete dado of slide-resistant pile (抗滑樁混凝土護壁無底模施工方法)	Invention	Gezhouba Engineering 1 Company	ZL 201210070886.8	2012/3/19	2014/10/8
Safety device for cross-river balance of main cables of cable crane (纜機主索過江平衡保險裝置)	Invention	Gezhouba Engineering 1 Company	ZL 201210233349.0	2012/7/6	2014/12/24
A mud control method for underground continuous wall for stratum containing high-powder clay particles (一種高粉黏粒含量地層地下連續牆泥漿控制方法)	Invention	Gezhouba Foundation Company	ZL 201410095787.4	2014/3/17	2015/1/28
Mixing apparatus for expanded ammonium nitrate explosives (膨化硝酸銨炸藥混藥裝置)	Invention	Gezhouba Explosive Company	ZL 201010223222.1	2010/7/9	2012/6/27

Patents	Type	Patentee	Patent number	Application date	Grant date
Method for determining unit consumption of step rendrock (確定台階爆破炸藥單耗的方法)	Invention	Gezhouba Explosive Company	ZL 201010601065.3	2010/12/23	2013/1/2
Monitoring device and monitoring method for field explosive mixing vehicle (現場混裝炸藥車監控裝置及監控方法)	Invention	Gezhouba Explosive Company	ZL 201110155615.8	2011/6/10	2013/3/13
A sensitization device for emulsion explosive mixing vehicle (一種乳化炸藥混裝車用敏化裝置)	Invention	Gezhouba Explosive Company	ZL 201110223668.9	2011/8/5	2013/3/13
On-site emulsion explosive mixing and charging system suitable for underground works and its charging method (適用於地下工程的乳化炸藥現場混拌裝藥系統及裝藥方法)	Invention	Gezhouba Explosive Company	ZL 201210478819.X	2012/11/22	2014/10/29
A multi-functional explosive vehicle for field mixing (一種多功能現場混裝炸藥車)	Invention	Gezhouba Explosive Company	ZL 201310007706.6	2013/1/9	2014/12/10
A composite foundation for iron tower of power transmission line (一種輸電線路鐵塔覆合基礎)	Invention	Jiangsu Institute	ZL 201010121413.7	2010/3/10	2011/8/31
Optimal control method for grid capacity of photovoltaic power station based on four-element constraint method (基於四要素約束法的光伏電站併網容量優化控制方法)	Invention	Jiangsu Institute	ZL 201010121426.4	2010/3/10	2012/3/21

Patents	Type	Patentee	Patent number	Application date	Grant date
Coordinated linkage method for auxiliary production system of intelligent substation (智能變電站輔助生產系統的協調聯動方法)	Invention	Jiangsu Institute	ZL 201010121430.0	2010/3/10	2011/12/21
Intelligent substation based on sensor communication network and expert system (基於傳感器通信網絡和專家系統的智慧變電站)	Invention	Jiangsu Institute	ZL 201110048987.0	2011/3/1	2012/3/21
A data processing and mapping method for surveying topography of power transmission line tower (一種輸電線路塔位地形測量的數據處理及成圖方法)	Invention	Jiangsu Institute	ZL 201210203243.6	2012/6/19	2014/11/5
A side bunker bay structure of large thermal power plant (一種大型火力發電廠側煤倉間結構)	Invention	Jiangsu Institute	ZL 201210332466.2	2012/9/11	2014/9/3
FCAW welding method for micro-alloying TMCP Q460 steel (微合金化TMCP Q460鋼FCAW焊接方法)	Invention	Tianjin Power Construction	ZL 201110356912.9	2011/11/11	2013/8/21
A diversion system for strain tower of power transmission line (一種輸電線路的耐張鐵塔引流系統)	Invention	Zhejiang Institute	ZL 201010174199.1	2010/5/18	2012/5/30
Wall-type outfall for circulating water pier in coastal power plant on soft foundation (軟土地基海濱電廠循環水樁牆式排水口)	Invention	Zhejiang Institute	ZL 201010565228.7	2010/11/19	2012/9/19

Patents	Type	Patentee	Patent number	Application date	Grant date
A optimized laying system for guide cables of substation (一種變電站導引光纜優化敷設系統)	Invention	Zhejiang Institute	ZL 201110177707.6	2011/6/29	2013/1/30
An all-powerful infrastructure for main transformer of 220kV transformer substation (一種220kV變電站主變壓器的萬能基礎結構)	Invention	Zhejiang Institute	ZL 201110177710.8	2011/6/29	2013/9/18
A Z-shaped slope tower (一種Z型邊坡塔)	Invention	Zhejiang Institute	ZL 201110177743.2	2011/6/29	2013/4/3
An external power supply system for traction station of electrified railway (一種電氣化鐵路牽引站的外部供電系統)	Invention	Zhejiang Institute	ZL 201110177745.1	2011/6/29	2013/1/30
A high-voltage power distribution device for AC filter field (一種交流濾波器場的高壓配電裝置)	Invention	Zhejiang Institute	ZL 201110189455.9	2011/7/7	2014/1/15
A layout method for AIS power distribution device of intelligent transformer station (一種智慧變電站的AIS配電裝置佈置方法)	Invention	Zhejiang Institute	ZL 201110325504.7	2011/10/24	2014/10/8
A drawer-type fireproof bulkhead and cable support system for cable duct or tunnel (一種電纜溝或隧道的抽屜式防火隔板及電纜支架系統)	Invention	Zhejiang Institute	ZL 201110423140.6	2011/12/16	2013/7/31

Patents	Type	Patentee	Patent number	Application date	Grant date
A configuration method for over-excitation protection for transformer for extra-high converter station (一種特高壓換流站的站用變壓器過勵磁保護的配置方法)	Invention	Zhejiang Institute	ZL 201210015281.9	2012/1/18	2014/7/2
A 3D wind force proofing design method for power distribution tower (一種輸電塔三維抗風設計方法)	Invention	Zhejiang Institute	ZL 201210021724.5	2012/1/31	2014/4/23
A unified raft-type base for outdoor architecture and GIS equipment in transformer station (一種變電站內戶外構架與GIS設備的聯合筏型基礎)	Invention	Zhejiang Institute	ZL 201210582741.6	2012/12/28	2015/2/11
Steam turbine barrier depression centering device (汽輪機隔板注窩找中裝置)	Invention	Anhui Power Construction 1 Company	ZL 201210097940.8	2012/4/5	2014/4/30
Hydraulic pressure pusher bar traction conversion device (液壓推桿牽引轉換裝置)	Invention	Anhui Power Construction 1 Company	ZL 201210101319.4	2012/4/9	2014/3/12
Integrated utilization method and facility for new energy assignment transmission system and desertification control (新能源發配輸電系統與荒漠治理綜合利用方法與設施)	Invention	Gansu Institute	ZL 201310163917.9	2013/5/7	2014/5/21
500kV sesqui-current breaker single row layout open-type high voltage switchgear device (500kV一個半斷路器單列佈置敞開式高壓配電裝置)	Invention	Guangdong Institute	ZL 201010226095.0	2010/7/13	2012/9/19

Patents	Type	Patentee	Patent number	Application date	Grant date
Steering device and method for converter transformer steering of converter station (用於換流站換流變壓器轉向的轉向裝置及方法)	Invention	Guangdong Institute	ZL 201010615104.5	2010/12/30	2013/1/23
An erecting-type water intake under ocean water and its construction method (一種海洋水下拼裝式取水口及其施工方法)	Invention	Guangdong Institute	ZL 201110002845.0	2011/1/7	2012/5/23
A main plant side of power plant (一種發電廠主廠區)	Invention	Guangdong Institute	ZL 201110063299.1	2011/3/16	2012/6/20
A tridimensional optimized routing system and its tridimensional scene roam-establishing method and device (一種三維優化選線系統及其立體場景創建漫游方法及裝置)	Invention	Guangdong Institute	ZL 201110108085.1	2011/4/28	2013/1/30
A three-dimensional model protracting method and device (一種三維模型繪製方法以及裝置)	Invention	Guangdong Institute	ZL 201110254004.9	2011/8/30	2013/4/10
IEC61850-based CAD electric graph generation analytic method (基於IEC61850的CAD電力圖形生成解析方法)	Invention	Guangdong Institute	ZL 201110306057.0	2011/10/11	2014/4/23
The method and system for automatically protracting the engineering geology histogram (自動繪製工程地質柱狀圖的方法及系統)	Invention	Guangdong Institute	ZL 201110340188.0	2011/11/1	2013/2/27

Patents	Type	Patentee	Patent number	Application date	Grant date
A direct-current transmission engineering full-duplication protective redundancy system (一種直流輸電工程完全雙重化保護冗餘系統)	Invention	Guangdong Institute	ZL 201110377152.X	2011/11/23	2014/4/23
A long distance delivery device for limestone slurring and its method of application (一種石灰石製漿與長距離輸送裝置及其使用方法)	Invention	Guangdong Institute	ZL 201110405872.2	2011/12/8	2014/4/23
Submarine cable compensation protection intertrip device (海底電纜補償保護聯動跳閘裝置)	Invention	Guangdong Institute	ZL 201210002356.X	2012/1/4	2014/11/19
Offshore Wind Generating Set (海上風力發電機組)	Invention	Guangdong Institute	ZL 201210091247.X	2012/3/30	2014/8/13
Method and device for determining maximal width of fracture in annular element of round coal bunker (圓煤倉環形構件最大裂縫寬度的確定方法與裝置)	Invention	Guangdong Institute	ZL 201210092844.4	2012/3/31	2014/1/29
Physicochemical treatment method for orimulsion oil sewage (奧里油類污水的物化處理方法)	Invention	Guangdong Institute	ZL200810198874.7	2008/9/27	2013/2/6
Method and system for relaying protection of transformer (一種變壓器繼電保護方法及其系統)	Invention	Guangdong Institute	ZL 201110021633.7	2011/1/19	2014/5/21

Patents	Type	Patentee	Patent number	Application date	Grant date
Method and system of combined terrain survey for total station encoding RTK-GPS (有編碼 RTK-GPS 全站儀一體化地形測量方法及系統)	Invention	Guangdong Institute	ZL 201110071921.3	2011/3/24	2013/5/29
Selection method and apparatus for typical daily load curve based on clustering (基於聚類的典型日負荷曲線選取方法及裝置)	Invention	Guangdong Institute	ZL 201110085601.3	2011/4/6	2014/5/21
A control method for distributed combined cooling and power supply system (一種分佈式冷電聯供系統控制方法)	Invention	Guangdong Institute	ZL 201110175915.2	2011/6/28	2014/6/25
Special holt hoop tooling for whole offshore air blower (海上風機整機安裝專用抱箍工裝)	Invention	Guangdong Institute	ZL 201210216074.X	2012/6/27	2015/2/11
Optimal layout method of horizontal rigid ring in natural ventilation cooling tower (自然通風冷卻塔水平剛性環優化佈置方法)	Invention	Guangdong Institute	ZL 201210243920.7	2012/7/13	2014/9/10
A abnormal-shape pipe trench structure for circulating water in power plant (一種電廠循環水異型管溝結構)	Invention	Guangdong Institute	ZL 201210269785.3	2012/7/30	2014/3/26
Topology design method and installation for current collecting system of offshore wind power plant (海上風電場集電系統拓撲設計方法及裝置)	Invention	Guangdong Institute	ZL 201210272494.X	2012/8/1	2014/9/10

Patents	Type	Patentee	Patent number	Application date	Grant date
The flexible attachment layout selection method for construction crane of super large cooling tower based on safety of tower drum (基於塔筒安全的超大型冷卻塔施工塔吊的柔性附著佈置選取方法)	Invention	Guangdong Institute	ZL 201210299476.0	2012/8/21	2014/12/10
A new method for microgrid slied switch based on complex energy storage (一種基於複合儲能的微電網平滑切換控制方法)	Invention	Guangdong Institute	ZL 201210312921.2	2012/8/29	2015/1/21
Thermodynamic calculation method for super large counter-flow cooling tower under tower group effect (塔群效應下超大型逆流式自然通風冷卻塔的熱力計算方法)	Invention	Guangdong Institute	ZL 201210319722.4	2012/8/31	2015/3/11
A method for water distribution in super large counter-flow natural ventilation cooling tower (一種超大型逆流式自然通風冷卻塔配水方法)	Invention	Guangdong Institute	ZL 201210328318.3	2012/9/6	2014/8/13
Outage method and strategy for three-terminal flexible DC transmission system (一種三端柔性直流輸電系統的停運方法與策略)	Invention	Guangdong Institute	ZL 201210337767.4	2012/9/12	2014/8/20
Allocation method and system for reactive compensation capacity in microgrid (微電網無功補償容量配置方法及系統)	Invention	Guangdong Institute	ZL 201310422641.1	2013/9/16	2015/2/11

Patents	Type	Patentee	Patent number	Application date	Grant date
Target plate apparatus (靶板器)	Invention	Jiangsu Power Construction 1 Company	ZL 201310313166.4	2013/7/24	2015/2/18
Compensation and drainage device for drain pipe of drain expanding vessel (疏水擴容器排汽管道的補償及疏水裝置)	Invention	Shanxi Institute	ZL 201010184993.4	2010/5/25	2011/8/31
Two-machine and one-tower piping-main scheme indirect cooling system (兩機一塔母管制間接冷卻系統)	Invention	Shanxi Institute	ZL 201110217825.5	2011/8/1	2012/10/10
Direct air-cooling system with steam isolating valve in the setup column (設置列中蒸汽隔離閥的直接空冷系統)	Invention	Shanxi Institute	ZL 201110217843.3	2011/8/1	2012/10/10
Indirect cooling system of shared cooling tower (共用冷卻塔的間接冷卻系統)	Invention	Shanxi Institute	ZL 201110217852.2	2011/8/1	2012/11/21
Indirect cooling system with radiator of horizontal vertical arrangement (散熱器水平垂直佈置的間接空冷塔)	Invention	Shanxi Institute	ZL 201110217859.4	2011/8/1	2013/6/5
Method for determining parameters of indirect cooling system with radiator of horizontal vertical arrangement (散熱器水平佈置的間接空冷塔的參數的確定方法)	Invention	Shanxi Institute	ZL 201110217864.5	2011/8/1	2012/10/10
A tee with grille used in direct air-cooling drain pipe (一種直接空冷排汽管道中使用的帶隔柵的三通)	Invention	Shanxi Institute	ZL 201210508415.0	2012/12/3	2014/8/13

(d) Software Copyright

As of the Latest Practicable Date, we have registered the following software copyrights which we consider to be material to our businesses:

Software	Proprietor	Registration Certificate Number	Registration date
Geological disaster risk evaluation system for high voltage transmission lines in Longnan region of Gansu Province V1.0 (甘肅省隴南地區高壓送電線路地質災害風險評價系統V1.0)	Gansu Institute	2015R41L092593	2014/11/27
Field data collection and treatment system for geotechnical survey of power transmission lines V1.0 (輸電線路岩土勘測外業數據採集及處理系統V1.0)	Jiangsu Institute	2013SR007740	2013/1/24
Application platform software for surveying and mapping of power transmission lines based on digital earth V1.0 (基於數字地球的輸電線路測繪應用平台軟件V1.0)	Jiangsu Institute	2014SR029500	2014/3/12
Induced current computing system of OPGW during steady operation of overhead transmission line V1.0 (架空輸電線路穩態運行時OPGW線感應電流計算系統V1.0)	Tianjin Institute	2014SR102070	2014/7/21
An integrated software for surveying and mapping of overhead transmission lines V1.0 (架空輸電線路測量成圖一體化軟件V1.0)	Xinjiang Institute	2013SR040940	2013/5/6
Calculating software for the capacity of micro short pile building (for photovoltaic power station) V1.0 (微型短樁建築(光伏電站用)承載力計算軟件V1.0)	Xinjiang Institute	2015SR031907	2015/2/13

Software	Proprietor	Registration Certificate Number	Registration date
Three-dimensional visualization software for design results of power transmission engineering V1.0 (送電線路工程設計成果三維可視化軟件V1.0)	Yunnan Institute	2014SR120503	2014/8/17
Three-dimensional application system for power grid planning and design V1.0 (電網三維規劃設計應用系統V1.0)	Yunnan Institute	2014SR120443	2014/8/17
Nonlinear dissipative prediction system for wind energy power V1.0 (風電功率非線性耗散預測系統V1.0)	Zhejiang Institute	2011SR043700	2011/7/5
PDMS-based fluid calculation software for pipe system of power plant V1.0 (基於PDMS的發電廠管道系統流體計算軟件V1.0)	Zhejiang Institute	2011SR086507	2011/11/24
Optimization software of the parameter of power parallel capacitor device V1.0 (電力併聯電容器裝置參數優化配置軟件V1.0)	Zhejiang Institute	2011SR099238	2011/12/22
Equivalent indefinite equation constraint model of power system with DC bias current limiting resistor configuration and its compatible optimization method software V1.0 (電力系統直流偏磁限流電阻配置的等價不定方程約束模型及其相容解優化法軟件V1.0)	Zhejiang Institute	2014SR203279	2014/12/20
Design software of gas-insulated and high voltage transmission lines V1.0 (氣體絕緣高壓輸電線路設計軟件V1.0)	CEECC	2014SR189560	2014/12/6

Software	Proprietor	Registration Certificate Number	Registration date
Automation system for data treatment and quality control of power grid GIS data collection V1.0 (電網GIS數據採集質量控制與數據處理自動化系統V1.0)	Anhui Institute	2012SR054069	2012/6/21
Intelligent design software for power system of substation V1.0 (變電站站用電系統智慧設計軟件V1.0)	Anhui Institute	2013SR026143	2013/3/20
Calculation software for quantity of foundation treatment of three-dimensional geological substation V1.0 (三維地質變電站地基處理工程量計算軟件V1.0)	Anhui Institute	2013SR054396	2013/6/4
Environment, temperature and humidity control software for wind turbine generator system under enclosed conditions V1.0 (在密閉條件下風力發電機組的環境溫濕度控制軟件V1.0)	Anhui Institute	2014SR029169	2014/3/11
System for calculation of solar radiation and best angle design V1.0 (太陽輻射計算及最佳傾角設計系統V1.0)	Anhui Institute	2014SR022028	2014/2/24
Cell configuration and performance testing and optimizing software of solar power within photovoltaic module V1.0 (光伏組件內太陽能電池片配置及性能測試優化軟件V1.0)	Anhui Institute	2014SR029156	2014/3/11
Vibration testing software for the motor of wind driven generator V1.0 (風力發電機電機本體振動檢測軟件V1.0)	Anhui Institute	2014SR029168	2014/3/11
Thermal calculation software for circulation water system of thermal power plant V1.0 (火力發電廠循環水系統熱力計算軟件V1.0)	Anhui Institute	2014SR194515	2014/12/12

Software	Proprietor	Registration Certificate Number	Registration date
Hydraulic calculation software for circulation water system of thermal power plant V1.0 (火力發電廠循環水系統水力計算軟件 V1.0)	Anhui Institute	2014SR197637	2014/12/17
Simulation system for concrete large dam construction of water-power works 1.0 (水電工程混凝土大壩澆築施工仿真系統1.0)	CGGC	2011SR068699	2011/9/23
Simulation system for balance construction of earthwork of water-power works 1.0 (水電工程土石方平衡施工仿真系統1.0)	CGGC	2011SR068705	2011/9/23
Simulation system for field excavation of water-power works 1.0 (水電工程料場開挖施工仿真系統1.0)	CGGC	2011SR068973	2011/9/24
Simulation system for large dam filling of water-power works 1.0 (水電工程大壩填築施工仿真系統 1.0)	CGGC	2011SR069005	2011/9/24
Simulation system for transportation of water-power works 1.0 (水電工程交通運輸施工仿真系統1.0)	CGGC	2011SR069253	2011/9/24

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, (i) compliance of relevant laws and regulations, (ii) observations of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of our Directors or Supervisors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

B. Directors' and Supervisors' Remuneration

In 2012, 2013 and 2014 and the five months ended May 31, 2015, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension schemes contributions and other benefits in kind (if applicable) paid by our Company to our Directors and Supervisors were approximately nil, nil, nil and RMB1,170,000, respectively.

Save as disclosed under Note 14 to the financial information in the Accountants' Report set out in Appendix I, no Director or Supervisor received other remuneration or benefits in kind from our Company in respect of the Track Record Period.

In accordance with the existing arrangements, the aggregate remuneration payable by our Company to our Directors and Supervisors for the year ending December 31, 2015 is approximately RMB1,904,000 (excluding any discretionary bonus).

There is no arrangement under which any Director or Supervisors has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.

4. DISCLOSURE OF INTERESTS**A. Disclosure of Interests of Directors and Supervisors**

Immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, none of our Directors, Supervisors and chief executive of our Company has any interest and/or short position in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to us and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

B. Disclosure of Substantial Shareholders

Save as disclosed in "Substantial Shareholders," our Directors, Supervisors and chief executive of our Company are not aware of any other person, not being a Director, Supervisor, or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company which, once our H Shares are listed, would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

C. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors, Supervisors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to us and the Stock Exchange, in each case once our H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;
- (b) none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our H Shares are listed on the Stock Exchange;
- (c) none of our Directors or Supervisors nor any of the parties listed in “– I. Qualification of Experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (d) none of our Directors or Supervisors nor any of the parties listed in “– I. Qualification of Experts” of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
- (e) none of the parties listed in “– I. Qualification of Experts” of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and
- (f) none of our Directors or Supervisors or their respective associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

5. OTHER INFORMATION**A. Indemnity**

Energy China Group, our Controlling Shareholder, has made the following irrevocable undertaking of indemnity in respect of defects in titles of certain lands and buildings used by our Company and/or our subsidiaries:

- (a) for lands without land use right certificates or subject to rectification of land use right certificates and buildings without building ownership certificates that were injected into our Company by Energy China Group and are relating to the production and operation of our Company, Energy China Group shall take full responsibility for the compensations in the event there is third party claims or penalties (including but not limited to fines and penalties imposed by the relevant PRC regulatory authorities) or other losses (including but not limited to expenses and business losses due to defects of titles) suffered by our Company due to the defective titles of such lands and buildings; Energy China Group shall indemnify all costs and expenses suffered by our Company and/or our subsidiaries due to our advance fulfillment of compensation and other legal obligations and/or payable damages claims (including but not limited to legal fees); and
- (b) for lands without land use right certificates or buildings without building ownership certificates that were leased by our Company and/or our subsidiaries from Energy China Group or third parties, Energy China Group shall take full responsibility for the compensations in the event there is third party claims or penalties (including but not limited to fines and penalties imposed by the relevant PRC regulatory authorities) or other losses (including but not limited to expenses and business losses due to defects of titles) suffered by our Company due to the defective titles of such lands and buildings; Energy China Group shall indemnify all costs and expenses suffered by our Company and/or our subsidiaries due to our advance fulfillment of compensation and other legal obligations and/or payable damages claims (including but not limited to legal fees).

B. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon our Company or any member of our Group.

C. Restrictions on Share Repurchases

In accordance with Article 143 of the Company Law, a company may not repurchase its own shares, except under one of the following circumstances:

- (a) to reduce its capital;
- (b) to merge with another company that holds its shares;

- (c) to reward its staff and workers with shares;
- (d) when a shareholder who votes against the resolution of the shareholders' general meeting on the merger or division of a company requires the company to repurchase his or her shares.

When a company repurchases its own shares by reason of the provisions in (a) to (c) of the preceding clause, the resolution of the shareholders' general meeting shall be required. After a company has repurchased its own shares in accordance with the preceding clause by reason of the provision in (a) the repurchased shares shall be canceled within ten days of the repurchase, and if by reason of the provision in (b) to (d), the repurchased shares shall be transferred or canceled within six months.

D. Litigation

As of the Latest Practicable Date, we were not involved in any material legal, arbitration or administrative proceedings which, if adversely determined, we expect would materially and/or adversely affect our financial position or results of operations.

E. Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited, being one of the Joint Sponsors, satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

CITIC CLSA Capital Markets Limited, being the other Joint Sponsor, does not consider itself to be independent from our Company according to Rule 3A.07 of the Listing Rules. CITIC CLSA Capital Markets Limited and its affiliates have current business relationships with our Group which may be considered to affect CITIC CLSA Capital Markets Limited's independence for the purposes of Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made an application on our behalf to the Listing Committee for listing of, and permission to deal in, the Offer Shares to be issued or sold (including any additional Offer Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

We have entered into engagement agreements with the Joint Sponsors respectively, pursuant to which we agreed to pay a total amount of US\$1.6 million to the Joint Sponsors to act as the sponsors to our Company in the Global Offering.

F. Compliance Adviser

We have appointed China Shenwan Hongyuan Capital (H.K.) Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

G. Preliminary Expenses

Our estimated preliminary expenses are approximately RMB193,500,000 and are payable by us.

H. Promoters

The promoters of our Company are Energy China Group and EPPE Company.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoters in connections with the Global Offering or related transactions in this prospectus.

I. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given their opinions or advice in this prospectus, are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (Dealing in securities), Type 2 (Dealing in futures contracts), Type 3 (Leveraged foreign exchange trading), Type 4 (Advising on securities), Type 5 (Advising on futures contracts) and Type 6 (Advising on corporate finance) of the regulated activities as defined under the SFO
CITIC CLSA Capital Markets Limited	Licensed to conduct Type 4 (Advising on securities) and Type 6 (Advising on corporate finance) of the regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
BDO China Shu Lun Pan Certified Public Accountants LLP	Certified public accountants
Dentons Law Offices	PRC legal advisers
Frost & Sullivan (Beijing) Inc. Shanghai Branch Co.	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

J. Consents of Experts

Each of the experts as referred to in “– I. Qualification of Experts” of this Appendix has given, and has not withdrawn, its respective written consents to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

K. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a total of HK\$2.00 for every HK\$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see “Appendix V – Taxation and Foreign Exchange.”

L. No Material Adverse Change

Save as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our financial or operational position since May 31, 2015.

M. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

N. Related Party Transactions

Within the two years immediately preceding the date of this prospectus, we have entered into the related party transactions as described in Note 50 to the financial information in the Accountants’ Report set out in Appendix I.

O. Agency Fees or Commissions Paid or Payable

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

P. Miscellaneous

Save as disclosed in this prospectus,

- (a) within the two years immediately preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) our Company has no outstanding convertible debt securities or debentures;
- (e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of our Company;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (i) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the Sino-foreign Joint Venture Law of the PRC.

Q. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

R. Particulars of the Selling Shareholders

Certain particulars of the Selling Shareholders are set out as follows:

Name	Description	Address	Number of Sales Shares (Assuming the Over-allotment Option is not exercised)	Number of Sales Shares (Assuming the Over-allotment Option is exercised in full)
China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司)	Its business scope includes survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, and investment and others in the power industry.	Building No. 106 Lize Zhongyuan, Chaoyang District, Beijing, the PRC (中國北京市朝陽區利澤中園106號樓)	796,202,222	915,632,556
Electric Power Planning & Engineering Institute Co., Ltd. (電力規劃總院有限公司)	Its business scope includes research and study on development strategy and planning, government and industry policies in the power industry and standardization of scientific research.	No. 65 Ande Road, Xicheng District, Beijing, the PRC (中國北京市西城區安德路65號)	3,797,778	4,367,444

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in “Appendix VIII – Statutory and General Information – 5. Other Information – J. Consents of Experts”;
- (c) a copy of each of the material contracts referred to in “Appendix VIII – Statutory and General Information – 2. Further Information about Our Business – A. Summary of Our Material Contracts”; and
- (d) the statement of particulars of the Selling Shareholders.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Clifford Chance at 27/F, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in “Appendix I – Accountants’ Report;”
- (c) the consolidated audited financial statements of our Group for the three years ended December 31, 2012, 2013 and 2014 and the five months ended May 31, 2015;
- (d) the reporting accountants’ report issued by Deloitte Touche Tohmatsu relating to the unaudited pro forma financial information of the Group, the text of which is set out in “Appendix II – Unaudited Pro Forma Financial Information;”
- (e) The reporting accountants’ report issued by Deloitte Touche Tohmatsu on the reconciliation of the consolidated net profit attributable to owners of CGGC for the nine months ended 30 September 2015 and the consolidated total shareholders’ equity attributable to owners of CGGC as at 30 September 2015 prepared in accordance with PRC GAAP to IFRS;
- (f) the review report issued by BDO China Shu Lun Pan Certified Public Accountants LLP relating to the unaudited interim financial report of CGGC, the text of which is set out in “Appendix III – Unaudited Interim Financial Report;”

- (g) the property valuation report relating to property interests of our Company prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in “Appendix IV – Property Valuation Report;”
- (h) the legal opinions issued by Dentons Law Offices, our PRC legal advisers in respect of our general matters and property interests;
- (i) the material contracts referred to in “Appendix VIII – Statutory and General Information – 2. Further Information about Our Business – A. Summary of Our Material Contracts;”
- (j) the service contracts referred to in “Appendix VIII – Statutory and General Information – 3. Further Information about Our Directors and Supervisors – A. Particulars of Directors’ and Supervisors’ Contracts;”
- (k) the written consents referred to in “Appendix VIII – Statutory and General Information – 5. Other Information – J. Consents of Experts;”
- (l) the industry report issued by Frost & Sullivan;
- (m) the rent opinion letter issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited;
- (n) the particulars of the Selling Shareholders; and
- (o) the Company Law, the Special Regulations and the Mandatory Provisions together with unofficial English translations thereof.

