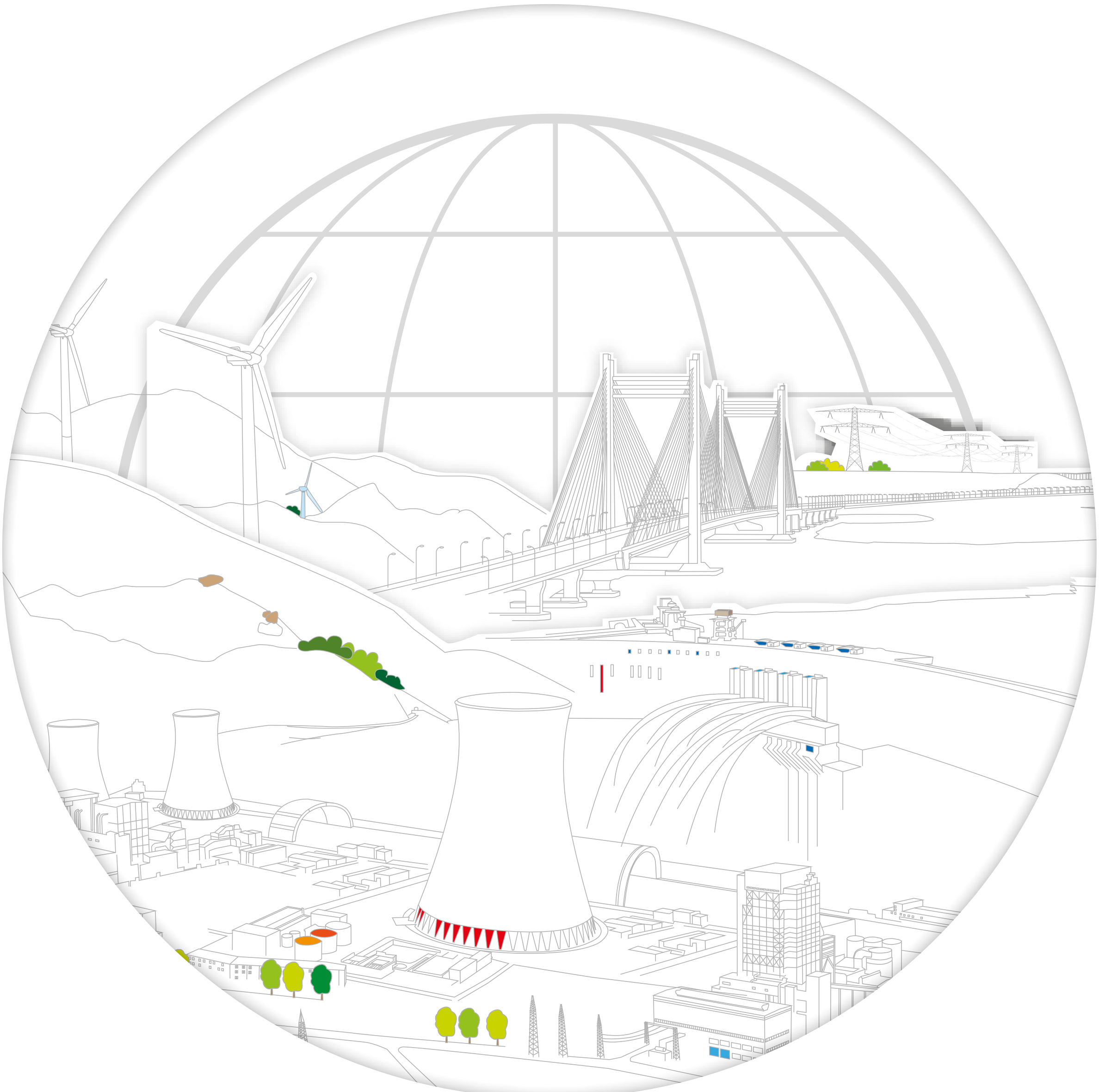
中国能建
ENERGY CHINA



中国能源建设股份有限公司
CHINA ENERGY ENGINEERING CO., LTD.

INTERIM REPORT 2017

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3996)

Contents

Company Information

Company Information

Chinese Name: 中國能源建設股份有限公司
English Name: China Energy Engineering Corporation Limited
Registered Office: Building 106, Lize Zhongyuan, Chaoyang District, Beijing, the PRC
Head Office in the PRC: Building 1, No. 26 West Dawang Road, Chaoyang District, Beijing, the PRC
Principal Place of Business in Hong Kong: 36/F, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Company's Website: www.ceec.net.cn
Tel.: +86 (10) 59098818
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E-mail: zgnj3996@ceec.net.cn

Stock Information of the Company

Stock Category: H Share
Stock Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: CHINA ENERGY ENG
Stock Code: 3996

Executive Directors

Mr. Wang Jianping *(Chairman)*
Mr. Ding Yanzhang *(Vice Chairman)*
Mr. Zhang Xianchong

Non-Executive Director

Mr. Ma Chuanjing

Independent Non-Executive Directors

Mr. Ding Yuanchen
Mr. Wang Bin
Mr. Zheng Qiyu
Mr. Cheung Yuk Ming

Supervisors

Mr. Wang Zengyong *(Chairman)*
Mr. Lian Yongjiu
Mr. Kan Zhen
Mr. Fu Dexiang
Mr. Wei Zhongxin

Authorized Representatives

Mr. Wang Jianping
Mr. Duan Qiurong

Strategy Committee

Mr. Wang Jianping *(Chairman)*
Mr. Ding Yanzhang
Mr. Ma Chuanjing

Nomination Committee

Mr. Wang Jianping *(Chairman)*
Mr. Wang Bin
Mr. Cheung Yuk Ming

Remuneration and Assessment Committee

Mr. Zheng Qiyu *(Chairman)*
Mr. Wang Bin
Mr. Cheung Yuk Ming

Audit Committee

Mr. Ding Yuanchen *(Chairman)*
Mr. Ma Chuanjing
Mr. Cheung Yuk Ming

Joint Company Secretaries

Mr. Duan Qiurong
Ms. Mok Ming Wai

H Share Registrar

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17/F, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

International Auditor

KPMG
8/F, Prince's Building, 10 Chater Road, Central, Hong Kong

Legal Advisers

As to Hong Kong and U.S. Laws: Clifford Chance
27/F, Jardine House, One Connaught Place, Central, Hong Kong
As to PRC Law: Jia Yuan Law Offices
Room F407, Ocean Plaza, 158 Fuxing Men Nei Avenue, Beijing, the PRC

Principal Bankers

China Construction Bank Beijing Jin'an Sub-branch
Bank of China Beijing Beichen West Road Sub-branch
China Everbright Bank Beijing Fengtai Sub-branch

Financial Summary

1 Summary of Consolidated Income Statement

	For the six months ended 30 June		
	2017 (RMB in million)	2016 (RMB in million)	Changes of 2017 over 2016 (%)
Revenue:			
Survey, design and consultancy	**5,826.7**	5,901.1	-1.26
Construction and contracting	**76,181.5**	68,191.9	11.72
Equipment manufacturing	**4,006.6**	4,206.8	-4.76
Civil explosives and cement production	**4,528.8**	4,036.7	12.19
Investment and other businesses	**20,094.7**	13,029.0	54.23
Inter-segment elimination and adjustment	**(4,590.8)**	(3,250.3)	
Total	**106,047.5**	92,115.2	15.12
Gross profit	**11,739.2**	10,277.0	14.23
Profit before tax	**5,282.1**	3,701.5	42.70
Profit for the period	**3,942.5**	2,844.5	38.60
Profit for the period attributable to owners of the Company	**2,259.2**	2,210.1	2.22
Basic and diluted earnings per share (RMB cents)	**7.55**	7.37	2.44

2 Summary of Consolidated Statement of Financial Position

	As at 30 June 2017 (RMB in million)	As at 31 December 2016 (RMB in million)	Changes of 30 June 2017 over 31 December 2016 (%)
Current assets	**230,503.0**	212,729.0	8.36
Non-current assets	**82,738.8**	79,928.5	3.52
Total assets	**313,241.8**	292,657.5	7.03
Current liabilities	**184,175.0**	163,742.2	12.48
Non-current liabilities	**50,381.2**	54,926.3	-8.27
Total liabilities	**234,556.2**	218,668.5	7.27
Total equity	**78,685.6**	73,989.0	6.35
Total equity and liabilities	**313,241.8**	292,657.5	7.03

Management Discussion and Analysis

Overview of Industry Development

Construction industry. In the first half of 2017, the total output value of the national construction industry reached RMB8.59 trillion, representing a year-on-year increase of 10.9% and a year-on-year increase of 3.9 percentage points in growth rate. The contract value in hands of enterprises reached RMB28.87 trillion, representing a year-on-year increase of 18.1%. Among which, the value of newly-signed contracts for the year was RMB10.71 trillion, representing a year-on-year increase of 21.89%.

Power industry. In the first half of 2017, the national power consumption reached 2.95 trillion KWh, representing a year-on-year growth of 6.3% and a year-on-year increase of 3.6 percentage points in growth rate, which was the highest level of growth over the same period since 2012. In the first half of 2017, the national power industry kept growing. The power grid and power generation projects completed an investment of RMB344.4 billion, representing a year-on-year growth of 1.6%. Among which, the national power grid projects completed an investment of RMB239.8 billion, representing a year-on-year growth of 10%. The power generation projects of nationwide major power enterprises completed an investment of RMB104.6 billion, representing a year-on-year decrease of 13.5%. Among which, the hydropower investment reached RMB21.4 billion, representing a year-on-year decrease of 5.5%; the fossil-fuel investment reached RMB31.3 billion, representing a year-on-year decrease of 17.4%; the nuclear power investment reached RMB18.3 billion, representing a year-on-year decrease of 16%; the wind power investment reached RMB20.6 billion, representing a year-on-year decrease of 15.6%.

Fixed asset investment. In the first half of 2017, the investment in fixed assets in China (excluding rural households) amounted to RMB28.1 trillion, representing a year-on-year growth of 8.6%. Infrastructure investment swayed at high level. In the first half of 2017, infrastructure investment (excluding power, thermal power, gas and water production and supply) reached RMB590 million, representing a year-on-year growth of 21.1%. Among which, water conservancy management investment increased by 17.5%, public facility management investment increased by 25.4%, road transport investment increased by 23.2% and railway transport investment increased by 1.9%.

Foreign contracting. In the first half of 2017, the turnover of China's overseas contracting projects business reached USD67.28 billion, representing a year-on-year growth of 1.9%. The value of newly signed contracts reached USD123.78 billion, representing a year-on-year growth of 24.2%. The newly signed contracts mainly focused on the industries of transportation, construction and power engineering, accounting for 25.3%, 25.3% and 18.8% respectively. The value of newly signed contracts for overseas contracting projects in countries along the "One Belt and One Road" reached USD71.42 billion, accounting for 57.7% of the total turnover for the same period, with a year-on-year increase of 6.1 percentage points; the turnover reached USD33.07 billion, accounting for 49.2% of the total turnover for the same period, with a year-on-year increase of 2.7 percentage points.

Cement industry. In the first half of 2017, the total cement production in China amounted to 1.11 billion tonnes, representing a year-on-year growth of 0.4%. The average price of cement in the market is currently on the upward trend. The accumulated profit of the domestic cement industry reached RMB33.4 billion.

Overview of Industry Development *(Continued)*

Civil explosives industry. Despite the removal of restrictions on the prices of civil explosives products and the diversification of sales channels, civil explosives industry is still a core industry subject to state's control, thus having relatively higher entry barriers. Civil explosives industry currently suffers from an excess capacity. Overseas markets and field in military machinery have become the direction of business expansion. The continual development of integrated service model as well as industrial reorganization and integration has promoted the continual concentration of civil explosives industry. The gross enterprise product of manufacturing enterprises which rank top 15 has accounted for more than 50% of the gross product among the entire industry. The Civil Explosives Industry Development Plan (2016-2020) proposed to further improve the industrial concentration, and optimize the product structure.

Real estate industry. In the first half of 2017, the domestic investment for real estate development amounted to RMB5.06 trillion, representing a year-on-year notional growth of 8.5%. The amount of national investment in property development, construction and completion, the total gross floor area of commodity properties, sales of commodity properties, average selling price, the capital available for real estate development enterprises and other indicators for real estate industry continued to go up, and real estate market developed steadily.

Note: Based on the latest statistics of National Bureau of Statistics unless source is indicated.

Business Review

The Company is one of the largest comprehensive solutions providers for the power industry in China and in the globe, mainly engaged in survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, investment and other businesses.

In the first half of 2017, China vigorously implemented the supply-side structural reform and "cutting excessive industrial capacity, de-stocking, de-leveraging, lowering corporate costs and improving weak links", and thoroughly advanced the innovation driven development strategy. Endogenous momentum for economic growth continued to be released, and domestic economy maintained the development trend of overall stability and seeking for further improvement. The Company effectively responded to the complex economic situation both at home and abroad and fierce market competition, and actively seized new opportunities with a wide recognition among all countries gained from the deep adjustment of domestic power and energy structure and the "One Belt and One Road" initiative. With focus on speeding up transformation and improving quality and enhancing efficiency, the Company explored the domestic and overseas markets with full efforts, and carried out various work. Accordingly, production and business grew steadily, business transformation proceeded steadily, and basic management improved steadily, and thus deepened the improvement of quality and enhancement of efficiency steadily. In the first half of 2017, the main operational indicators of the Company maintain a momentum of "steady progress and overall growth".

Business Review *(Continued)*

In the first half of 2017, the Company recognized RMB251.326 billion as to the value of newly-signed contracts, representing a year-on-year increase of 7.38%. Among which, the value of domestic newly-signed contracts amounted to RMB170.980 billion, accounting for 68.03% and representing a year-on-year increase of 4.30%; the value of international newly-signed contracts amounted to RMB80.346 billion, accounting for 31.97% and representing a year-on-year increase of 14.59%.

As of 30 June 2017, the outstanding contract value of the Company was RMB1,000.313 billion, representing an increase of 10.90% as compared to that of the end of 2016.

Survey, Design and Consultancy Business

In the first half of 2017, the value of newly signed contracts of survey, design and consultancy business amounted to RMB6.519 billion, accounting for 2.59%, representing a year-on-year decrease of 8.38%. Among which, the value of newly-signed contracts of the hydropower, new energy, power transformation and transmission were RMB413 million, RMB542 million, RMB3.428 billion, representing a year-on-year increase of 368.12%, 47.92% and 10.23% respectively. The value of newly signed contracts of the fossil-fuel power, nuclear power, non-power and other businesses were RMB1.674 billion, RMB75 million, RMB386 million, representing a year-on-year decrease of 13.28%, 67.83% and 72.14% respectively.

Guided by the planning, underpinned by technical support, and led by science and technology, the Company maintained its advantages and leading position in terms of large-capacity USC units and ultra high (extra high) voltage alternating and direct current transmission, and its survey, design and consultancy business grew steadily. Among which, affected by the domestic regulatory policies on coal-fired power, the value of newly signed contracts of the fossil-fuel power business decreased on a year-on-year basis, but the value of newly signed international contracts of the fossil-fuel power business maintained a high speed growth; benefited from the continued strengthening domestic investments on power grids, especially from the construction of integration and interconnection of UHV and power grids, the value of newly signed contracts of power transmission and transformation business improved steadily. The scales of the hydropower, new energy, nuclear power were relatively small, and the occurrence of occasional fluctuations was normal.

As of 30 June 2017, the outstanding contract value of survey, design and consulting services business was RMB24.841 billion, representing an increase of 5.61% as compared to that of the end of 2016.

Business Review *(Continued)*

Construction and Contracting Business

In the first half of 2017, the value of newly signed contracts of construction and contracting business amounted to RMB238.472 billion, accounting for 94.89%, representing a year-on-year increase of 8.00%. Among which, the value of newly-signed contracts of the fossil-fuel power and hydropower were RMB73.428 billion and RMB24.895 billion respectively, representing a year-on-year decrease of 1.25% and 21.47% respectively. The value of newly-signed contracts of the nuclear power, new energy, power transmission and transformation, non-power and other businesses were RMB3.070 billion, RMB35.649 billion, RMB9.506 billion, RMB91.923 billion respectively, representing a year-on-year increase of 244.61%, 4.50%, 3.93% and 30.20% respectively.

In the first half of 2017, the Company paid close attention to the new domestic and international trends of power and energy development, optimized the market operation strategies, and actively seized the increasing demand for electrical upgrade and non-power engineering market. In addition, the Company catered for strategic opportunities of "One Belt and One Road", international capacity cooperation, and integration and interconnection of the surrounding infrastructure, and deepened and specialized in developing key country markets, so that the value of the newly signed contracts of infrastructure construction business maintained a relatively rapid growth. Affected by the adjustment of domestic power structure, the value of the newly signed contracts of fossil-fuel power and hydropower decreased on a year-on-year basis. With the continued optimization of domestic power structure, renewable energy and distributed energy vigorously developed. The investments in power grids grew steadily, and value of the newly signed contracts of new energy, power transmission and transformation maintained a growth momentum. The Company actively participated in the construction of nuclear power projects at home and abroad, and the value of newly signed contracts of the nuclear power business grew rapidly.

The Company sped up the business transformation, strengthen multi-field and multi-level strategic cooperation, with focus on the docking of Xiong'an New Area, China; established the south infrastructure investment platform to drive the enterprises in the region as a whole to speed up the business transformation. The Company also increased headquarters direct operation on high-end and large-scale projects, strengthened the integration of internal and external resources, and cultivated and reserved a number of major domestic new business model projects and investment to promote international projects. In the domestic market, the Company actively took a new business model to participate in the construction of municipal administration, transportation, ecological environment and urban infrastructure and other fields, optimized the operation model of PPP projects, and strengthened the risk control of projects, and the amount of newly signed contracts maintained a rapid growth. In the first half of 2017, the market share of the Company was consolidated in the countries targeted by "One Belt and One Road" initiative, the contract amount accounted for 48.54% of the value of international newly-signed contracts.

As of 30 June 2017, the outstanding contract value of construction and contracting business was RMB964.318 billion, representing an increase of 11.03% as compared to that of the end of 2016.

Business Review *(Continued)*

Equipment Manufacturing Business

In the first half of 2017, the new contract amount of the equipment manufacturing business was RMB6.336 billion, accounting for 2.52% and representing a year-on-year increase of 3.65%. The Company strengthened the expansion of the markets and overcame the impacts caused by the stringent regulation policies on coal-fired power in the PRC to speed up the transformation of industry and product structure, and actively pushed forward the innovation of sales model, whilst exploring the business of complete equipment supply. The market share of line materials and other advantageous areas continued to increase, and the new contract value achieved a growth on a year-on-year basis.

As of 30 June 2017, the outstanding contract value of the equipment manufacturing business was RMB11.154 billion, representing an increase of 11.74% as compared to that of the end of 2016.

Civil Explosive and Cement Production Business

In the first half of 2017, the Company's civil explosive and cement production business vigorously promoted technological progress and the innovative cooperation model, and actively expanded new room for development, with operating results maintaining at a market-leading level and a sustained and healthy growth momentum. Civil explosive business adhered to the integrated development mode of engineering explosive service and packaging products sales, and the output of civil explosive products achieved a rapid growth on a year-on-year basis, and the market share increased steadily. Through the investment in mergers and acquisitions businesses to promote the development of emerging markets, the innovation of business model achieved breakthroughs in such emerging businesses as gravel aggregate operations and PPP professional contracting. Overseas businesses in Liberia and Pakistan developed rapidly, and the transformation and upgrading of civil explosive business produced remarkable results. Cement production business effectively improved cost control capability, enhanced efforts in market development to optimize the marketing network, extend the industrial chain, and promoted international business. The layout of such emerging businesses as the collaborative treatment of solid waste and road materials by concrete, gravel, aggregates and cement kilns achieved good results, with comprehensive strength and influence power further enhanced.

Investment and Other Businesses

In the first half of 2017, the investment and other businesses of the Company grew rapidly, and with the focus on investment on principal businesses, the Company stepped up investments on such areas as electricity, environmental protection and water supply and urban infrastructure. The role of the development of principal businesses driven by investments was further enhanced.

Business Review *(Continued)*

Investment and Other Businesses *(Continued)*

Real estate business of the Company responded actively to the impacts brought by national regulations, strengthened risk control, and innovated the model of investment and development. With its foothold in first-tier cities, the Company acquired high quality land parcels in first-tier cities including Hangzhou and Hefei. Meanwhile, insisting on improving quality and efficiency, the Company developed high-end real estate brand. In particular, Shanghai Zijun Mansion (上海紫郡公館) has been certified as a national "Three-star Green Building Label", and was pre-verified by German DGNB as Silver Level. In the first half of 2017, the newly commenced gross floor area increased by 357.27% on a year-on-year basis, while the sales area decreased by 11.00% on a year-on-year basis. Environmental protection and water supply business expanded business layout, established a sound deep processing system of renewable resources, and constantly promoted the development of business advantages and market development. With the strong support of the national industrial policy, all operating indicators grew rapidly. Affected by such factors as the number of hours of grid-connected power generation and downward adjustments on on-grid tariffs, the sales of electricity decreased slightly. As the national policy for the people's benefit stimulated traffic flow to grow fast, revenue kept growing on a year-on-year basis.

Consolidated Operating Results

Revenue

For the six months ended 30 June 2017, the revenue amounted to RMB106,047.5 million, representing an increase of 15.12% as compared to RMB92,115.2 million for the corresponding period of 2016. The increase in revenue was mainly due to the increase in the business volume of the construction and contracting segment, the subsequent commencement of PPP projects as well as the rapid growth of the environment protection sector under the investment segment.

Cost of Sales and Gross Profit

For the six months ended 30 June 2017, the cost of sales amounted to RMB94,308.2 million, representing an increase of 15.24% as compared to RMB81,838.3 million for the corresponding period of 2016. The increase in the cost of sales was basically in line with that in the revenue.

For the six months ended 30 June 2017, the gross profit amounted to RMB11,739.2 million, representing an increase of 14.23% as compared to RMB10,277.0 million for the corresponding period of 2016. The increase in gross profit was mainly due to an increase in the revenue.

Selling Expenses

For the six months ended 30 June 2017, the selling expenses amounted to RMB945.7 million, representing an increase of 20.50% as compared to RMB784.8 million for the corresponding period of 2016. The increase in selling expenses was mainly due to an increase in the transportation expenses in line with the development of environmental protection and water supply business.

Consolidated Operating Results *(Continued)*

Administrative Expenses

For the six months ended 30 June 2017, the administrative expenses amounted to RMB4,686.2 million, representing an increase of 1.88% as compared to RMB4,599.5 million for the corresponding period of 2016, which remained stable on a year-on-year basis.

Finance Expenses

For the six months ended 30 June 2017, the finance expenses amounted to RMB1,358.0 million, in line with the corresponding period of 2016.

Operating Results by Segments

	Conditions of industry segments of principal businesses (For the six months ended 30 June)								
	2017			2016			Increase or decrease as compared with last year (%)/ percentage points		
Industry segments	**Revenue**	**Cost of sales**	**Gross profit margin**	Revenue	Cost of sales	Gross profit margin	Revenue	Cost of sales	Gross profit margin
	(RMB in million)		**(%)**	(RMB in million)		(%)			
Survey, design and consultancy	**5,826.7**	**3,277.9**	**43.74**	5,901.1	3,454.1	41.47	-1.26	-5.10	2.27
Construction and contracting	**76,181.5**	**70,557.9**	**7.38**	68,191.9	63,572.6	6.77	11.72	10.99	0.61
Equipment manufacturing	**4,006.6**	**3,410.2**	**14.89**	4,206.8	3,553.1	15.54	-4.76	-4.02	-0.65
Civil explosives and cement production	**4,528.8**	**3,282.0**	**27.53**	4,036.7	3,097.1	23.28	12.19	5.97	4.25
Investment and other businesses	**20,094.8**	**18,213.2**	**9.36**	13,029.0	10,952.9	15.93	54.23	66.29	-6.57
Inter-segment elimination(1)	**(4,590.8)**	**(4,433.2)**	**–**	(3,250.3)	(3,141.9)	–	–	–	–
Unallocated items(2)	**–**	**0.2**	**–**	–	350.4	–	–	–	–
Total	**106,047.5**	**94,308.2**	**11.07**	92,115.2	81,838.3	11.16	15.12	15.24	-0.09

Notes:

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

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

Operating Results by Segments *(Continued)*

Survey, Design and Consultancy Business

For the six months ended 30 June 2017, revenue before inter-segment elimination of survey, design and consultancy business amounted to RMB5,826.7 million, representing a decrease of RMB74.4 million, or 1.26% as compared to RMB5,901.1 million for the corresponding period of 2016, mainly due to a decrease in the business volume of fossil-fuel engineering of CPECC as affected by the regulation policies on the coal-fired power in the PRC.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of survey, design and consultancy business amounted to RMB3,277.9 million, representing a decrease of RMB176.2 million or 5.10% as compared to RMB3,454.1 million for the corresponding period of 2016. The decrease in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of survey, design and consultancy business amounted to RMB2,548.8 million, representing an increase of RMB101.8 million or 4.16% as compared to RMB2,447.0 million for the corresponding period of 2016. The gross profit margin was 43.74%, representing a slight year-on-year increase, mainly due to an increase in the proportion of power transformation and transmission business with a higher gross profit margin.

Construction and Contracting Business

For the six months ended 30 June 2017, revenue before inter-segment elimination of construction and contracting business amounted to RMB76,181.5 million, representing an increase of RMB7,989.6 million or 11.72% as compared to RMB68,191.9 million for the corresponding period of 2016, mainly due to an increase in the business volume of new energy and power transformation and transmission segments, as well as the subsequent commencement of PPP projects in the PRC.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of construction and contracting business amounted to RMB70,557.9 million, representing an increase of RMB6,985.3 million or 10.99% as compared to RMB63,572.6 million for the corresponding period of 2016. The increase in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of construction and contracting business amounted to RMB5,623.6 million, representing an increase of RMB1,004.3 million or 21.74% as compared to RMB4,619.3 million for the corresponding period of 2016. The gross profit margin was 7.38%, which remained stable on a year-on-year basis.

Operating Results by Segments *(Continued)*

Equipment Manufacturing Business

For the six months ended 30 June 2017, revenue before inter-segment elimination of equipment manufacturing business amounted to RMB4,006.6 million, representing a decrease of RMB200.2 million or 4.76% as compared to RMB4,206.8 million for the corresponding period of 2016, mainly due to a decrease in the sales of equipment in various sectors in electricity industry as affected by the regulation policies on coal-fired power in the PRC.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of equipment manufacturing business amounted to RMB3,410.2 million, representing a decrease of RMB142.9 million or 4.02% as compared to RMB3,553.1 million for the corresponding period of 2016. The decrease in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of equipment manufacturing business amounted to RMB596.4 million, representing a decrease of RMB57.3 million or 8.77% as compared to RMB653.7 million for the corresponding period of 2016. The gross profit margin was 14.89%, which remained stable on a year-on-year basis.

Civil Explosive and Cement Production Business

For the six months ended 30 June 2017, revenue before inter-segment elimination of civil explosive and cement production business amounted to RMB4,528.8 million, representing an increase of RMB492.1 million or 12.19% as compared to RMB4,036.7 million for the corresponding period of 2016, mainly due to the rising selling prices of cement and the increase in its sales.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of civil explosive and cement production business amounted to RMB3,282.0 million, representing an increase of RMB184.9 million or 5.97% as compared to RMB3,097.1 million for the corresponding period of 2016. The increase in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of civil explosive and cement production business amounted to RMB1,246.8 million, representing an increase of RMB307.2 million or 32.69% as compared to RMB939.6 million for the corresponding period of 2016. The gross profit margin was 27.53%, which was higher than the 23.28% for the corresponding period of 2016, mainly due to the increase in the selling prices of cement products on a year-on-year basis.

Operating Results by Segments *(Continued)*

Investment and Other Businesses

For the six months ended 30 June 2017, revenue before inter-segment elimination of investment and other businesses amounted to RMB20,094.8 million, representing an increase of RMB7,065.8 million or 54.23% as compared to RMB13,029.0 million for the corresponding period of 2016, mainly due to a significant increase in the revenue for the period from the environmental protection and water supply business and real estate business.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of investment and other businesses amounted to RMB18,213.2 million, representing an increase of RMB7,260.3 million or 66.29% as compared to RMB10,952.9 million for the corresponding period of 2016. The increase in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of investment and other businesses amounted to RMB1,881.6 million, representing a decrease of RMB194.5 million or 9.37% as compared to RMB2,076.1 million for the corresponding period of 2016. The gross profit margin was 9.36%, which was lower than the 15.93% for the corresponding period of 2016, mainly due to the increase in the proportion of revenue from the environmental protection business with a lower gross profit margin in the total revenue of this segment.

Cash Flow

	For the six months ended 30 June	
	2017 (RMB in million)	2016 (RMB in million)
Net cash used in operating activities	**(7,313.6)**	(11,034.0)
Net cash used in investing activities	**(1,742.9)**	(5,228.5)
Net cash generated from financing activities	**2,929.4**	900.1
Net decrease in cash and cash equivalents	**(6,127.1)**	(15,362.4)
Cash and cash equivalents at the beginning of the period	**46,774.1**	47,237.0
Exchange losses of cash and cash equivalents	**77.1**	71.8
Cash and cash equivalents at the end of the period	**40,724.1**	31,946.4

Cash Flow *(Continued)*

Cash Flow Used in Operating Activities

For the six months ended 30 June 2017, the net cash used in operating activities amounted to RMB7,313.6 million, mainly including: (i) the increase by RMB3,433.5 million in items including prepayments, trade and bills receivables, mainly due to the centralized capital settlement of large engineering projects at the end of the year in general; (ii) the increase by RMB8,930.1 million in the amounts due from customers for construction contracts, mainly due to a large number of projects commencing construction during the period. These cash outflows were partially offset by the increase in the trade and bills payable.

Cash Flow Used in Investing Activities

For the six months ended 30 June 2017, the net cash used in investing activities amounted to RMB1,742.9 million, representing a decrease of RMB3,485.6 million or 66.67% as compared to the corresponding period of 2016. The cash flows of investing activities for the period primarily included: (i) the payment of RMB1,722.3 million in cash for the purchase of property, plant and equipment; (ii) the capital injection of RMB732.0 million in the joint ventures and associates. These cash outflows were partially offset by the collection of RMB629.5 million of other loans receivable.

Cash Flow Generated from Financing Activities

For the six months ended 30 June 2017, the net cash generated from financing activities amounted to RMB2,929.4 million, representing an increase of RMB2,029.3 million or 225.45% as compared to the corresponding period of 2016. The cash flows of financing activities for the period primarily included: (i) the proceeds from the issuance of bonds amounting to RMB1,450.0 million; (ii) the additional bank borrowings of RMB8,524.9 million; (iii) the borrowings from related parties of RMB1,999.8 million. These cash inflows were partially offset by the repayment of bank borrowings of RMB6,684.5 million and the payment of interests on borrowings amounting to RMB1,258.2 million.

Capital Expenditures

In the past, the Company incurred capital expenditures primarily for expenditures on property, plant and equipment, as well as intangible assets (such as concession rights of toll roads). The following table sets forth the components of capital expenditures of the Company for the periods indicated:

	For the six months ended 30 June	
	2017	2016
	(RMB in million)	(RMB in million)
Property, plant and equipment	**1,461.1**	2,078.3
Prepaid land lease payment	**171.0**	77.9
Intangible assets	**1,007.0**	56.6
Total	**2,639.1**	2,212.8

Indebtedness

As at 30 June 2017, the Company's total liabilities and total assets amounted to RMB234,556.2 million and RMB313,241.8 million, respectively, with a debt to asset ratio of 74.88% which grew by 0.16 percentage point from 74.72% from 31 December 2016. The Company's total indebtedness amounted to RMB81,829.2 million. The following table sets forth the details of bank borrowings, other borrowings, corporate bonds and finance lease payables of the Company as at the dates indicated:

	As at 30 June 2017 (RMB in million)	As at 31 December 2016 (RMB in million)
Long-term		
Bank borrowings		
Unsecured	**14,522.1**	18,090.8
Secured	**8,527.3**	8,526.2
Other borrowings		
Secured	**1,421.3**	1,421.3
Corporate bonds(1)	**15,288.6**	16,229.3
Finance lease payables(2)	**–**	0.5
Sub-total	**39,759.3**	44,268.1
Short-term		
Bank borrowings		
Unsecured	**20,526.4**	15,928.8
Secured	**3,457.7**	1,833.2
Other borrowings		
Unsecured	**6,328.0**	5,293.9
Secured	**24.6**	44.1
Corporate bonds(1)	**11,443.7**	10,692.2
Finance lease payables(2)	**289.5**	300.0
Sub-total	**42,069.9**	34,092.2
Total	**81,829.2**	78,360.3

Notes:

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

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

Indebtedness *(Continued)*

As at 30 June 2017 and 31 December 2016, bank and other borrowings denominated in currencies other than the functional currencies of respective entities are set out as below:

	As at 30 June 2017 (RMB in million)	As at 31 December 2016 (RMB in million)
USD	**2,081.2**	2,355.2
Japanese Yen	**128.8**	127.8
Total	**2,210.0**	2,483.0

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

	As at 30 June 2017 (RMB in million)	As at 31 December 2016 (RMB in million)
Guaranteed by third parties	**128.8**	127.8

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

	As at 30 June 2017 (RMB in million)	As at 31 December 2016 (RMB in million)
Repayable within 1 year	**32,069.9**	34,092.2
Repayable after 1 year but within 2 years	**7,987.7**	11,279.3
Repayable after 2 years but within 3 years	**6,197.7**	4,445.7
Repayable after 3 years but within 4 years	**15,739.0**	2,410.2
Repayable after 4 years but within 5 years	**3,900.0**	14,119.1
Repayable after 5 years	**15,934.9**	12,013.8
Total	**81,829.2**	78,360.3

Indebtedness *(Continued)*

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

	As at 30 June 2017 (%)	As at 31 December 2016 (%)
Bank borrowings	**1.05-9.60**	1.05-9.60
Other borrowings	**4.66-8.00**	4.20-8.00
Corporate bonds	**3.14-5.37**	3.14-5.37
Finance lease payables	**5.15-8.00**	5.15-8.00

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

	As at 30 June 2017		As at 31 December 2016	
	(RMB in million)	**(%)**	(RMB in million)	(%)
Fixed interest rate bank and other borrowings	**23,450.0**	**1.05-6.72**	23,677.8	1.05-9.60
Floating interest rate bank and other borrowings	**31,357.3**	**1.20-9.60**	27,460.5	1.20-8.84
Total	**54,807.3**		51,138.3	

Bank borrowings of the Company primarily arised from working capital and fixed asset investment. Indebtedness of the Company increased by RMB3,468.9 million during the period from 1 January 2017 to 30 June 2017, mainly due to the fulfillment of working capital needs and the purchase and construction of long-term assets.

The Company did not have any material defaults in payment of bank borrowings or breaches of other debt financing obligations or breaches of any restrictive terms, nor subject to any material restrictive terms in the borrowings. In addition, as at 30 June 2017, the Company had RMB30.0 billion of authorized but unissued debt securities, and RMB310,858.0 million of unutilized and unrestricted bank facilities.

Pledge of Assets and Contingent Liabilities

Pledge of Assets

As at 30 June 2017, the Company's assets with the following carrying amounts have been pledged to secure general banking facilities (including bank borrowings, bills payable and letter of credit):

	As at 30 June 2017 (RMB in million)	As at 31 December 2016 (RMB in million)
Property, plant and equipment	**938.9**	975.1
Prepaid lease payments	**367.9**	347.0
Intangible assets	**7,666.5**	7,721.3
Trade receivables	**388.8**	459.8
Properties under development	**11,273.2**	9,418.9
Completed properties for sale	**38.5**	19.7
Bank deposits	**2,583.4**	2,698.6
Investment property	**69.3**	66.7
Total	**23,326.4**	21,707.1

Contingent Liabilities

The Company was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Company on those legal proceedings and claims when the management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice.

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

	As at 30 June 2017 (RMB in million)	As at 31 December 2016 (RMB in million)
Guarantees given to banks and non-financial institutions in respect of loan facilities granted to:		
Associates	**3,961.7**	3,701.5
Investee recognized as available-for-sale financial asset	**75.0**	75.0
Joint ventures	**1,050.5**	1,068.2
	5,087.2	4,844.7
Mortgage loan guarantees provided by the Company to banks in favor of its customers	**1,295.6**	1,244.4
Total	**6,382.8**	6,089.1

Pledge of Assets and Contingent Liabilities *(Continued)*

Contingent Liabilities *(Continued)*

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

Gearing Ratio

As at 30 June 2017, the gearing ratio of the Company is 104.0%, representing a decline of 1.9 percentage points as compared to 105.9% recorded as at 31 December 2016. Gearing ratio represents interest-bearing debts divided by total equity at the end of the period.

Risk

Business Risk

Industrial Prospect Risk

Impacted by the declined demand for domestic power, the room for coal power development has shrunk and demand for coal power market has reduced. The Company will optimise its marketing and business, actively explore the international business strategic measures, firmly seize the new market opportunities and strive to expand new energy, clean energy and non-power markets. Meanwhile, it will make continuous effort to push forward the business transformation and upgrade so as to facilitate the sustainable and healthy development of the Company.

Competition Risk

The phenomena of the excess capacity and the disparity of demand and supply of market in construction industry have become increasingly prominent. The market competition is still fierce and complex under the impact of the industrial prospect and the macro-economy. The Company will further strengthen the control and management of the headquarters and the high-end operation while optimising resources allocation by measures including leveraging the Group's brand advantages and enhancing the coordination of the industry chain, with an aim to enhance its comprehensive competitiveness.

Risk *(Continued)*

Business Risk *(Continued)*

Cash Flow Risk

Subject to various factors such as receivables, inventory and cost management, some enterprises are still exposed to the risk of shortage of cash flow, which may lead to the risk of capital chain ruptures. The Company will continue to strengthen the dynamic regulations on receivables and inventories and reduce the proportion of occupied funds to improve the assets quality and operating efficiency. Also, it will strengthen centralized fund management and improve the scale and efficiency of internal fund facilities. Further, with strict cost control, the Company will strengthen the intensive management with a view to improving its profitability.

International Operation Risk

The international operation confronts the legal risk, regulatory risk, political risk, safety risk, tax risk, exchange rate risk and business risk relating to a specific project. Actively grasping various opportunities brought by China's "One Belt and One Road" strategic deployment, the Company will optimise the business layout of the international market and unleash the business advantage of the Group's whole industry chain with a focus on the full-life-cycle management of international projects. Moreover, the Company will maintain the healthy development of its international business and achieve the goals of international operation through the measures including strengthening the market operation, business management, performance of contractual obligation management and contingency management.

Construction Project Management Risk

Certain projects experience inadequate resources allocation, unstandardized subcontracting management, and weak management during the construction, resulting in the existence of performance risk in certain projects. With contract management as its main line, the Company will further strengthen the construction of project management system. Meanwhile, through the measures including check on projects, special inspections and management coordination, the Company will strengthen the process management of projects under construction and enhance the standardized project management to uplift project performance and profitability.

Health, Safety, Quality and Environmental Risk

The difficulty of health, safety, quality and environment management increases subject to the rapid growth of operation scale and the significant increase in contracting (subcontracting) teams of the Company, therefore the risks of safety and quality accidents and environmental incidents exist. The Company will further refine relevant systems, optimise the project inspection mechanism, strengthen training and education, and consolidate the work on fundamental project management. Meanwhile, the Company will earnestly implement the health, safety, quality and environmental accountability system, carry out the assessment of potential safety hazards in a stable manner and take in-depth accountability while adopting serious measures on accident reporting, investigation and settlement to control to prevent risks in an all-round way.

Risk *(Continued)*

Exchange Rate Fluctuation Risk

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

Number of Employees and Training Program

As at 30 June 2017, the Company has a total of 129,824 employees, including 33,809 managers, 41,767 professional technicians, and 39,341 technical operating personnel.

The Company has 10,537 talents with various national registered qualifications. Also, the Company has a batch of top talents of China, including 29 experts who enjoy the PRC governmental special subsidies, 8 national exploration and design masters, 2 national nuclear industry engineering exploration and design masters, 4 experts of the "Millions of Talents of the New Century" project, 3 national young and middle-aged experts with outstanding contribution, and 21 national technical experts.

The Company attaches high importance to the education and training of the employees. The Company increased the input of the education and training expenditure and enhanced the employees' quality and professional skills continuously. The Company planned to train 257,400 employees in the first half of 2017 and actually trained 275,600 employees, including on-the-job training for 187,000 employees, continuing education training for 23,200 employees, and other training for 65,400 employees.

Remuneration and Equity-incentive Policy

Adhering to the efficiency-oriented principle, the Company has set up a sound system for determining the total salary and wage and mechanism system for the normal growth of staff salary, whereby corporate efficiency varies with the salary and wage in the same direction. The Company has implemented the employees' basic salary system based on the performance of positions as the main remuneration policy, in which the salary and wage of employees are closely aligned with the respective position and actual contribution of individual employee according to the "position-based and performance-linked" policy. Highlighting performance and contribution, the Company has thus established a scientific and reasonable, open and fair, standard and disciplined remuneration management system.

Remuneration and Equity-incentive Policy *(Continued)*

Pursuant to the requirement of the relevant policy of the SASAC, the Company determines the remuneration of the directors based on the remuneration standard of the listed state-owned peers in the industry, the remuneration of the chairman of the Board based on the remuneration standard stipulated by the SASAC under the State Council, the remuneration of the executive directors who are also senior management based on the results of their performance appraisal and the relevant regulatory requirements on remuneration.

In order to further optimise the corporate governance structure, to develop and constantly improve the interests balance mechanism among the shareholders, the operational and executive team, to closely align the interests and benefits of and risks sharing among the shareholders, the Company and the employees, to maximize the proactiveness of the senior management and key employees and to support the realization of the Company's strategy and sustainable development, the Company formulated the "Restricted Share Incentive Scheme of China Energy Engineering Corporation Limited" (《中國能源建設股份有限公司限制性股票激勵計劃》). Upon consideration at the tenth meeting of the first session of the Board of the Company, the scheme was submitted to the SASAC for review and approval, and was considered and passed at the first extraordinary general meeting of the Company for the year 2016.

On this basis, the Company formulated the "Initial Grant for the Restricted Share Incentive Scheme of China Energy Engineering Corporation Limited" (《中國能源建設股份有限公司限制性股票激勵計劃首次授予方案》), which was implemented upon consideration at the twelfth meeting of the first session of the Board of the Company. The scheme participants shall include the Directors, senior management and core technical and management personnel who directly influence the overall business performance and sustainable development of the Company. The SASAC requires the head of the central government enterprise not to participate in equity incentive plans. Please refer to the extraordinary general meeting notice published on 6 October 2016 for details. Further details of the Restricted Share Incentive Scheme are also set out in Note 22(e) to the financial report of this report.

Save for the above-mentioned Restricted Share Incentive Scheme, the Company did not implement any share option scheme as at 30 June 2017.

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

In accordance with the "Investment Business Planning of China Energy Engineering Corporation Limited (2016-2018)" (《中國能源建設股份有限公司投資業務規劃(2016-2018年)》) and the spirits concluded from the meeting of the Company on investment efforts in 2016, the Company's future major investments mainly encompass the following four areas: firstly, to increase the investment for enhancing the market competitiveness of the principal businesses so as to fully demonstrate its key role towards the completion of engineering contracting projects, implement in-depth exploration of the engineering construction and contracting market and secure the steady development of the principal businesses by flexibly adopting the investment and financing models, such as PPP and BOT; secondly, to expand the investment in the emerging businesses by further investing in merger and acquisition of emerging businesses, such as environmental protection, water supply and new energy; thirdly, to accelerate overseas investment, following the successive launches and implementation of strategic plans, such as the national "One Belt and One Road" initiative and international collaboration in terms of production capacity, in order to enhance the competitiveness and brand influence of the Company in the international market, the Company has to accelerate overseas investment; fourthly, to vigorously develop the supporting investment for business transformation and proactively pave way for merger and acquisition or reorganization of design entities from the business spectrum including hydropower, municipal administration, environmental protection, road and railway transportation, to foster the development of business transformation of the Company.

Outlook

In 2017, facing the continuous challenge of a long-term downward cycle, Chinese economy will slow down its development pace while emphasizing quality and structure optimization and conversion of dynamic energy. The tie-in effects between demand-side stimulating policies and supply-side structural reform will be further elaborated. Various regions or economic units actively participate in the "One Belt and One Road" initiative. Synergetic development of Beijing-Tianjin-Hebei is smoothly underway while Yangtze River Economic Belt accelerates its pace of development by virtue of optimising the layout of coastal-focused and railway-focused economic belts. Moreover, China is expected to further enhance its "comparative advantages" globally and continue its economic trend of steady slowdown amidst stability and even improvement, with an expected Gross Domestic Product growth rate of approximately 6.7% in 2017.

Outlook of Construction Industry

In 2017, the constructing enterprise operation will be affected against the backdrop of the economic downward pressure overall. With the gradual implementation of "One Belt and One Road" initiative, we see more potential international construction projects. PPP mode will further attract investment. In particular, hydraulic work, transportation and urban infrastructures will become the focused areas of infrastructure investments. Emerging concepts and modes such as green construction, construction industrialization and "Internet+" will help promote the upgrade of the construction industry. Since 2016, the Chinese Government has implemented a series of policies and measures to regulate and improve the operating environment of the construction industry, namely curbing tax obligation by introducing "Conversion from Income Tax to Value-added Tax", withdrawal of geographical restrictions, stringent investigation on unreasonable deposits. Positive results of these policies have gradually been apparent, which favor a more standardized and transparent operating environment for the construction industry. Overall, the construction industry will maintain its growth generally in 2017.

Outlook *(Continued)*

Outlook of Power Industry

Forecast on National Electricity Consumption

Due to the slowdown of economic growth, accelerated structural adjustment and shift of development momentum, significant changes were resulted in the Chinese power consumption features in these two years since the implementation of "12th Five-Year Plan". Meanwhile, the national power demand growth rate has slowed down from high to medium speed growth, with a declined power consumption growth rate from 12.0% in 2011 to 0.5% in 2015. Following the economic transformation, the growth rate of national power consumption rebound in 2016 while the accumulated power consumption of China accounted for a year-on-year growth rate of 5.0%. According to the forecast made by national authority institution, the national power consumption will reach approximately 6.8 to 7.2 trillion KWh by 2020 with an annual average growth rate of 3.6 to 4.8% during the "13th Five-Year Plan" period.

Forecast on Nation-wide Power Construction in 2017

According to the national electric power planning and macro-control policies, coal-fired power capacity should be eliminated, stopped, or retarded by more than 50 million KW in 2017 in order to prevent the risk of overcapacity of coal energy, optimise the energy, structure, thereby maximize the room for development of clean energy. In 2017, the power construction market in China maintained stable as a whole with continual optimisation in structure. The power grid market generally remained stable. The newly-added coal-fired power projects declined sharply and the new energy power projects and the ultra-low emissions of coal-fired power plants and energy saving transformation projects became key projects. In 2017, the newly installed capacity in China amounted to a total of approximately 100 million KW and total investment was approximately RMB564.0 billion. It comprised newly added coal-fired power of 40 million KW with an investment of RMB144.0 billion, general hydropower of 7.60 million KW with an investment of RMB42.0 billion, pumped-storage power of 1.90 million KW with an investment of RMB7.6 billion, air power of 10.60 million KW with an investment of RMB42.0 billion, wind power of 19.00 million KW with an investment of RMB126.0 billion, solar power of 12.70 million KW with an investment of RMB121.0 billion and nuclear power of 5.38 million KW with an investment of RMB53.8 billion. As to the existing units, during the "13th Five-Year Plan" period, the total capacity in relation to energy conservation transformation of coal-fired power units, ultra-low emission transformation and flexible transformation of heat supply or solely condensing power units amounted to 340 million KW, 420 million KW and 210 million KW, respectively. The transportation, maintenance and overhaul markets have seen a broader room for development in 2017. It is expected that the total investment in nationwide power grid projects will amount to approximately RMB521 billion in 2017.

Outlook *(Continued)*

Domestic Non-power Market

According to the "Blue Book of Economics" published by Chinese Academy of Social Sciences, the investment in fixed assets of the whole society for 2017 will amount to RMB67.1 trillion, representing a notional growth of 8.9% and an effective growth of 8.7%. Besides, experts forecast that the size of investments in infrastructures in 2017 will amount to approximately RMB16 trillion and will remain as the vital driver of stable investment and steady growth. In 2017, the focused targets of investments will comprise hydraulic engineering, transportation engineering, urban infrastructure construction and environmental protection engineering, etc.

(1) Hydraulic engineering: China placed emphasis on hydraulic engineering as a key deepening supply-side structural reform and a focused area of consolidating the weakened infrastructures. In 2017, the government will focus on the construction of major hydraulic engineering and infrastructure construction projects, post-disaster construction of weakened hydraulic facilities and enhancement of water resource conservation and protection of water ecology, etc., ensuring that the number of newly commenced major projects exceed 15 with the size of investment in construction-in-progress exceeding RMB900 billion.

(2) Transportation engineering: In 2017, road and waterway projects will complete investment in fixed assets of RMB1.8 trillion; 200,000 km of newly-constructed rural roads, 5,000 km of newly-added highways and 500 km of newly-added high class inland waterway will be completed, with 7,000 newly-added administrative villages with road access in poor regions; railway projects will complete investment of RMB800 billion, with 2,100 km of new lines, 2,500 km of duplex lines and 4,000 km of electrified railway putting into operation; civil freight project investment will amount to RMB120 billion.

(3) Urban infrastructure construction: According to the "Certain Opinions of the Central Committee of the Communist Party of China and the State Council on Further Strengthening the Urban Planning and Development Management" published in February 2016, some requirements were imposed on urban development during the "13th Five-Year Plan" period. According to relevant forecast, during the "13th Five-Year Plan" period, firstly, the Company will put a lot of efforts into development of public transport, organize the coordinated development of various public transport means such as public vehicles, light rails and metro networks so as to ease the pressures on urban transport, particularly the aggregate investment in various rail transport projects in 30 cities including Beijing, Shenzhen, Hangzhou and Guangzhou in 2017 is expected to exceed RMB1 trillion. Secondly, the Company will speed up the development and reform of urban sewage processing facilities, aiming to strive to achieve comprehensive sewage collection and processing in cities at prefecture-city level and above, and to achieve a water recycling rate of 20% or above in cities which have insufficient water supply with an investment of approximately RMB2 trillion according to calculations by 2020. Thirdly, the Company will construct urban comprehensive underground pipe gallery. According to the projections, the construction size of underground pipe gallery in China will amount to approximately 60,000 km with a total investment of approximately RMB7 trillion, and in recent years, the annual average investment in underground pipe gallery amounted to a range of RMB300 billion to 600 billion. Fourthly, the Company will speed up sponge city construction. During the "13th Five-Year Plan" period, the size of investment in sponge city construction in China amounted to around RMB2 trillion, with an annual investment of approximately RMB400 billion.

Outlook *(Continued)*

International Market

While the global economy is seeing a modest recovery, the global infrastructure construction market will maintain a rigid growth. Following the establishment of the new pattern of China's all-round opening-up and successive introduction of cooperation mechanisms including the "One Belt and One Road" initiative and the 461 China-Africa Cooperation Framework, the regional economic integration and cooperation in power projects will be further promoted, and the foundation platforms for energy integration and interconnection will be established. The investment demand for international power and other infrastructures will continue to grow steadily, which provides favorable opportunities for the development of the Company.

(1) The "One Belt and One Road" will enter the golden period of development. In 2017, the "One Belt and One Road" initiative proposed by the Chinese government will undergo a comprehensive and in-depth promotion. It is stated in the report on the work of the government that the "One Belt and One Road" should be jointly build through consultation and cooperation to meet the interests of all and efforts should be made to accelerate the building of overland economic corridors and maritime cooperation hubs as well as to develop cooperative mechanisms for achieving compatibility in customs clearance procedures along the routes. The government will deepen international production capacity cooperation with other countries to promote equipment, technology, standards and services of China to go global, thereby achieving complementary advantages. To align with the implementation of the "One Belt and One Road" initiative, China will vigorously push forward various financial arrangements such as the implementation of Silk Road Fund, Asian Infrastructure Investment Bank, BRICS Development Bank and OECD Development Bank. The results for the financial support policy will be gradually unleashed, facilitating the full implementation of the "One Belt and One Road".

(2) The power construction market in countries targeted by the "One Belt and One Road" has vast room for development. According to the statistics of International Energy Agency (IEA), in the regions targeted by the "One Belt and One Road", the total installed capacity was approximately 1 billion KW and power consumption was approximately 5 trillion KWh, while average installed capacity per capita (0.3 KW) and power consumption (1,600 KWh/year) were below half of the world's average level. It is expected that the room for power project construction in the 64 countries targeted by "One Belt and One Road" in 2020 will be approximately 420 million KW with a total investment in power source construction of approximately USD1.2 trillion, or annual average of approximately USD300 billion. The scope of investment covers various dimensions, such as the exploration of power resources, construction and operation of power grid, export of electrical equipment, acquisition and merger of power assets and multinational power exchange. In addition, South Asia and Sub-Saharan Africa are the two regions experiencing the most serious shortage of electricity. The population without electricity reached more than 1 billion, representing 85% of the total population without electricity around the world. The power consumption per capita (650 KWh/year) only accounts for 20% of the global consumption per capita. All these demonstrate vast room for development of power construction market.

Outlook *(Continued)*

International Market *(Continued)*

For a certain period in the future, the countries targeted by "One Belt and One Road" initiative will remain as the major market for the development of the international business of the Company. The Company will further explore the market of respective countries targeted by the "One Belt and One Road", seize the opportunities in various projects and continue to expand the market share, making the committed contribution for the national "One Belt and One Road" initiative. In addition, the Company will actively expand the potential markets, emerging markets and high-end markets in regions such as Central and Eastern Europe, Latin America, Middle-east, aiming to the gradual coverage of principal contracting engineering markets globally.

Material Events

4.1 Purchase, Sale and Redemption of the Company's Listed Securities

For the six months ended 30 June 2017, there is no purchase, sale or redemption of the listed securities of the Company by the Company or its subsidiaries.

4.2 Directors' and Supervisors' Interest and Short Positions in Shares, Underlying Shares and Debentures

For the six months ended 30 June 2017, based on the information available to the Company and to the best knowledge of the Directors, none of the Directors, supervisors and chief executives of the Company had any interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

4.3 Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

For the six months ended 30 June 2017, after the reasonable enquiry by the Directors of the Company, the persons below (other than the Directors, supervisors or chief executives of the Company) have interests or short position in the shares or underlying shares which will have to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and which will be required to record in the register maintained by the Company pursuant to section 336 of the SFO:

Register of Shareholders	Class of Shares	Capacity/ Nature of Interest	Number of Shares interested	Approximate percentage of shareholding in the Company's total issued share capital (%)(1)	Approximate percentage of shareholding in the Company's total issued domestic shares (%)(1)	Approximate percentage of shareholding in the Company's total issued H shares (%)(1)
Energy China Group (2)(3)	Domestic shares	Beneficial owner	18,206,226,673(L)	60.65	87.71	–
		Interest of controlled corporation	98,542,651(L)	0.33	0.47	–
China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司)(4)	Domestic shares	Beneficial owner	2,029,378,794(L)	6.76	9.78	–
	H Shares	Interest of controlled corporation	633,704,000(L)	2.11	–	6.84
China Huaxing Group Company (中國華星集團公司)(4)	H Shares	Interest of controlled corporation	633,704,000(L)	2.11	–	6.84
China Huaxing (Hong Kong) International Co., Ltd (中國華星（香港）國際有限公司)(4)	H Shares	Beneficial owner	633,704,000(L)	2.11	–	6.84
Buttonwood Investment Holding Company Ltd.(5)	H Shares	Interest of controlled corporation	1,462,338,000(L)	4.87	–	15.79

Material Events

Register of Shareholders	Class of Shares	Capacity/ Nature of Interest	Number of Shares interested	Approximate percentage of shareholding in the Company's total issued share capital (%)[1]	Approximate percentage of shareholding in the Company's total issued domestic shares (%)[1]	Approximate percentage of shareholding in the Company's total issued H shares (%)[1]
Silk Road Fund Co., Ltd (絲路基金有限責任公司)[5]	H Shares	Beneficial owner	1,462,338,000(L)	4.87	–	15.79
Central Huijin Investment Ltd. [6]	H Shares	Interest of controlled corporation	961,300,000 (L)	3.20	–	10.38
China Construction Bank Corporation[6]	H Shares	Investment manager	961,300,000 (L)	3.20	–	10.38
State Grid Corporation of China[7]	H Shares	Interest of controlled corporation	974,892,000(L)	3.25	–	10.53
State Grid International Development Co., Ltd.[7]	H Shares	Interest of controlled corporation	974,892,000(L)	3.25	–	10.53
State Grid International Development Limited[7]	H Shares	Beneficial owner	974,892,000(L)	3.25	–	10.53
E Fund Management Co., Ltd (易方達基金管理有限公司)	H Shares	Investment manager	961,300,000(L)	3.20	–	10.38

Notes: Letter "L" means long position in the securities and letter "S" means short position in the securities.

(1) The calculation is based on the Company's 9,262,436,000 issued H shares, 20,757,960,364 issued domestic shares and 30,020,396,364 shares of the total issued share capital as at 30 June 2017.

(2) EPPE Company is a wholly-owned subsidiary of Energy China Group and is interested in 98,542,651 domestic shares, representing 0.47% of the domestic share capital of the Company. Therefore, Energy China Group is deemed to be interested in domestic shares held by EPPE Company.

(3) The Company was notified by the Energy China Group that as of 30 June 2017, it held 146,710,000 H shares, representing approximately 1.58% of the total issued H shares of the Company. Pursuant to the SFO, the shareholders of the Company shall only submit the disclosure form for the equity interest held subject to fulfilling certain conditions.

(4) These shares are directly held by China Huaxing (Hong Kong) International Co., Ltd. (中國華星(香港)國際有限公司). China Huaxing (Hong Kong) International Co., Ltd. (中國華星(香港)國際有限公司) is wholly-owned by China Huaxing Group Company (中國華星集團公司); while the latter is wholly-owned by China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司). Therefore, China Huaxing Group Company (中國華星集團公司) and China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司) are deemed to be interested in shares held by China Huaxing (Hong Kong) International Co., Ltd. (中國華星(香港)國際有限公司).

(5) These shares are directly held by Silk Road Fund Co., Ltd (絲路基金有限責任公司), while Buttonwood Investment Holding Company Ltd. holds 65% equity interests in Silk Road Fund Co., Ltd. (絲路基金有限責任公司). Therefore, Buttonwood Investment Holding Company Ltd. is deemed to be interested in shares held by Silk Road Fund Co., Ltd (絲路基金有限責任公司).

(6) Central Huijin Investment Ltd. holds 57.31% equity interests in China Construction Bank Corporation. Therefore, Central Huijin Investment Ltd. is deemed to be interested in shares held by China Construction Bank Corporation.

(7) These shares are directly held by State Grid International Development Limited. State Grid International Development Limited is wholly-owned by State Grid International Development Co., Ltd.; while the latter is wholly-owned by State Grid Corporation of China. Therefore, State Grid International Development Co., Ltd. and State Grid Corporation of China are deemed to be interested in shares held by State Grid International Development Limited.

4.4 Compliance with the Provisions of the Corporate Governance Code

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

For the six months ended 30 June 2017, 4 Board meetings were convened and held by the Company, considering and voting for 24 resolutions and proposing 11 resolutions to the shareholders' general meeting; 1 shareholders' general meeting (i.e. the 2016 shareholders' annual general meeting) was held, considering and voting for 12 resolutions; 1 Strategy Committee meeting was held, considering and voting for 1 resolution; 1 Nomination Committee meeting was held, considering and voting for 1 resolution. 2 Remuneration and Assessment Committee meetings were held, considering and voting for 5 resolutions; and 4 Audit Committee meetings were held, considering and voting for 8 resolutions.

For the six months ended 30 June 2017, the Company has complied with all provisions of the Corporate Governance Code.

4.5 Compliance With the Provisions of the Model Code for Securities Transactions by the Directors and Supervisors

The Company has formulated and implemented internal conduct code which is no less than the Model Code for Securities Transactions as the code of conduct regarding securities transaction by the Directors and supervisors.

Having made enquiries with all the Directors and supervisors, the Company confirmed that each of the Directors and supervisors has complied with all provisions of the Model Code for Securities Transactions during the six months ended 30 June 2017.

4.6 Changes in Information of Directors and Supervisors

For the six months ended 30 June 2017 and up to the date of this report, all the information of directors and supervisors of the Company remains unchanged.

4.7 Use of Proceeds from the Listing

As at 30 June 2017, the Company completed the initial public offering and exercised over-allotment option, raising net proceeds of approximately HK$13,125.84 million in total (equivalent to approximately RMB10,890.22 million adopting the exchange rate prevailing on the date when completing the initial public offering and exercising over-allotment option). The net proceeds were applied as expenses in aggregate of RMB7,574.86 million according to the use of proceeds as set out in the prospectus and the balance was RMB3,315.36 million. The breakdown is as follows:

4.7 Use of Proceeds from the Initial Public Offering *(Continued)*

(1) expenses for power and infrastructure construction and contracting projects in China and abroad amounted to RMB2,667.20 million.

(2) expenses for purchasing core equipment amounted to RMB750.00 million.

(3) expenses for fixed assets investment in the expansion and upgrading of production facilities amounted to RMB588.14 million.

(4) expenses for significant projects promoting the research and development abilities as well as management abilities of the Company amounted to RMB375.07 million.

(5) expenses for repayment of bank loans for working capital and project development amounted to RMB2,178.00 million.

(6) expenses for funding the working capital for general corporate purpose amounted to RMB1,016.45 million.

4.8 Review of Interim Report

On 30 August 2017, the Audit Committee has reviewed the interim results announcement for the six months ended 30 June 2017, the 2017 interim report of the Company and the unaudited interim financial statements for the six months ended 30 June 2017 which have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

4.9 Appointment and Removal of Auditors

Being considered and approved on 2016 shareholders' annual general meeting held on 8 June 2017, KPMG Huazhen was appointed as the international independent auditor of the Company for the financial year of 2017 and BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) as the domestic independent auditor of the Company for the financial year of 2017.

4.10 Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2017.

4.11 Acquisition and Disposal of Subsidiaries

In the first half of 2017, the Company did not have any major acquisition or disposal of subsidiaries.

Report on Review of Consolidated Financial Statements

Introduction

We have reviewed the interim financial report set out on pages 33 to 80 which comprises the consolidated statement of financial position of China Energy Engineering Corporation Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") as of 30 June 2017 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity,* issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report 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 Hong Kong 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Unaudited

For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Revenue	3	**106,047,451**	92,115,217
Cost of sales		**(94,308,220)**	(81,838,267)
Gross profit		**11,739,231**	10,276,950
Other income	4	**1,246,535**	374,370
Other net gains and losses	5	**(370,833)**	243,602
Selling expenses		**(945,740)**	(784,764)
Administrative expenses		**(4,686,196)**	(4,599,461)
Research and development expenses		**(811,157)**	(759,824)
Finance income	6	**467,449**	313,230
Finance costs	6	**(1,358,044)**	(1,363,795)
Share of (losses)/profits of joint ventures		**(4,852)**	8,508
Share of profits/(losses) of associates		**5,716**	(7,306)
Profit before tax		**5,282,109**	3,701,510
Income tax	8	**(1,339,585)**	(857,011)
Profit for the period	7	**3,942,524**	2,844,499
Other comprehensive income, net of income tax:			
Items that will not be reclassified to profit or loss:			
– Remeasurement of defined benefit obligations		**520,481**	(2,210)
– Income tax relating to remeasurement of defined benefit obligations		**(14,041)**	121
		506,440	(2,089)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**(536)**	(32,244)
– Net fair value gain/(loss) on available-for-sale financial assets		**25,395**	(380,113)
– Reclassification adjustment to profit or loss on disposal of available-for-sale financial assets		**(7,680)**	(659)
– Income tax relating to items that may be reclassified subsequently to profit or loss		**(756)**	81,044
		16,423	(331,972)
Other comprehensive income for the period, net of income tax		**522,863**	(334,061)
Total comprehensive income for the period		**4,465,387**	2,510,438

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Unaudited

For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Profit for the period attributable to:			
Owners of the Company		**2,259,223**	2,210,115
Holders of perpetual capital instruments		**166,950**	38,726
Non-controlling interests		**1,516,351**	595,658
		3,942,524	2,844,499
Total comprehensive income attributable to:			
Owners of the Company		**2,701,852**	1,945,954
Holders of perpetual capital instruments		**166,950**	38,726
Non-controlling interests		**1,596,585**	525,758
		4,465,387	2,510,438
Earnings per share			
Basic and diluted (RMB cents)	9	**7.55**	7.37

Condensed Consolidated Statement of Financial Position – Unaudited

As at 30 June 2017

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Property, plant and equipment	10	**29,646,326**	29,532,087
Prepaid lease payments	11	**8,341,506**	8,213,342
Investment properties		**630,844**	644,009
Intangible assets	12	**16,774,072**	15,993,386
Investments in joint ventures		**3,557,523**	3,566,814
Investments in associates		**4,060,372**	3,339,963
Goodwill		**1,400,801**	1,287,918
Available-for-sale financial assets	13	**6,895,939**	6,642,004
Deferred tax assets		**1,506,775**	1,413,215
Trade receivables	14	**5,505,395**	5,576,038
Prepayments, deposits and other receivables	15	**2,592,311**	1,881,948
Other loans	16	**1,826,951**	1,837,763
		82,738,815	79,928,487
Current assets			
Inventories		**11,410,866**	9,494,128
Properties under development for sale		**34,122,362**	24,860,970
Completed properties for sale		**1,264,847**	1,447,443
Amounts due from customers for construction contracts	17	**33,981,721**	23,804,689
Trade and bills receivable	14	**56,034,264**	53,633,187
Prepayments, deposits and other receivables	15	**47,389,315**	45,956,578
Prepaid lease payments	11	**193,212**	213,687
Other loans	16	**835,694**	1,434,536
Available-for-sale financial assets	13	**500,000**	–
Financial assets at fair value through profit or loss		**54,585**	70,182
Pledged deposits		**2,694,637**	2,698,576
Bank and cash balances		**42,021,454**	49,115,058
		230,502,957	212,729,034

Condensed Consolidated Statement of Financial Position – Unaudited

As at 30 June 2017

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Current liabilities			
Trade and bills payables	18	**79,766,631**	74,361,988
Amounts due to customers for construction contracts	17	**6,961,409**	5,734,119
Other payables and accruals	19	**53,664,445**	47,275,838
Income tax payable		**718,191**	1,323,432
Bank and other borrowings	20	**30,336,642**	23,099,999
Defined benefit obligations		**839,460**	810,612
Corporate bonds	21	**11,443,705**	10,692,168
Finance lease payables		**289,521**	299,979
Provisions		**154,980**	144,091
		184,174,984	163,742,226
Net current assets		**46,327,973**	48,986,808
Total assets less current liabilities		**129,066,788**	128,915,295
Non-current liabilities			
Other payables and accruals	19	**82,377**	63,609
Bank and other borrowings	20	**24,470,660**	28,038,320
Finance lease payables		**–**	490
Corporate bonds	21	**15,288,620**	16,229,316
Defined benefit obligations		**8,854,769**	9,075,014
Deferred tax liabilities		**1,013,609**	964,669
Deferred revenue		**671,169**	554,878
		50,381,204	54,926,296
NET ASSETS		**78,685,584**	73,988,999
CAPITAL AND RESERVES			
Issued share capital		**30,020,396**	30,020,396
Reserves		**16,035,685**	14,372,896
Equity attributable to owners of the Company		**46,056,081**	44,393,292
Perpetual capital instruments	23	**11,550,000**	10,100,000
Non-controlling interests		**21,079,503**	19,495,707
TOTAL EQUITY		**78,685,584**	73,988,999

Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2017

	Attributable to owners of the Company													
	Issued share capital	Shares held under restricted share incentive scheme	Capital reserve	Statutory reserve	Share based compensation reserve	Special reserve	Defined benefit obligation remeasurement reserve	Investments revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the Company	Perpetual capital instruments	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	RMB'000	RMB'000	RMB'000
At 1 January 2017	**30,020,396**	**-**	**8,038,065**	**692,477**	**4,576**	**428,108**	**429,083**	**177,546**	**(37,392)**	**4,640,433**	**44,393,292**	**10,100,000**	**19,495,707**	**73,988,999**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**436,479**	**6,558**	**(408)**	**2,259,223**	**2,701,852**	**166,950**	**1,596,585**	**4,465,387**
Purchase of own shares under restricting share incentive scheme (note 22 (d))	**-**	**(183,190)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(183,190)**	**-**	**-**	**(183,190)**
Issue of perpetual capital instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,450,000**	**-**	**1,450,000**
Cash capital contribution by non-controlling interests of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**320,472**	**320,472**
Non-cash capital contribution by non-controlling interests of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**254,053**	**254,053**
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,507**	**14,507**
Transfer to reserves	**-**	**-**	**36,590**	**-**	**-**	**65,293**	**-**	**-**	**-**	**(101,883)**	**-**	**-**	**-**	**-**
Dividends declared to perpetual capital instruments holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(166,950)**	**-**	**(166,950)**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(888,604)**	**(888,604)**	**-**	**-**	**(888,604)**
Dividends declared to non-controlling interests of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(601,821)**	**(601,821)**
Effect of share based compensation (note 22 (e))	**-**	**-**	**-**	**-**	**20,137**	**-**	**-**	**-**	**-**	**-**	**20,137**	**-**	**-**	**20,137**
Others	**-**	**-**	**12,594**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,594**	**-**	**-**	**12,594**
At 30 June 2017	**30,020,396**	**(183,190)**	**8,087,249**	**692,477**	**24,713**	**493,401**	**865,562**	**184,104**	**(37,800)**	**5,909,169**	**46,056,081**	**11,550,000**	**21,079,503**	**78,685,584**
At 1 January 2016	29,600,000	–	7,886,782	–	–	409,770	11,967	316,232	33,067	3,717,914	41,975,732	1,000,000	17,816,640	60,792,372
Total comprehensive income	–	–	–	–	–	–	(2,175)	(229,501)	(32,485)	2,210,115	1,945,954	38,726	525,758	2,510,438
Issue of shares for exercise of over-allotment	420,396	–	145,363	–	–	–	–	–	–	–	565,759	–	–	565,759
Transaction costs attributable to exercise of over-allotment	–	–	(11,359)	–	–	–	–	–	–	–	(11,359)	–	–	(11,359)
Issue of perpetual capital instruments	–	–	–	–	–	–	–	–	–	–	–	3,000,000	–	3,000,000
Cash capital contribution by non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	130,225	130,225
Acquisition of additional interests in subsidiaries	–	–	(6,944)	–	–	–	–	–	–	–	(6,944)	–	(1,665,037)	(1,671,981)
Transfer to reserves	–	–	–	–	–	80,964	–	–	–	(80,964)	–	–	–	–
Dividends declared to perpetual capital instruments holders	–	–	–	–	–	–	–	–	–	–	–	(38,726)	–	(38,726)
Dividends declared	–	–	–	–	–	–	–	–	–	(124,885)	(124,885)	–	–	(124,885)
Dividends declared to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(554,721)	(554,721)
Others	–	–	(8,582)	–	–	–	–	–	–	–	(8,582)	–	–	(8,582)
At 30 June 2016	30,020,396	–	8,005,260	–	–	490,734	9,792	86,731	582	5,722,180	44,335,675	4,000,000	16,252,865	64,588,540

Condensed Consolidated Statement of Cash Flows – Unaudited

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Note	**RMB'000**	RMB'000
Net cash used in operating activities		**(7,313,625)**	(11,034,019)
Investing activities			
Interest received		**419,572**	257,714
Purchase of property, plant and equipment		**(1,722,294)**	(2,227,211)
Addition to prepaid lease payments		**(165,976)**	(87,655)
Addition to investment properties		**(3,125)**	(255)
Addition to intangible assets		**(1,191,641)**	(56,575)
Capital contributions to joint ventures		**(16,817)**	(284,224)
Capital contributions to associates		**(715,183)**	(151,815)
Deposits paid for acquisition of subsidiaries		**(489,522)**	(180,193)
Payment for acquisition of subsidiaries in previous years		**(77,953)**	–
Purchase of available-for-sale financial assets		**(755,353)**	(775,478)
Proceeds from disposal of property, plant and equipment		**169,208**	122,814
Proceeds from disposal of prepaid lease payments		**2,273**	49,392
Proceeds from disposal of intangible assets		**1,004**	790
Proceeds from disposal of associates		**–**	111,099
Proceeds from disposal of available-for-sale financial assets		**39,884**	94,351
Proceeds from disposal of financial assets at fair value through profit or loss		**3,069**	–
Net decrease in pledged deposits		**3,939**	317,185
Dividends received from joint ventures		**86**	–
Dividends received from associates		**490**	25
Dividends received from available-for-sale financial assets		**89,022**	86,986
Dividends received from financial assets at fair value through profit or loss		**378**	–
Net withdrawal/(placement) of deposits with original maturity of over three months		**1,043,595**	(5,028,981)
Acquisition of subsidiaries, net of cash acquired		**9,292**	–
Disposal of subsidiaries, net of cash disposed of		**–**	(6,433)
New other loan and receivables		**(19,856)**	(236,543)
Collection of other loan and receivables		**602,842**	3,071,730
Repayments of cash advances by related parties		**–**	(323,466)
Government grants received related to assets		**140,193**	18,205
Placement of structural deposits		**1,090,000**	–
National debt reverse repurchase		**(200,007)**	–
Net cash used in investing activities		**(1,742,880)**	(5,228,538)

Condensed Consolidated Statement of Cash Flows – Unaudited

For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Financing activities			
Capital injections from non-controlling interests		**320,472**	130,225
Issue of perpetual capital instruments		**1,450,000**	3,000,000
Interests paid on perpetual capital instruments		**–**	(38,726)
Proceed from exercise of over-allotment		**–**	565,759
Payment on transaction costs attributable to exercise of over-allotment		**–**	(11,359)
H share issuance proceeds from exercise of over-allotment received on behalf of National Council for Social Security Fund of the People's Republic of China ("NSSF")		**–**	56,523
H shares issuance proceeds paid to NSSF		**–**	(1,127,863)
Acquisition of additional interests in subsidiaries		**–**	(1,671,981)
Interests paid on bank and other borrowings		**(1,244,844)**	(1,638,364)
Interests paid on corporate bonds		**(511,086)**	(245,360)
New bank and other borrowings		**10,524,650**	17,728,875
Repayment of bank and other borrowings		**(6,828,999)**	(25,524,359)
New corporate bonds		**–**	10,000,000
Repayment of corporate bonds		**–**	(500,000)
Proceeds from sales and leaseback transactions		**–**	32,338
Repayment of finance lease payables		**(19,522)**	(227,221)
Advances from related parties		**–**	904,773
Dividends paid to non-controlling interests		**(761,285)**	(533,197)
Net cash from financing activities		**2,929,386**	900,063
Net decrease in cash and cash equivalents		**(6,127,119)**	(15,362,494)
Cash and cash equivalents at the beginning of the period		**46,774,085**	47,236,932
Effects of exchange rate changes		**77,110**	71,914
Cash and cash equivalents at the end of the period		**40,724,076**	31,946,352

Notes to the unaudited interim financial report

1 BASIS OF PREPARATION

The interim financial report been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 30 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included.

Notes to the unaudited interim financial report

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from:		
Survey, design and consulting services	**5,765,752**	5,696,369
Infrastructure construction contracts	**72,020,325**	65,237,324
Rendering of other services	**15,809,778**	10,549,124
Sale of properties	**4,048,671**	2,474,065
Sale of goods	**8,402,925**	8,158,335
Total	**106,047,451**	92,115,217

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

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

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

Notes to the unaudited interim financial report

3 REVENUE AND SEGMENT INFORMATION (continued)

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

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

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

Segment revenue and results

For the six months ended 30 June 2017 (Unaudited)

	Survey, design and consulting RMB'000	Construction and contracting RMB'000	Equipment manufacturing RMB'000	Civil explosives and cement production RMB'000	Investment and other businesses RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue							
External segment revenue	5,765,752	72,020,325	3,874,135	4,528,790	19,858,449	–	106,047,451
Inter-segment revenue	60,910	4,161,144	132,419	–	236,372	(4,590,845)	–
Segment revenue	5,826,662	76,181,469	4,006,554	4,528,790	20,094,821	(4,590,845)	106,047,451
Segment results	1,454,265	3,029,959	(115,600)	767,251	1,458,225	(152,026)	6,442,074
Unallocated items							
Cost of sales							(171)
Other income							272,859
Other net gains and losses							(370,833)
Selling expenses							(6,251)
Administrative expenses							(162,260)
Research and development expenses							(3,578)
Finance income							467,449
Finance costs							(1,358,044)
Share of (losses)/profits of joint ventures							(4,852)
Share of profits/(losses) of associates							5,716
Profit before tax							5,282,109

Notes to the unaudited interim financial report

3 REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2016 (Unaudited)

	Survey, design and consulting RMB'000	Construction and contracting RMB'000	Equipment manufacturing RMB'000	Civil explosives and cement production RMB'000	Investment and other businesses RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue							
External segment revenue	5,696,369	65,237,324	4,121,622	4,036,713	13,023,189	–	92,115,217
Inter-segment revenue	204,690	2,954,584	85,165	–	5,825	(3,250,264)	–
Segment revenue	5,901,059	68,191,908	4,206,787	4,036,713	13,029,014	(3,250,264)	92,115,217
Segment results	1,790,303	3,261,310	(86,024)	446,816	1,377,001	(107,130)	6,682,276
Unallocated items							
Cost of sales							(350,367)
Other income							374,370
Other net gains and losses							243,602
Selling expenses							(73,612)
Administrative expenses							(1,822,547)
Research and development expenses							(302,849)
Finance income							313,230
Finance costs							(1,363,795)
Share of (losses)/profits of joint ventures							8,508
Share of profits/(losses) of associates							(7,306)
Profit before tax							3,701,510

Notes to the unaudited interim financial report

3 REVENUE AND SEGMENT INFORMATION (continued)

Geographic information

The Group's operations and non-current assets are mainly located in Mainland China. The geographical information about its revenue and non-current assets prepared by location of customers is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Segment revenue		
Mainland China	**88,005,305**	79,032,071
Overseas:		
Pakistan	**3,903,231**	2,762,282
Vietnam	**2,780,554**	1,063,340
Indonesia	**2,034,300**	893,109
Venezuela	**1,251,408**	464,929
Angola	**1,098,649**	530,882
Bangladesh	**1,087,709**	514,364
Others	**5,886,295**	6,854,240
Total	**106,047,451**	92,115,217

	At 30 June 2017	At 31 December 2016
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets		
Mainland China	**65,129,573**	62,356,062
Overseas:		
Pakistan	**340,785**	217,694
Liberia	**144,135**	152,459
Qatar	**71,193**	77,843
Vietnam	**891,233**	895,516
Ethiopia	**427**	48,567
Others	**426,409**	531,326
Total	**67,003,755**	64,279,467

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

Notes to the unaudited interim financial report

3 REVENUE AND SEGMENT INFORMATION (continued)

Revenue from major customers

There is no major individual customer contributing over 10% of the total revenue of the Group for the six months ended 30 June 2017 (30 June 2016: nil).

Segment assets and liabilities

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

4 OTHER INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants		
– grants related to income (note)	**1,093,987**	238,185
– grants related to assets	**18,477**	15,146
Dividend income from available-for-sale financial assets	**89,022**	87,851
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	**378**	2
Compensation income on contract violation	**11,189**	5,768
Waiver of certain payables from suppliers and others	**33,482**	27,418
Total	**1,246,535**	374,370

Note: Government grants include various government subsidies received by the Group from the 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 30 June 2017.

Notes to the unaudited interim financial report

5 OTHER NET GAINS AND LOSSES

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange (loss)/gain	**(177,880)**	117,967
Gain/(loss) on disposal of:		
– Associates	**–**	41,030
– Financial assets measured at FVTPL	**(252)**	8,192
– Available-for-sale financial assets	**3,582**	(368)
– Property, plant and equipment	**39,295**	16
– Prepaid lease payments	**–**	80,517
– Subsidiaries	**–**	230,045
Impairment loss recognised in respect of:		
– Trade receivables	**(162,360)**	(227,445)
– Other receivables	**(1,793)**	(20,405)
Fair value changes of financial assets measured at FVTPL	**(12,276)**	4,386
Cumulative gain on disposal of available-for-sale financial assets	**7,680**	659
Others	**(66,829)**	9,008
Total	**(370,833)**	243,602

6 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on:		
Bank and cash balances and pledged deposits	**332,585**	221,318
Other loans	**98,982**	54,113
Defined benefit plan assets	**35,882**	37,799
Total finance income	**467,449**	313,230
Interest expenses on:		
Bank and other borrowings	**1,303,288**	1,549,218
Corporate bonds	**321,927**	216,419
Finance leases	**8,574**	19,003
Discounted bills	**37,210**	14,656
Short-term financing notes	**–**	57,086
Defined benefit obligations	**172,849**	195,795
	1,843,848	2,052,177
Less: Interest capitalised into		
– Construction in progress	**8,129**	46,203
– Properties under development for sale	**477,675**	642,179
Total finance costs	**1,358,044**	1,363,795

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.

The borrowing costs have been capitalised at rates of 4.80% to 8.00% for the six months ended 30 June 2017 (six months ended 30 June 2016: 4.28% to 8.40%).

Notes to the unaudited interim financial report

7 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other labour costs	**7,331,554**	7,251,493
Retirement benefits and pensions	**1,206,558**	1,204,797
Other social benefits	**1,870,182**	1,783,511
Effect of share based compensation	**20,137**	–
Total staff and labour costs	**10,428,431**	10,239,801
Less: Capitalised into construction in progress	**(878)**	(1,623)
Less: Capitalised into properties under development for sale	**(94,186)**	(12,036)
	10,333,367	10,226,142
(Reversal)/recognition of allowance on:		
– Inventories	**(17,130)**	59,426
– Trade receivables (note 5)	**162,360**	227,445
– Other receivables (note 5)	**1,793**	20,405
Cost of inventories recognised as expense	**23,345,266**	23,466,095
Operating lease expenses	**172,126**	172,010
Gross rental income from investment properties	**(23,724)**	(24,512)
Less: Direct operating expenses (including depreciation of investment properties) incurred for investment properties that generated rental income	**17,428**	17,633
	(6,296)	(6,879)

8 INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current enterprise income tax	**1,195,053**	820,059
Deferred tax	**(62,747)**	(11,844)
Land appreciation tax ("LAT")	**207,279**	48,796
	1,339,585	857,011

The majority of the entities in the Group are located in Mainland China. Under the relevant Corporate Income Tax Law of the People's Republic of China ("PRC") and the respective regulations, except for certain preferential treatments available to the Company's subsidiaries, which were exempted or taxed at a preferential rate of 15% during the reporting period primarily due to their status as entities engaging in technology development or development projects in the western part of Mainland China, the PRC entities within the Group are subject to corporate income tax at a rate of 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

Notes to the unaudited interim financial report

9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**2,259,223**	2,210,115

	Six months ended 30 June	
	2017	2016
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**29,921,724**	30,004,227

The calculation of basic earnings per share is based on the weighted average number of ordinary shares in issue during the interim period, after adjusting for the restricted share incentive scheme (note 22(e)).

Given vesting condition of restricted shares are subject to achievement of financial performance of the Company and individual performance assessment of participants over the unlocking period, there was no dilutive effect arising from restricted share incentive scheme for the six months ended 30 June 2017.

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group incurred costs for construction in progress of RMB789,731,000 (six months ended 30 June 2016: RMB1,556,000,000) and acquired buildings at a cost of RMB256,621,000 (six months ended 30 June 2016: RMB51,000,000), machinery at a cost of RMB229,009,000 (six months ended 30 June 2016: RMB287,000,000), transportation vehicles/vessels at a cost of RMB99,027,000 (six months ended 30 June 2016: RMB79,000,000), electronic equipment at a cost of RMB35,699,000 (six months ended 30 June 2016: RMB59,000,000), office equipment at a cost of RMB28,615,000 (six months ended 30 June 2016: RMB19,000,000), and other equipment at a cost of RMB22,419,000 (six months ended 30 June 2016: RMB27,000,000) for the purpose of expanding the Group's business.

The Group pledged certain buildings with carrying amount of approximately RMB938,854,000 as at 30 June 2017 (31 December 2016: RMB975,091,000) to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 28.

The carrying amount of property, plant and equipment held under finance leases as at 30 June 2017 amounted to RMB273,301,000 (31 December 2016: RMB417,292,000).

As at 30 June 2017, the Group was in the process of applying the title certificates of certain of its buildings with aggregate carrying amount of approximately RMB471,668,000 (31 December 2016: RMB461,000,000). 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 abovementioned 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 reporting period.

11 PREPAID LEASE PAYMENTS

During the six months ended 30 June 2017, the Group incurred costs for acquisition of prepaid lease payments of RMB170,975,000 (six months ended 30 June 2016: RMB81,000,000).

As at 30 June 2017, the Group pledged leasehold land with carrying value of RMB367,890,000 (31 December 2016: RMB346,952,000) to secure loan facilities of the Group. Details of pledge of assets are set out in note 28.

As at 30 June 2017, the Group was in the process of applying the title certificates of certain of its land use rights in the PRC with aggregate carrying amount of approximately RMB12,480,000 (31 December 2016: RMB15,000,000). 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 reporting period.

Notes to the unaudited interim financial report

12 INTANGIBLE ASSETS

During the six months ended 30 June 2017, addition to intangible assets amounting to RMB1,006,973,000 (six months ended 30 June 2016: RMB57,000,000), which comprised concession rights of RMB966,102,000 (six months ended 30 June 2016: nil), software of RMB26,589,000 (six months ended 30 June 2016: RMB36,000,000), patent & unpatented technology of RMB641,000 (six months ended 30 June 2016: nil) and other intangible assets of RMB13,641,000 (six months ended 30 June 2016: RMB19,000,000). No mining rights increased during the six months ended 30 June 2017 (six months ended 30 June 2016: RMB2,000,000).

The rights in respect of toll road income under two concession agreements with an aggregate carrying amount of RMB7,666,499,000 as at 30 June 2017 (31 December 2016: RMB7,721,317,000) are pledged to obtain bank borrowings (note 28).

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Listed investments:		
Equity securities listed in Mainland China	**2,423,781**	2,316,368
Equity securities listed in Hong Kong	**146,694**	124,171
Subtotal	**2,570,475**	2,440,539
Unlisted investments:		
Private companies (note (a))	**4,052,927**	3,914,073
Listed company (note (b))	**386,715**	401,570
Compound debt instruments	**500,000**	–
Provision for impairment	**(114,178)**	(114,178)
Subtotal	**4,825,464**	4,201,465
Total	**7,395,939**	6,642,004
Analysed for reporting purposes:		
Non-current	**6,895,939**	6,642,004
Current	**500,000**	–
	7,395,939	6,642,004

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Notes:

(a) The unlisted investments in private companies mainly represent equity securities of private entities established in the PRC. They are measured at cost less impairment at the end of the 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 of them in the near future.

(b) These investments mainly represent domestic legal person shares of Huadian Fuxin Energy Corporation Limited ("Huadian Fuxin", a PRC established company which is under control by State-owned Assets Supervision and Administration Commission of the State Council ("SASAC")), the H shares of which were listed on the Stock Exchange in 2012.

14 TRADE AND BILLS RECEIVABLE

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Trade receivables	**47,758,418**	44,659,392
Retention money receivables	**8,295,297**	7,935,233
Less: allowance of doubtful debts	**(2,963,993)**	(2,803,199)
	53,089,722	49,791,426
Bills receivable	**3,647,133**	4,799,663
Build-Transfer ("BT")/Build-Operate-Transfer ("BOT") project receivables	**4,802,804**	4,618,136
Total trade and bills receivable	**61,539,659**	59,209,225
Analysed for financial reporting purpose:		
Non-current	**5,505,395**	5,576,038
Current	**56,034,264**	53,633,187
	61,539,659	59,209,225

Trade 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 the retention receivables and certain receivables from BT and BOT projects.

The retention receivables are repayable at the end of the retention period of the respective construction contracts, usually between 12 to 24 months. The trade receivables arising from BT and BOT projects are unsecured and are repayable by instalments over a 4 to 30 years period during or after the completion of the construction of the underlying projects.

Notes to the unaudited interim financial report

14 TRADE AND BILLS RECEIVABLE (continued)

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
0 to 6 months	**40,037,449**	39,773,585
6 months to 1 year	**9,087,323**	7,655,659
1 year to 2 years	**6,236,208**	5,947,042
2 years to 3 years	**3,332,208**	2,984,576
3 years to 4 years	**1,586,975**	1,357,346
4 years to 5 years	**708,773**	670,758
Over 5 years	**550,723**	820,259
	61,539,659	59,209,225

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

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Ultimate holding company	**794**	778
Fellow subsidiaries	**11,423**	15,792
Joint ventures	**27,469**	86,000
Associates	**1,185,323**	1,113,990
Total	**1,225,009**	1,216,560

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

As at 30 June 2017, the Group pledged its trade receivables from grid companies amounting to approximately RMB388,766,000 (31 December 2016: RMB459,796,000) to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 28.

Notes to the unaudited interim financial report

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Advance to suppliers	**25,484,042**	29,598,876
Other receivables (note)	**19,690,240**	14,674,884
Prepayments for acquisition of property, plant and equipment	**1,468,240**	1,240,742
Prepaid taxes	**2,329,069**	1,801,003
Dividends receivable	**29,971**	28,495
Interest receivables	**81,202**	68,868
Deposits for prepaid lease payments	**31,628**	36,628
Deposits paid for acquisition of subsidiaries	**867,234**	389,030
	49,981,626	47,838,526
Analysed for financial reporting purpose:		
Non-current	**2,592,311**	1,881,948
Current	**47,389,315**	45,956,578
	49,981,626	47,838,526

Note:

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

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

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Ultimate holding company		
– Non-trade nature	**223,676**	245,237
Fellow subsidiaries		
– Trade nature	**182,376**	165,518
– Non-trade nature	**557,830**	62,828
Joint ventures		
– Non-trade nature	**77,034**	28,836
Associates		
– Non-trade nature	**1,997,380**	224,977
Total	**3,038,296**	727,396

Notes to the unaudited interim financial report

16 OTHER LOANS

At 30 June 2017, the amounts due from fellow subsidiaries, associates and third parties included in other loans were mainly repayable within one year, except for loans amounting to RMB1,826,951,000 as at 30 June 2017 (31 December 2016: RMB1,837,763,000) which were repayable from 2 to 14 years. These loans are all unsecured, further details of which are analysed as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Amounts due from:		
Fellow subsidiaries	**190,000**	190,000
Joint ventures	**1,111,095**	1,137,763
Associates	**770,649**	1,329,536
Third parties	**590,901**	615,000
	2,662,645	3,272,299
Analysed for financial reporting purpose:		
Non-current	**1,826,951**	1,837,763
Current	**835,694**	1,434,536
	2,662,645	3,272,299
Loans:		
With ultimate holding company guarantee	**190,000**	190,000
With third party guarantees	**500,000**	500,000
Without guarantees	**1,972,645**	2,582,299
	2,662,645	3,272,299
Interest bearing loans (fixed rate)	**1,111,317**	1,423,838
Interest bearing loans (floating rate)	**1,111,095**	1,137,763
Interest-free loans repayable on demand	**440,233**	710,698
	2,662,645	3,272,299
Range of interest rate (per annum)	**4.35% to 6.15%**	4.35% to 10.50%

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.

Notes to the unaudited interim financial report

17 AMOUNTS DUE FROM/TO CUSTOMERS FOR CONSTRUCTION CONTRACTS

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Gross amounts due from customers for construction work	**33,981,721**	23,804,689
Gross amounts due to customers for construction work	**(6,961,409)**	(5,734,119)
	27,020,312	18,070,570
Contract costs incurred plus recognised profits less recognised losses to date	**803,227,218**	758,561,624
Less: Progress billings received and receivables	**(776,206,906)**	(740,491,054)
	27,020,312	18,070,570

Gross amounts due from customers for construction work above include amounts attributable to joint ventures and associates as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Joint ventures	**109,752**	94,719
Associates	**294,116**	67,336
	403,868	162,055

Gross amounts due to customers for construction work above include amounts attributable to joint ventures and associates as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Joint ventures	**659**	688
Associates	**16,911**	37,586
	17,570	38,274

The transactions between these related parties were based on prices mutually agreed between the parties after taking reference of the market prices.

Notes to the unaudited interim financial report

18 TRADE AND BILLS PAYABLES

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Trade payables	**74,574,135**	69,459,841
Bills payable	**5,192,496**	4,902,147
	79,766,631	74,361,988

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

As at 30 June 2017, retention payables of RMB3,963,734,000 (31 December 2016: RMB3,011,815,000) were included in trade and bills payables. Retention payables are interest free and payable at the end of the retention periods of the respective construction contracts. The Group's normal operating cycle with respect to the construction contracts is usually more than one year.

The following is an ageing analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Within 1 year	**65,985,945**	61,060,118
1 to 2 years	**6,965,306**	7,143,900
2 to 3 years	**4,047,957**	3,496,652
More than 3 years	**2,767,423**	2,661,318
	79,766,631	74,361,988

Notes to the unaudited interim financial report

18 TRADE AND BILLS PAYABLES (continued)

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

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Fellow subsidiaries	**71,305**	78,458
Associates	**17,741**	17,249
	89,046	95,707

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

19 OTHER PAYABLES AND ACCRUALS

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Advance from customers	**30,474,806**	25,706,229
Other payables	**18,238,501**	17,250,214
Accrued payroll and welfare	**2,039,822**	2,120,215
Non-income tax related tax payables	**1,560,355**	1,926,480
Dividend payables	**1,256,057**	217,472
Interest payables	**177,281**	118,837
	53,746,822	47,339,447
Analysed for financial reporting purpose:		
Current	**53,664,445**	47,275,838
Non-current	**82,377**	63,609
	53,746,822	47,339,447

Notes to the unaudited interim financial report

19 OTHER PAYABLES AND ACCRUALS (continued)

The balances of other payables mainly include payments made by third parties on behalf of the Group, retention payables, deposits payable and others.

The amounts due to ultimate holding company, fellow subsidiaries, joint ventures and associates included in other payables are analysed as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Ultimate holding company	**1,290,118**	1,302,364
Fellow subsidiaries	**119,027**	137,870
Joint ventures	**72,745**	20,606
Associates	**295,517**	47,916
	1,777,407	1,508,756
Analysed by nature:		
Trade nature	**123,963**	56,743
Non-trade nature (note)	**1,653,444**	1,452,013
	1,777,407	1,508,756

Note: The above amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

20 BANK AND OTHER BORROWINGS

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Current		
Short term bank borrowings:		
– unsecured	**12,906,137**	10,812,709
– secured	**461,433**	547,320
Short term other borrowings:		
– unsecured	**6,327,983**	5,293,947
Current portion of long term bank borrowings:		
– unsecured	**7,620,237**	5,116,108
– secured	**2,996,233**	1,285,865
Current portion of long term other borrowings:		
– secured	**24,619**	44,050
	30,336,642	23,099,999
Non-current		
Long term bank borrowings:		
– unsecured	**14,522,069**	18,090,813
– secured	**8,527,315**	8,526,231
Long term other borrowings:		
– secured	**1,421,276**	1,421,276
	24,470,660	28,038,320

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20 BANK AND OTHER BORROWINGS (continued)

The amounts due to ultimate holding company, fellow subsidiaries, joint ventures and associates included in bank and other borrowings above are analysed as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Ultimate holding company	**1,190,000**	500,001
Fellow subsidiaries	**150,528**	175,157
Joint ventures	**2,293,310**	1,473,540
Associates	**524,211**	154,215
	4,158,049	2,302,913

Bank borrowings and other borrowings were secured by certain assets of the Group, details of which are set out in note 28.

The amounts of bank and other borrowings guaranteed by third parties are analysed as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Guaranteed by third parties	**128,835**	127,811

The carrying amount of the bank and other borrowings and the range of interest rates are as below:

	At 30 June 2017		**At 31 December 2016**	
	RMB'000 (Unaudited)	**%**	RMB'000 (Audited)	%
Fixed rate bank and other borrowings	**23,449,986**	**1.05-6.72**	23,677,784	1.05-9.60
Floating rate bank and other borrowings	**31,357,316**	**1.20-9.60**	27,460,535	1.20-8.84
	54,807,302		51,138,319	

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.

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21 CORPORATE BONDS

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Carrying amount repayable based on repayment term:		
Within one year	**1,443,705**	557,645
More than one year but within two years	**150,000**	670,856
More than two years but within three years	**1,800,000**	1,201,304
More than three years but within four years	**10,150,000**	775,713
More than four years but within five years	**200,000**	10,442,482
More than five years	**12,988,620**	13,273,484
	26,732,325	26,921,484
Less:		
Carrying amounts of corporate bonds that contain a repayment on demand clause (shown under current liabilities) but repayable:		
More than five years	**(10,000,000)**	(10,134,523)
Amounts due within one year	**(1,443,705)**	(557,645)
Amounts shown under current liabilities	**(11,443,705)**	(10,692,168)
Amounts shown under non-current liabilities	**15,288,620**	16,229,316
Effective interest rate – floating rate (per annum)	**3.25%**	4.75%
Effective interest rate – fixed rate (per annum)	**3.14%-5.37%**	3.14%-5.37%

Notes to the unaudited interim financial report

22 CAPITAL, RESERVES AND DIVIDEND

(a) Dividends

(i) Dividends payable to owners of the company attributable to the six months ended 30 June

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB nil).

(ii) Dividends payable to owners of the company attributable to the previous financial year, approved during the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the six months ended 30 June 2017, of RMB0.0296 per share (2016: RMB0.00416 per share)	**888,604**	124,885

(b) Issued share capital

The details of the Company's issued share capital are as follows:

	At 30 June 2017		At 31 December 2016	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	**RMB'000**	'000	RMB'000
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Registered, issued and fully paid				
State legal person shares of RMB1.00 each	**20,757,960**	**20,757,960**	20,757,960	20,757,960
H Shares of RMB1.00 each	**9,262,436**	**9,262,436**	9,262,436	9,262,436
	30,020,396	**30,020,396**	30,020,396	30,020,396

22 CAPITAL, RESERVES AND DIVIDEND (continued)

(c) Group's reserves

Details of the Group's reserves for the period are presented in the consolidated statement of changes in equity.

(d) Purchase of own shares

During the six months ended 30 June 2017, the Company purchased its own shares by a trustee on the Stock Exchange as follows:

Month/year	Number of Shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	HK$	RMB'000
January 2017	68,260,000	1.4825	1.2819	80,799
February 2017	13,700,000	1.4766	1.3774	17,396
March 2017	19,700,000	1.5366	1.4138	25,951
April 2017	8,900,000	1.5435	1.4286	11,631
May 2017	16,600,000	1.4797	1.4342	21,365
June 2017	20,300,000	1.5785	1.4530	26,048
				183,190

(e) Restricted share incentive scheme

On 21 November 2016, the Company adopted a restricted share scheme (the "Scheme") with a duration of ten years. On 21 November 2016, the board of directors approved an initial grant of restricted shares under the Scheme, pursuant to which approximately 287,500,000 restricted shares, representing approximately 0.96% of the issued share capital of the Company as at 31 December 2016, were granted to 542 selected Scheme participants at the grant price of HK$0.66 per share.

Upon the grant of restricted shares to Scheme participants, 100% of the grant price was funded by the Scheme participants amounting to RMB160,274,000. These restricted shares would be unlocked proportionally in a period of three years upon expiry of lock-up period of two years subsequent to the grant date. The vesting condition of restricted shares are subject to achievement of financial performance of the Company and individual performance assessment over the unlocking period.

By the end of 30 June 2017, 147,460,000 shares were repurchased from the market and held as restricted shares by a trustee before they are vested.

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23 PERPETUAL CAPITAL INSTRUMENTS

China Gezhouba Group Stock Company Limited (中國葛洲壩集團股份有限公司) and two of its subsidiaries issued certain perpetual capital instruments by several tranches since 2015:

Date	Distribution Rate p.a	Amount
	%	RMB'000
31 December 2015	6.50	1,000,000
31 May 2016	4.28	3,000,000
21 September 2016	3.76	3,000,000
30 November 2016	5.70	1,600,000
12 December 2016	5.60	1,500,000
01 March 2017	6.00	300,000
16 April 2017	6.00	1,150,000
Total		11,550,000

There is no maturity of these instruments and the repayments of instruments can be deferred at the discretion of the Group. As long as the compulsory distribution payment events have not occurred, the Group have the right to defer the distribution payment at each interest payment date to the next distribution payment date unlimitedly, which does not cause the Group for breach of contract.

The Group could not defer current distribution and all deferred distribution when any of the following compulsory interest payment events occur:

- to declare and pay dividend to shareholders; and
- to reduce registered capital.

When any of the compulsory distribution payment events occur, the Group, as the case may be, shall make distribution to the holders of these instruments at the distribution rate as defined in the subscription agreements.

The distribution rate of these instruments will be reset according to the terms agreed in each contract of instruments respectively in every one to five years.

The Group does not have the contractual obligation to deliver cash or other financial assets to other parties, therefore the perpetual capital instruments are recognised as equity in this interim financial report.

24 FINANCIAL INSTRUMENTS

Fair value measurement

Fair value measurement for financial instruments measured at fair value on a recurring basis

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at						
Financial assets	**30 June 2017**	31 December 2016	**Fair value hierarchy**	**Valuation technique**	**Key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
	RMB'000	RMB'000					
	(Unaudited)	(Audited)					
Tradable securities classified as available-for-sale financial assets	**2,570,475**	2,440,539	Level 1	Unadjusted quoted price on active market	Not applicable	Not applicable	Not applicable
Non-tradable securities of listed company classified as available-for-sale financial assets (note)	**386,715**	401,570	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	**2,957,190**	2,842,109					
Financial assets at fair value through profit or loss	**54,585**	70,182	Level 1	Unadjusted quoted price on active market	Not applicable	Not applicable	Not applicable

Note: These investments represent domestic legal person shares of Huadian Fuxin which were listed on the Stock Exchange in 2012.

During the years ended 31 December 2016 and the period ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the unaudited interim financial report

24 FINANCIAL INSTRUMENTS (continued)

Reconciliation of level 3 fair value measurement of financial assets:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
At 1 January (Audited)	**401,570**	347,977
Fair value loss recognised in other comprehensive income	**(14,855)**	(36,843)
At 30 June (Unaudited)	**386,715**	311,134

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 this interim financial report approximate their fair values.

	Carrying amounts		Fair values	
	At 30 June	At 31 December	**At 30 June**	At 31 December
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial liabilities				
Bank and other borrowings (fixed rate)	**23,449,986**	23,677,784	**25,053,254**	24,670,791
Corporate bonds (fixed rate)	**26,319,325**	26,514,352	**26,754,078**	26,857,967
Financial lease payables (fixed rate)	**289,521**	300,469	**283,422**	308,782
	50,058,832	50,492,605	**52,090,754**	51,837,540

24 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy as at 30 June 2017

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities				
Bank and other borrowings (fixed rate)	**–**	**–**	**25,053,254**	**25,053,254**
Corporate bonds (fixed rate)	**–**	**26,754,078**	**–**	**26,754,078**
Financial lease payables (fixed rate)	**–**	**–**	**283,422**	**283,422**
Total	**–**	**26,754,078**	**25,336,676**	**52,090,754**

Fair value hierarchy as at 31 December 2016

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities				
Bank and other borrowings (fixed rate)	–	–	24,670,791	24,670,791
Corporate bonds (fixed rate)	–	26,857,967	–	26,857,967
Financial lease payables (fixed rate)	–	–	308,782	308,782
Total	–	26,857,967	24,979,573	51,837,540

Notes to the unaudited interim financial report

25 CAPITAL COMMITMENTS

Capital expenditure:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Contracted for but not provided in this interim financial report		
Property, plant and equipment	**2,012,359**	1,093,704

The Group's share of the capital commitments of its joint ventures is as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Commitments to contribute funds for the acquisition and construction of property, plant and equipment	**358,801**	358,801

Investment commitments:

According to relevant agreements, the Group has the following investment commitments:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Investment commitments in:		
– Associates	**2,762,397**	2,931,387
– Joint ventures	**1,733,242**	1,733,242
– Available-for-sale financial assets	**22,528**	22,528
	4,518,167	4,687,157

26 OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Within one year	**165,844**	226,200
1 to 3 years	**279,619**	276,257
Over 3 years	**42,165**	68,988
	487,628	571,445

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 six months ended 30 June 2017, rental income earned by the Group from its investment properties was RMB23,724,000 (six months ended 30 June 2016: RMB24,512,000).

All of the properties leased out have committed tenants for 1 to 18 years without termination options granted to tenants.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Within one year	**27,521**	56,048
1 to 3 years	**60,608**	58,686
Over 3 years	**113,130**	108,036
	201,259	222,770

Notes to the unaudited interim financial report

27 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 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Guarantees given to banks and other financial institutions in respect of loan facilities granted to: (note i)		
Joint ventures (note 29 (a))	**1,050,511**	1,068,151
Associates (note 29 (a))	**3,961,672**	3,701,466
Investee recognised as available-for-sale financial asset	**75,000**	75,000
	5,087,183	4,844,617
Mortgage loan guarantees provided by the Group to banks in favor of its customers (note ii)	**1,295,607**	1,244,449
	6,382,790	6,089,066

(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.

27 CONTINGENCIES (continued)

(b) Guarantees (continued)

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 interim financial report.

28 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:

	Note	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Property, plant and equipment	10	**938,854**	975,091
Prepaid lease payments	11	**367,890**	346,952
Investment properties		**69,254**	66,670
Intangible assets	12	**7,666,499**	7,721,317
Trade receivables	14	**388,766**	459,796
Properties under development for sale		**11,273,196**	9,418,948
Completed properties for sale		**38,547**	19,722
Bank deposits		**2,583,371**	2,698,576
		23,326,377	21,707,072

Notes to the unaudited interim financial report

29 RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Save as disclosed elsewhere in the interim financial report, the Group entered into the following transactions with related parties during the period:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods		
Ultimate holding company	**282**	–
Joint ventures	**1,036**	–
Associates	**120,538**	70,212
	121,856	70,212
Construction service		
Fellow subsidiaries	**5,034**	451
Joint ventures	**33,856**	52,646
Associates	**1,150,544**	1,147,850
	1,189,434	1,200,947
Purchase of goods		
Fellow subsidiaries	**747**	–
Joint ventures	**2,341**	1,865
Associates	**15,095**	7,676
	18,183	9,541
Purchase of services		
Ultimate holding company	**1,872**	–
Fellow subsidiaries	**12,370**	3,567
	14,242	3,567
Lease expense		
Fellow subsidiaries	**67,373**	82,982
Finance income		
Fellow subsidiaries	**3,400**	2,112
Joint ventures	**74,710**	–
Associates	**12,522**	40,682
	90,632	42,794
Finance costs		
Ultimate holding company	**13,063**	20,079
Fellow subsidiaries	**357**	27
	13,420	20,106

Notes to the unaudited interim financial report

29 RELATED PARTY TRANSACTIONS (continued)

(a) Significant related party transactions (continued)

The Group had issued guarantees to banks or other financial institutions in respect of the banking facilities granted to the following parties:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Associates (note 27 (b))	**3,961,672**	3,701,466
Joint ventures (note 27 (b))	**1,050,511**	1,068,151
	5,012,183	4,769,617

In the opinion of the directors, the transactions 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 six months ended 30 June 2017, 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 14, 15, 16, 17, 18, 19 and 20.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim report.

The Group has the following updates to the information provided in the last annual consolidated financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of IFRS 9.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

IFRS 9, Financial instruments (continued)

(a) Classification and measurement (continued)

With respect to the Group's financial assets currently classified as "available-for sale", these are investments in equity securities which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to IFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL. Either classification would give rise to a change in accounting policy as the current accounting policy for available-for-sale equity investments is to recognise fair value changes in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss. This change in policy will have no impact on the Group's net assets and total comprehensive income but will impact on reported performance amounts such as profit and earnings per share.

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of IFRS 9.

(b) Impairment

The new impairment model in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(c) Hedge accounting

IFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting IFRS 15 on its consolidated financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

IFRS 15, Revenue from contracts with customers (continued)

(a) Timing of revenue recognition

Currently, revenue arising from construction contracts and the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that once the Group adopts IFRS 15 some of the Group's contract manufacturing and residential property development activities that are currently recognised at a point in time may meet the IFRS 15 criteria for revenue recognition over time. This will depend on the terms of the sales contract and the enforceability of any specific performance clauses in that contract, which may vary depending on the jurisdiction in which the contract would be enforced. It is also possible that for the remainder of the Group's contracts the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

IFRS 15, Revenue from contracts with customers (continued)

(b) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments are not common in the Group's arrangements with its customers, with the exception of when residential properties are marketed by the Group while the property is still under construction. In this situation, the Group may offer buyers a discount compared to the sales price payable, provided the buyer agrees to pay the balance of the purchase price early.

Currently, the revenue from property sales is recognised when the property is complete, measured at the amount received from the customer, irrespective of whether the customer pays early or on completion. However, under IFRS 15 such advance payment schemes are likely to be regarded as including a financing component.

The Group is in the process of assessing whether this component in the Group's advance payment schemes would be significant to the contract and therefore whether, once IFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue. Any adjustment to the transaction price under IFRS 15, if considered necessary, would result in interest expense being recognised while the construction work is still in progress to reflect the effect of the financing benefit obtained from the customers, with a corresponding increase to revenue on sale of properties recognised when control of the completed property is transferred to the customer.

(c) Sales with a right of return

Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes an adjustment against revenue and cost of sales.

The Group expects that the adoption of IFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

IFRS 16, Leases

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. At 30 June 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB487,628,000 for office premises, the majority of which is payable either within 1 year or between 1 and 3 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt IFRS 16 in its 2018 consolidated financial statements.

Glossary of Vocabulary and Technical Terms

"Board"	refers to the board of directors of the Company
"Company" or "our Company"	refers to 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 in the PRC on 19 December 2014
"Company Law"	refers to 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 of the People's Republic of China on 27 October 2005 and effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time, which was further amended on 28 December 2013 and effective on 1 March 2014
"Securities Law"	refers to 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
"Corporate Governance Code"	refers to the Corporate Governance Code as contained in Appendix 14 to the Listing Rules
"CPECC"	refers to 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 12 August 2003 and a wholly-owned subsidiary of our Company
"Director(s)"	refers to the director(s) of the Company
"Energy China Group"	refers to 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 28 September 2011, the Controlling Shareholder and one of the promoters of our Company, and thus a connected person of our Company
"EPC"	refers to a common form of contracting arrangement whereby the contractor is commissioned by the project owner to carry out such project work such as the 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 being responsible for the quality, safety, timely delivery and cost of the project

Glossary of Vocabulary and Technical Terms

"BOT"	refers to the model of Build-Operate-Transfer; it is a model in which the government grants the concession rights of an infrastructure project to a contractor, which the contractor is responsible for the design, financing, construction and operation of the project during the concession period to cover its costs, repay debts and earn profits. Upon expiration of the concession period, the ownership of the project will be transferred back to the government
"EPPE Company"	refers to 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 17 July 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
"Group" or "our Group"	refers to the Company and its subsidiaries
"Listing Rules"	refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Model Code"	refers to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"PRC" or "China"	refers to the People's Republic of China
"National Bureau of Statistics"	refers to the National Bureau of Statistics of the People's Republic of China
"One Belt and One Road"	refers to 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 ocean-going "Maritime Silk Road"
"PPP"	refers to 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
"PV"	refers to a technology directly converting light energy into electrical energy by using the photovoltaic effect of the semiconductor interface
"Reporting Period"	refers to the six months ended 30 June 2017

Glossary of Vocabulary and Technical Terms

"SASAC"	refers to 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)
"SFO"	refers to Hong Kong Securities and Future Ordinance
"smart grid"	refers to the new modern grid highly integrating the advanced sensor measurement technology, information and communication technology, analysis and decision technology, automatic control technology, energy electric technology and power grid infrastructure in order to achieve the reliable, economical, efficient, and environmental friendly and safety use objectives
"sponge city"	refers to the city having a good "flexibility" in its adaptation to environmental change and response to natural disasters caused by rain, etc., being capable of water absorption, water storage, water seepage, and water purification when it rains, and the "release" and exploitation of the stored water when required
"urban comprehensive underground pipe gallery"	refers to the public tunnels laid underground in urban areas for paving municipal pipelines including electricity, telecommunications, television broadcast, water supply, water drainage, heat and gas, etc.
"Stock Exchange"	refers to The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"year-on-year"	refers to comparison with the same period of the previous year
"12th Five-Year Plan" or "13th Five-Year Plan"	refers to the Twelfth or Thirteenth Five-Year Planning Outline for National Economic and Social Development of the People's Republic of China
"the 461 China-Africa Cooperation Framework"	refers to four principles, six areas to promote new projects and one important platform aiming to upgrade the cooperation between China and Africa and jointly create a brighter future of China-Africa relationship development, in which the four principles being treating each other with full sincerity and as complete equals, enhancing solidarity and mutual trust, jointly pursuing inclusive development and innovating on practical cooperation; the six areas to promote new projects being industrial cooperation projects, financial cooperation projects, poverty reduction projects, ecological and environmental protection projects, cultural and people-to-people exchanges, and enhancing peace and security; the one important platform being completing the Forum on China-Africa Cooperation

Glossary of Vocabulary and Technical Terms

"Model Code for Securities Transactions"	refers to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"ultra low emission"	refers to emission concentration standard, granular material, sulfur oxide and nitric oxide being lower than 5 mg/Nm^3, 35 mg/Nm^3 and 50 mg/Nm^3, respectively
"USC"	refers to the main steam pressure being higher than that of a supercritical generation unit. The main steam pressure is normally at 28 MPa or above with temperature higher than 600°C

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