

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



中國能源建設股份有限公司

CHINA ENERGY ENGINEERING CORPORATION LIMITED*

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

(Stock Code: 3996)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

The Company convened the Board Meeting on 28 February 2017, at which the Board approved the transactions contemplated under (i) the Financial Services Framework Agreement entered into between Finance Company and Energy China Group on 28 February 2017, pursuant to which Finance Company agreed to provide deposit services, integrated credit lending services and miscellaneous financial services to Energy China Group or its associates; (ii) the Project Contracting and Sub-contracting Framework Agreement entered into between the Company and Energy China Group on 28 February 2017, pursuant to which the Company or its subsidiaries and Energy China Group or its associates agreed to provide to each other project contracting and sub-contracting services, such as project survey and design, construction and installation, project supervision and technology consultancy; and (iii) the Technical Services Framework Agreement entered into between the Company and EPPE Company on 28 February 2017, pursuant to which EPPE Company will provide power planning, integrated informationization and other related technical services to the Company.

1. FINANCIAL SERVICES FRAMEWORK AGREEMENT

Date

28 February 2017

Parties

- (i) Finance Company
- (ii) Energy China Group

* *For identification purpose only*

Material Terms

According to the Financial Services Framework Agreement, the financial services to be provided by Finance Company to Energy China Group or its associates include deposit services, integrated credit lending services and miscellaneous financial services.

In respect of the deposit services, the maximum average daily deposit balance shall be no more than RMB1.5 billion (inclusive) during the term of the Financial Services Framework Agreement.

In respect of the integrated credit lending services, the maximum credit facility shall be no more than RMB1 billion (inclusive) during the term of the Financial Services Framework Agreement.

In respect of the miscellaneous financial services, the maximum service fee to be charged shall be no more than RMB10 million during the term of the Financial Services Framework Agreement.

The term of the Financial Services Framework Agreement is one year (i.e. from 1 January 2017 to 31 December 2017).

The payment terms are dependent on the types of financial services to be provided and are determined at the time when such financial services are provided. The Group expects such terms of payment to be consistent with market terms for the relevant types of financial services.

Conditional upon the compliance with the Financial Services Framework Agreement, Finance Company and Energy China Group or its associates will enter into separate contracts in respect of deposit services, integrated credit lending services and miscellaneous financial services to provide for the details on the provision of such services.

Pricing Policy

Finance Company has undertaken to provide the above financial services to Energy China Group or its associates based on the following pricing policy:

- (i) the interest rate for the deposit services shall be in accordance with the relevant rules of promoting marketization of deposit interest rates stipulated by PBOC with reference to the interest rates of major domestic commercial banks in the PRC for the deposits with the same type and term;
- (ii) the interest rate and rate for the integrated credit lending services shall be in accordance with the floating range of loan interest rates stipulated by PBOC with reference to the interest rates of major domestic commercial banks in the PRC for the loans with the same type and term;

- (iii) the service fee for the miscellaneous financial services shall be determined with reference to the service fee charged by major domestic commercial banks in the PRC for the same type of service.

Basis of Annual Cap

The Company estimates that the proposed annual cap for the deposit services, integrated credit lending services and miscellaneous financial services for the year ending 31 December 2017 is RMB1.5 billion, RMB1 billion and RMB10 million, respectively, after taking into account of the historical transactions between both parties, possibility and needs of their future business development.

Reasons for and Benefits of Entering into the Financial Services Framework Agreement

The main reasons for and benefits of providing the financial services to Energy China Group or its associates are as follows:

- (i) through the expansion of services provided by Finance Company to Energy China Group, Finance Company will enhance the stability of its operations and the profitability of the Group as a whole will also be improved; and
- (ii) the interest rates on deposits and financing offered by Finance Company to Energy China Group are not higher than those offered to other independent third parties of a similar type and term in general.

2. PROJECT CONTRACTING AND SUB-CONTRACTING FRAMEWORK AGREEMENT

Date

28 February 2017

Parties

- (i) The Company
- (ii) Energy China Group

Material Terms

The Company or its subsidiaries and Energy China Group or its associates agreed to provide to each other project contracting and sub-contracting services, such as project survey and design, construction and installation, project supervision and consultation.

In respect of the project contracting and sub-contracting services to be provided by Energy China Group or its associates to the Company or its subsidiaries, the maximum aggregate service transaction amount is RMB0.8 billion during the term of the Project Contracting and Sub-contracting Framework Agreement.

In respect of the project contracting and sub-contracting services to be provided by the Company or its subsidiaries to Energy China Group or its associates, the maximum aggregate service transaction amount is RMB0.1 billion during the term of the Project Contracting and Sub-contracting Framework Agreement.

The term of the Project Contracting and Sub-contracting Framework Agreement is one year (i.e. from 1 January 2017 to 31 December 2017).

The payment terms are dependent on the type of project contracting and sub-contracting services to be provided and are determined at the time when such services are provided. The payment terms will be specified on each separate contract to be agreed by the parties.

Conditional upon the compliance with the Project Contracting and Sub-contracting Framework Agreement, the Company or its subsidiaries and Energy China Group or its associates will enter into separate contracts in respect of the project contracting and sub-contracting services to provide for the details on the provision of such services.

Pricing Policy

The service fees of the project contracting and sub-contracting services between the Group and Energy China Group shall be in line with the following principles:

- (i) the service fee shall be determined after arm's length negotiation and consensus between the parties with reference to:
 - a) national or industrial pricing standards for each type of service;
 - b) price for the services of similar type, scale, and other relevant conditions (if any) provided by two to three independent third parties in the same region; and
- (ii) neither party is allowed to make use of its advantages or position to ask or force the other party to accept any conditions in violation of the above principles.

Basis of Annual Cap

The Company estimates that the proposed annual cap for the project contracting and sub-contracting services to be provided by Energy China Group or its associates to the Group for year ending 31 December 2017 is RMB0.8 billion, while the proposed annual cap for the project contracting and sub-contracting services to be provided by the Group to Energy China Group or

its associates for the year ending 31 December 2017 is RMB0.1 billion, after taking into account of the historical transactions between the Group and Energy China Group, their expected business development and the growing demand for project construction contracting and sub-contracting.

Reasons for and Benefits of Entering into the Project Contracting and Sub-contracting Framework Agreement

The main reasons for and benefits of entering into the Project Contracting and Sub-contracting Framework Agreement are as follows:

- (i) Energy China Group is familiar with the business operations and process of the Group, and the provision of services by Energy China Group to the Group will significantly improve the operational efficiency and lower the operational cost and risks of the Company; and
- (ii) the provision of services by the Group to Energy China Group will enable the Group to conduct its business more extensively and grasp the information of industry development comprehensively.

3. TECHNICAL SERVICES FRAMEWORK AGREEMENT

Date

28 February 2017

Parties

- (i) The Company
- (ii) EPPE Company

Material Terms

EPPE Company will provide power planning, integrated informationization and other related technical services to the Company according to the production and operation requirements. The maximum aggregate transaction amount is RMB90 million.

The term of the Technical Services Framework Agreement is one year (i.e. from 1 January 2017 to 31 December 2017).

The payment terms are dependent on the type of technical services to be provided and are determined at the time when such services are provided. The payment terms will be specified on each separate contract to be agreed by the parties.

Conditional upon the compliance with the Technical Services Framework Agreement, EPPE Company and the Company will enter into separate contracts in respect of technical services to provide for the details on the provision of such services.

Pricing Policy

The service fees of the technical services between the Company and EPPE Company shall be in line with the following principles:

- (i) Government authorities (e.g. National Development and Reform Commission and SASAC) might announce the fixed prices or guidance prices regarding the agreed services from time to time. If the relevant fixed prices or guidance prices are available, they shall be adopted by the agreed services;
- (ii) If the guidance prices or fixed prices by the government are not available, the market prices to be determined by means of tender procedure will be adopted. The tender procedure shall be in compliance with relevant laws and regulations, including Law of the People's Republic of China on Tenders and Bids;
- (iii) If the tender procedure fails, the prices will be arrived at after arm's length negotiations by the parties. In this occasion, the Company will take reference of the historical prices and pricing trend of the related product. The Company will also take reference of at least two recent transactions made with unrelated third parties on similar quantity of the product in order to ensure the price to be determined by adding reasonable profits on top of the cost, and the pricing basis to be fair and reasonable.

Basis of Annual Cap

The Company estimates that the proposed annual cap for the related technical services provided by EPPE Company to the Company for the year ending 31 December 2017 is RMB90 million, after taking into account of the possibilities and needs of the future business development of both parties.

Reasons for and Benefits of Entering into the Technical Services Framework Agreement

EPPE Company is one of the leading professional organization of power planning and research in the PRC. It possesses solid strength and unique professional advantages in energy and integrated informationization as well as related professional technical services. The above transaction with EPPE Company is in the interest of the Group, ensures the effectiveness and efficiency of the Group's information technology platform and better facilitates the Group's business development and operations.

CONFIRMATION OF THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under Three Framework Agreements are on normal commercial terms, fair and reasonable, and in the interest of the Company and its Shareholders as a whole. The Company will comply with the reporting, announcement and/or independent shareholders' approval requirements of the Listing Rules if the transaction amount of Three Framework Agreements exceeds the relevant threshold.

Mr. Wang Jianping, an executive Director, is also the chairman of the board of directors of Energy China Group, and Mr. Ding Yanzhang, an executive Director, is also a director of Energy China Group. Both of them have abstained from voting at the Board Meeting approving Three Framework Agreements and the transactions contemplated thereunder as required by the Listing Rules. Save as disclosed above, none of the Directors has material interest in Three Framework Agreements.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Energy China Group directly and indirectly holds approximately 60.65% of the total issued share capital of the Company. Therefore, Energy China Group is a controlling shareholder and thus a connected person of the Company. Finance Company, a subsidiary of the Company, is directly and indirectly held as to 93.03% by the Company. EPPE Company is a wholly-owned subsidiary of Energy China Group and one of the promoters of the Company (holding approximately 0.33% of the total issued share capital of the Company), and thus a connected person of the Company. Accordingly, Three Framework Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

(i) Financial Services Framework Agreement

The deposit services to be provided by Finance Company to Energy China Group or its associates will constitute continuing connected transactions by way of financial assistance received by the Group from a connected person. Pursuant to Rule 14A.90 of the Listing Rules, as the deposit services are conducted on normal commercial terms and not conditional upon any collateral of assets of the Group, the provision of the deposit services is fully exempt from reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the facility of integrated credit lending services is more than 0.1% but less than 5%, the provision of integrated credit lending services shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the scale of miscellaneous financial services is less than 0.1%, pursuant to Rule 14A.76 of the Listing Rules, the provision of miscellaneous financial services is fully exempt from reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

(ii) Project Contracting and Sub-contracting Framework Agreement

As the relevant highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the project contracting and sub-contracting services to be provided by the Company or its subsidiaries to Energy China Group or its associates is more than 0.1% but less than 5%, such services shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the relevant highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the project contracting and sub-contracting services to be provided by Energy China Group or its associates to the Company or its subsidiaries is more than 0.1% but less than 5%, such services shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(iii) Technical Services Framework Agreement

As the relevant highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the total amount of technical services provided by EPPE Company to the Company is more than 0.1% but less than 5%, such services shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Company is one of the largest comprehensive solution providers for the power industry in the PRC and globally, and is principally engaged in the business of survey, design and consultancy in the power industry, construction, equipment manufacturing, civil explosives and cement production, investment and other businesses.

Energy China Group is a wholly state-owned enterprise and the controlling shareholder of the Company. It is mainly engaged in certain power engineering businesses, research and study on development strategy and planning of power industry, government and industry policies in the power industry and standardization of scientific research and the provision of community services such as health care, education and public security.

Finance Company is a licensed financial institution established in the PRC and a subsidiary of the Company. It is mainly engaged in providing relevant banking and finance services within the scope of business approved by CBRC.

EPPE Company is a wholly-owned subsidiary of Energy China Group and the Shareholder of the Company. It is a professional organization of power planning in the PRC, and provides services in energy, integrated informationization and related professional technical services.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Board Meeting”	the meeting of the Board held on Tuesday, 28 February 2017
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“EPPE Company”	Electric Power Planning & Engineering Institute Co., Ltd. (電力規劃總院有限公司), a limited liability company established in the PRC on 17 July 2014 and a wholly-owned subsidiary of Energy China Group and one of the promoters of the Company, and thus a connected person of the Company
“Finance Company”	China Energy Engineering Group Finance Co., Ltd. (中國能源建設集團財務有限公司), a limited liability company established in the PRC on 18 January 1996 and a subsidiary of the Company with 93.03% held by the Company directly and indirectly as of the date of this announcement
“Company”	China Energy Engineering Corporation Limited (中國能源建設股份有限公司), a joint stock limited company established in the PRC, whose H shares are listed on the Stock Exchange (Stock Code: 3996)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

“Project Contracting and Sub-contracting Framework Agreement”	the project contracting and sub-contracting framework agreement entered into between the Company and Energy China Group on 28 February 2017, pursuant to which the Company or its subsidiaries and Energy China Group or its associates agreed to provide various project contracting and sub-contracting business services to each other
“Director(s)”	the director(s) of the Company
“Energy China Group”	China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司), the controlling shareholder of the Company, directly and indirectly holds approximately 60.65% in the total issued share capital of the Company as of the date of this announcement
“Three Framework Agreements”	Financial Services Framework Agreement, Project Contracting and Sub-contracting Framework Agreement and Technical Services Framework Agreement
“Financial Services Framework Agreement”	the financial services framework agreement entered into between Finance Company and Energy China Group on 28 February 2017, pursuant to which Finance Company agreed to provide various financial services to Energy China Group or its associates
“Technical Services Framework Agreement”	the technical services framework agreement entered into between the Company and EPPE Company on 28 February 2017, pursuant to which EPPE Company agreed to provide power planning, integrated informationization and other related technical services to the Company
“Group”	the Company and its subsidiaries
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China but excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
CHINA ENERGY ENGINEERING CORPORATION LIMITED*
Wang Jianping
Chairman

Beijing, the PRC
28 February 2017

As at the date of this announcement, the executive directors of the Company are Mr. Wang Jianping, Mr. Ding Yanzhang and Mr. Zhang Xianchong; the non-executive director is Mr. Ma Chuanjing; and the independent non-executive directors are Mr. Ding Yuanchen, Mr. Wang Bin, Mr. Zheng Qiyu and Mr. Cheung Yuk Ming.