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**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)**

**INCREASE IN THE REGISTERED CAPITAL  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
ISSUE OF DEBT FINANCING INSTRUMENTS  
CHANGE OF DOMESTIC AUDITOR  
CHANGE OF REMUNERATION AND ASSESSMENT COMMITTEE MEMBER  
CHANGE OF JOINT COMPANY SECRETARY AND  
AGENT FOR SERVICE OF PROCESS IN HONG KONG  
CONTINUING CONNECTED TRANSACTIONS**

**INCREASE IN THE REGISTERED CAPITAL**

Reference is made to the prospectus of the Company dated November 27, 2015 for the Global Offering and the announcement of the Company dated December 31, 2015 for the partial exercise of the over-allotment option.

The Board has proposed at the Board Meeting to seek the approval of the Shareholders at the AGM on the increase in the registered capital of the Company to be consistent with the current share capital structure of the Company after the Global Offering.

**AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Board has proposed at the Board Meeting to seek the approval of the Shareholders at the AGM on the amendments to the relevant provisions in the Articles of Association.

**ISSUE OF DEBT FINANCING INSTRUMENTS**

The Board has proposed at the Board Meeting to seek the approval of the Shareholders at the AGM on the Debt Financing Instruments Issue with an aggregate principal amount of RMB30 billion or its equivalent in other foreign currency.

\* *For identification only*

## **CHANGE OF DOMESTIC AUDITOR**

The Board announces that Deloitte Touche Tohmatsu Certified Public Accountants LLP has resigned as the domestic auditor of the Company. The Board has proposed at the Board Meeting to seek the approval of the Shareholders at the AGM on the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic auditor of the Company for the financial year of 2016.

## **CHANGE OF REMUNERATION AND ASSESSMENT COMMITTEE MEMBER**

The Board announces that Mr. Zhang Xianchong, an executive Director, has recently resigned as a member of the remuneration and assessment committee of the Company due to certain needs of work, which becomes effective from the conclusion of the Board Meeting.

The Board has approved at the Board Meeting on the appointment of Mr. Cheung Yuk Ming, an independent non-executive Director, as a member of the remuneration and assessment committee of the Company, which becomes effective from the conclusion of the Board Meeting.

## **CHANGE OF JOINT COMPANY SECRETARY AND AGENT FOR SERVICE OF PROCESS IN HONG KONG**

The Board announces that Ms. Yung Mei Yee has recently resigned as the joint company secretary and agent for service of process in Hong Kong of the Company due to personal reasons, which becomes effective from the conclusion of the Board Meeting.

The Board has approved at the Board Meeting on the appointment of Ms. Mok Ming Wai as the joint company secretary and agent for service of process in Hong Kong of the Company in replacement of Ms. Yung Mei Yee, which becomes effective from the conclusion of the Board Meeting.

## **CONTINUING CONNECTED TRANSACTIONS**

The Board has approved at the Board Meeting on the transactions contemplated under (i) the Financial Services Framework Agreement entered into between Gezhouba Finance Company and Energy China Group on March 29, 2016, pursuant to which Gezhouba Finance Company agreed to provide credit lending services, deposit services and miscellaneous financial services to Energy China Group or its associates, and (ii) the Daily Production and Operation Framework Agreement entered into between the Company and Energy China Group on March 29, 2016, pursuant to which the Company or its subsidiaries and Energy China Group or its associates agreed to provide to each other daily operational services including survey and design, construction and installation, project supervision and technology consultancy.

## **LISTING RULES IMPLICATIONS**

As of the date of this announcement, Energy China Group directly and indirectly holds approximately 69.15% 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. Gezhouba Finance Company, a subsidiary of the Company, is directly and indirectly owned as to 90.34% by the Company. Accordingly, the Financial Services Framework Agreement, the Daily Production and Operation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

### **(i) Financial Services Framework Agreement**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the credit lending services is more than 0.1% but less than 5%, the provision of 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.

The deposit services to be provided by Gezhouba Finance Company to Energy China Group or its associates will constitute continuing connected transaction 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 miscellaneous financial services is less than 0.1%, pursuant to Rule 14A.76 of the Listing Rules, the provision of miscellaneous financial services shall be fully exempt from reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

### **(ii) Daily Production and Operation Framework Agreement**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the daily operational 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 highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the daily operational 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.

### **GENERAL MEETING**

The Board will submit the relevant proposals to the forthcoming AGM to seek approval from the Shareholders on, among other things, (i) the proposed increase in the registered capital of the Company; (ii) the proposed Amendments to the Articles of Association; (iii) the proposed Debt Financing Instruments Issue; and (iv) the proposed change of auditor of the Company. The proposals will be passed by way of ordinary and special resolutions and voted on by way of poll in accordance with the requirements of the Listing Rules.

### **CIRCULAR**

A circular containing, among other things, further information regarding: (i) the proposed increase in the registered capital of the Company; (ii) the proposed Amendments to the Articles of Association; (iii) the proposed Debt Financing Instruments Issue; (iv) the proposed change of auditor of the Company and (v) a notice of the AGM, will be despatched to the Shareholders on or around April 15, 2016.

### **INCREASE IN THE REGISTERED CAPITAL**

Reference is made to the prospectus of the Company dated November 27, 2015 for the Global Offering and the announcement of the Company dated December 31, 2015 for the partial exercise of the over-allotment option.

The Board has proposed at the Board Meeting to seek the approval of the Shareholders at the AGM on the increase in the registered capital of the Company from RMB21,600,000,000 to RMB30,020,396,364 accordingly to be consistent with the current share capital structure of the Company after the Global Offering.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board has proposed at the Board Meeting to seek the approval of the Shareholders at the AGM on the following amendments to the Articles of Association:

| No.       | Original Text   | Amended Text  |
|-----------|---|---|
| Article 2 | .....<br><br>The Company was established by way of promotion with the approval document (Guo Zi Gai Ge [2014] No. 1150) issued by State-owned Assets Supervision and Administration Commission under the State Council. The Company was registered with the State Administration for Industry and Commerce and was granted the corporate legal person's business license on 19 December 2014. The number of its corporate legal person's business license is: 100000000045287. The Company currently holds the business license with registered number of 100000000045287 certified and issued by Beijing Administration for Industry and Commerce on 16 July 2015.<br><br>The promoters of the Company are China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司) (hereinafter referred to as "Energy China Group") and Electric Power Planning & Engineering Institute Co., Ltd. (電力規劃總院有限公司). | .....<br><br>The Company was established by way of promotion with the approval document (Guo Zi Gai Ge [2014] No. 1150) issued by State-owned Assets Supervision and Administration Commission under the State Council. The Company was registered with the State Administration for Industry and Commerce and was granted the corporate legal person's business license on 19 December 2014.<br><br>The promoters of the Company are China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司) (hereinafter referred to as "Energy China Group") and Electric Power Planning & Engineering Institute Co., Ltd. (電力規劃總院有限公司). |

| No.        | Original Text   | Amended Text  |
|------------|---|---|
| Article 18 | <p>Upon approval of the securities regulatory authority of the State Council, the Company will issue [•••] overseas listed foreign shares (H shares). The state-owned shareholders will transfer to the National Council for Social Security Fund [•••] stated-owned shares upon the issue of overseas listed foreign shares of the Company in accordance with relevant requirements for reduction in holding of state-owned shares.</p> <p>Upon completion of the issue of overseas listed foreign shares, the share capital structure of the Company shall comprise [•••] ordinary shares, [•••] shares of which are held by the promoters (being the domestic shareholders) and [•••] shares held by H shareholders.</p> | <p>Upon approval of the securities regulatory authority of the State Council, the Company will issue 9,262,436,000 overseas listed foreign shares (H shares). The state-owned shareholders will transfer to the National Council for Social Security Fund 842,039,636 stated-owned shares upon the issue of overseas listed foreign shares of the Company in accordance with relevant requirements for reduction in holding of state-owned shares.</p> <p>Upon completion of the issue of overseas listed foreign shares, the share capital structure of the Company shall comprise 30,020,396,364 ordinary shares, 20,757,960,364 shares of which are held by the promoters (being the domestic shareholders) and 9,262,436,000 shares held by H shareholders.</p> |
| Article 21 | <p>The registered share capital of the Company is RMB21,600,000,000 before the issue of H shares. Upon completion of the issue of H shares, the registered share capital of the Company shall be RMB[•••].</p>  | <p>The registered share capital of the Company is RMB21,600,000,000 before the issue of H shares. Upon completion of the issue of H shares, the registered share capital of the Company shall be RMB30,020,396,364.</p>   |

| No.         | Original Text  | Amended Text   |
|-------------|--|--|
| Article 128 | <p data-bbox="336 212 406 244">.....</p> <p data-bbox="336 287 853 404">the board of directors authorises the chairman of the board of directors to decide on the following issues:</p> <ol data-bbox="336 436 893 1915" style="list-style-type: none"> <li data-bbox="336 436 893 649">1. any investment in fixed assets and equity interests with a transaction amount being not more than 10% of the latest audited net assets of the Company;</li> <li data-bbox="336 680 893 851">2. any entrusted wealth management with a transaction amount being not less than 10% of the latest audited net assets of the Company;</li> <li data-bbox="336 883 893 1095">3. any bank loan with an amount within the debt financing budget approved by the board of directors and being more than 10% of the latest audited net assets;</li> <li data-bbox="336 1127 893 1425">4. any donation with a single amount being less than RMB1 million and the total amount within a year being less than RMB10 million, and the total amount to the same receiver in the same year being less than RMB2 million;</li> <li data-bbox="336 1457 893 1670">5. any financing construction project or commercial property development projects within the scope of authorization of the board of directors;</li> <li data-bbox="336 1702 893 1915">6. disposal of significant assets within one year with an amount of more than RMB50 million but less than 10% of the latest audited net assets of the Company.</li> </ol> <p data-bbox="336 1957 406 1989">.....</p> | <p data-bbox="927 212 997 244">.....</p> <p data-bbox="927 287 1444 404">the board of directors authorises the chairman of the board of directors to decide on the following issues:</p> <ol data-bbox="927 436 1484 1670" style="list-style-type: none"> <li data-bbox="927 436 1484 649">1. any investment in fixed assets and equity interests with a transaction amount being not more than 10% of the latest audited net assets of the Company;</li> <li data-bbox="927 680 1484 851">2. any entrusted wealth management with a transaction amount being not less than 10% of the latest audited net assets of the Company;</li> <li data-bbox="927 883 1484 1181">3. any donation with a single amount being less than RMB1 million and the total amount within a year being less than RMB10 million, and the total amount to the same receiver in the same year being less than RMB2 million;</li> <li data-bbox="927 1212 1484 1425">4. any financing construction project or commercial property development projects within the scope of authorization of the board of directors;</li> <li data-bbox="927 1457 1484 1670">5. disposal of significant assets within one year with an amount of more than RMB50 million but less than 10% of the latest audited net assets of the Company.</li> </ol> <p data-bbox="927 1702 1484 1872">The chairman of the board of directors can authorize other persons to decide on the issues within the above scope of authorization.</p> <p data-bbox="927 1925 997 1957">.....</p> |

## ISSUE OF DEBT FINANCING INSTRUMENTS

### Background

In order for the Company to further broaden financing channels and take full advantage of the financing function of the capital markets, the Board has proposed at the Board Meeting that the Company issues domestic or overseas debt financing instruments, including without limitation, enterprise bonds, corporate bonds, ultra-short-term financing bills, short-term financing bills, mid-term notes, non-public directional debt financing instruments and other domestic or overseas debt financing instruments in RMB or foreign currency permitted by the competent regulatory authorities.

### The Debt Financing Instruments Issue

The proposed arrangements for the Debt Financing Instruments Issue are set out as follows:

|                     |  |
|---------------------|--|
| Issuer:             | The Company or its domestic subsidiary as the issuer for the domestic Debt Financing Instrument Issue, and the Company or its overseas subsidiary as the issuer for the overseas Debt Financing Instrument Issue   |
| Principal amount:   | Not more than RMB30 billion, or its equivalent in other foreign currency as calculated based on the mid-point exchange rate published by PBOC on the issue date  |
| Issue method:       | Single issue or issue in installments publicly or non-publicly   |
| Target subscribers: | Qualified domestic investors for the domestic Debt Financing Instrument Issue and qualified overseas investors for the overseas Debt Financing Instrument Issue; corporate bonds can be placed to the existing Shareholders  |
| Maturity and type:  | Not more than 10 years, with single maturity period or combination of various types of maturity periods, provided that the composition of maturity periods and the issue size of each maturity type shall be determined with reference to the prevailing market conditions and in compliance with the applicable regulatory caps |
| Use of proceeds:    | All proceeds will be used to satisfy the Company's business operational needs, repay loans of financial institutions, supplement working capital and/or as investments   |



|                                 |  |
|---------------------------------|--|
| Term of validity of resolution: | <p>From the date of the approval by the Shareholders at the AGM until the earliest of:</p> <ul style="list-style-type: none"> <li>(i) the conclusion of the next annual general meeting of the Company following the passing of the relevant resolution at the AGM;</li> <li>(ii) the expiration of a 12-month period following the passing of the relevant resolution at the AGM; or</li> <li>(iii) the revocation or variation of the authority given to the Board under the relevant resolution at the AGM by the passing of a special resolution at any general meeting of the Company.</li> </ul> |
|---------------------------------|--|

### **Authorization to the Board**

The Board has proposed at the Board Meeting to seek the approval of the Shareholders at the AGM on the following authorization to the Board in relation to the Debt Financing Instruments Issue in accordance with the applicable laws and regulations and the prevailing market conditions:

- to determine the category, specific type, terms, conditions and other matters of debt financing instruments, including without limitation, specific issue amount, actual principal amount, type of currency, issue price, interest rate or the calculation method, place of issue, timing, term, whether in installments and the number of tranches, whether to set repurchase and redemption terms, rating arrangement, guarantee related issues, maturity for repayment, use of proceeds, listing and underwriting arrangements, and any other matters in relation to the Debt Financing Instruments Issue;
- to take all necessary actions and procedures for the Debt Financing Instruments Issue, including without limitation, to provide guarantee for the issuing subsidiary, engage professional parties to apply to the relevant regulatory authorities for approval, registration and recording, sign all the necessary legal documents regarding the Debt Financing Instruments Issue, handle matters related to offerings and dealings, and approve, confirm and ratify all the above actions and procedures that has already been taken by the Company;
- to sign, publish, and dispatch announcements and circulars in relation to the Debt Financing Instruments Issue and perform necessary procedures for information disclosure and approvals pursuant to the Listing Rules and other applicable regulatory requirements in the PRC;
- to make corresponding adjustments to the related matters of the Debt Financing Instruments Issue or determine whether to continue certain related work within the scope of authorization by the Shareholders in accordance with the opinions of the relevant regulatory authorities, changes

in the relevant authorities' policies and market conditions, except for the matters that are subject to the approval of the Shareholders pursuant to the relevant laws and regulations and the Articles of Association;

- to determine and deal with listing related matters after the Debt Financing Instruments Issue; and
- to handle any other specific issues in relation to the Debt Financing Instrument Issue and sign all necessary documents.

## **CHANGE OF DOMESTIC AUDITOR**

The Board announces that Deloitte Touche Tohmatsu Certified Public Accountants LLP, has resigned as the domestic auditor of the Company.

Pursuant to the internal audit rules and procedures, the Company holds bid for the appointment of the auditors for each financial year. After considering the bids of the auditors for the financial year of 2016 and the recommendation of the audit committee of the Company, the Board has proposed at the Board Meeting to seek the approval of the Shareholders at the AGM on the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic auditor of the Company for the financial year of 2016.

The Company believes that such change of auditor will contribute to ensuring the quality of financial information and the credibility of the public disclosure, controlling the risk of the information disclosure, further advancing the corporate governance, maintaining and solidifying the image of the Company in the capital markets and satisfying the increasingly strict regulatory requirements.

Deloitte Touche Tohmatsu Certified Public Accountants LLP has confirmed that it is not aware of any matters in respect of its resignation that need to be brought to the attention of the Shareholders. The Board has also confirmed that there are no other matters in respect of the change of auditor that need to be brought to the attention of the Shareholders.

## **CHANGE OF REMUNERATION AND ASSESSMENT COMMITTEE MEMBER**

The Board announces that Mr. Zhang Xianchong, an executive Director, has recently resigned as a member of the remuneration and assessment committee of the Company due to certain needs of work, which becomes effective from the conclusion of the Board Meeting.

The Board has approved at the Board Meeting on the appointment of Mr. Cheung Yuk Ming, an independent non-executive Director, as a member of the remuneration and assessment committee of the Company, which becomes effective from the conclusion of the Board Meeting.

Save for the aforesaid changes, the composition of the remuneration and assessment committee of the Company remains unchanged. As of the date of this announcement, the Company has fully satisfied the requirement on the composition of the remuneration committee under Rule 3.25 of the Listing Rules.

## **CHANGE OF JOINT COMPANY SECRETARY AND AGENT FOR SERVICE OF PROCESS IN HONG KONG**

The Board announces that Ms. Yung Mei Yee has recently resigned as the joint company secretary and agent for service of process in Hong Kong of the Company due to personal reasons, which becomes effective from the conclusion of the Board Meeting. Ms. Yung Mei Yee confirmed that she has no disagreement with the Board and there are no circumstances related to her resignation which need to be brought to the attention of the Stock Exchange and the Shareholders of the Company. The Company would like to thank Ms. Yung Mei Yee for her contributions to the Company in the past.

The Board is also pleased to announce that Ms. Mok Ming Wai has been appointed in replacement of Ms. Yung Mei Yee as the joint company secretary and agent for service of process in Hong Kong of the Company, which becomes effective from the conclusion of the Board Meeting.

Ms. Mok Ming Wai is a director of KCS Hong Kong Limited. She has over 20 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

The Stock Exchange has granted a waiver to the Company from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a period from March 29, 2016 to December 9, 2018 in relation to Mr. Duan Qiurong's eligibility to act as the joint company secretary on the condition that Mr. Duan Qiurong would be assisted by Ms. Mok Ming Wai to acquire the "relevant experience" within the meaning of Rule 3.28(2) of the Listing Rules to discharge his duties as joint company secretary of the Company.

The Board would like to welcome Ms. Mok Ming Wai to join the Company.

## **CONTINUING CONNECTED TRANSACTIONS**

### **Financial Services Framework Agreement**

#### ***Date***

March 29, 2016

## ***Parties***

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

## ***Material terms***

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

In respect of the credit lending services, the maximum daily lending balance is RMB1 billion during the term of the Financial Services Framework Agreement.

In respect of the deposit services, the maximum daily deposit balance is RMB1.5 billion during the term of the Financial Services Framework Agreement. The deposit services to be provided by Gezhouba Finance Company will not be conditional upon any collateral of assets of the Group.

In respect of the miscellaneous financial services, the maximum aggregate service fee to be charged is RMB10 million during the term of the Financial Services Framework Agreement.

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 entered into. The Group expects such terms of payment to be consistent with market terms for the relevant types of financial services.

The term of the Financial Services Framework Agreement is one year (i.e. from January 1, 2016 to December 31, 2016). Conditional upon the compliance with the Financial Services Framework Agreement, Gezhouba Finance Company and Energy China Group or its associates will enter into separate contracts in respect of credit lending services, deposit services and miscellaneous financial services to provide for the details on the provision of such services.

The Financial Services Framework Agreement will take effect upon approval at the general meeting of CGGC, an A-share listed company and the direct controlling shareholder of Gezhouba Finance Company.

## ***Pricing Policy***

Gezhouba 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 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;

- (ii) 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; and
- (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 credit lending services for the year ending December 31, 2016 is RMB1 billion, after taking into account of the possibility and needs of the future business development of both parties. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the proposed scale of the credit lending services for the year of 2016 is more than 0.1% but less than 5%, the provision of 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.

The Company estimates that the proposed annual cap for deposit services for the year ending December 31, 2016 is RMB1.5 billion, after taking into account of the possibility and needs of the future business development of both parties. The deposit services to be provided by Gezhouba Finance Company to Energy China Group or its associates will constitute continuing connected transaction 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.

The Company estimates that the proposed annual cap for the miscellaneous financial services for the year ending December 31, 2016 is RMB10 million. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the scale of miscellaneous financial services for the year of 2016 is less than 0.1%, pursuant to Rule 14A.76 of the Listing Rules, the provision of miscellaneous financial services shall be fully exempt from reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

The Company will comply with the reporting, announcement and/or independent shareholders' approval requirements of the Listing Rules if the transaction amount of the miscellaneous financial services under the Financial Services Agreement exceeds the relevant threshold.

## ***Reasons for and Benefits of 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 Gezhouba Finance Company to Energy China Group, Gezhouba Finance Company will enhance the stability of its operations, by which the profitability of the Group as a whole will also be improved; and
- (ii) the interest rates on deposits and financing offered by Gezhouba 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.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the Financial Services Framework Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

## **Daily Production and Operation Framework Agreement**

### ***Date***

March 29, 2016

### ***Parties***

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

### ***Material Terms***

According to the Daily Production and Operation Framework Agreement, the Company or its subsidiaries and Energy China Group or its associates agreed to provide to each other daily operational services including survey and design, construction and installation, project supervision and technology consultancy.

In respect of the daily operational services to be provided by Energy China Group or its associates to the Company or its subsidiaries, the maximum aggregate service fee is RMB800 million during the term of the Daily Production and Operation Framework Agreement.

In respect of the daily operational services to be provided by the Company or its subsidiaries to Energy China Group or its associates, the maximum aggregate service fee is RMB200 million during the term of the Daily Production and Operation Framework Agreement.

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

The term of the Daily Production and Operation Framework Agreement is one year (i.e. from January 1, 2016 to December 31, 2016). Conditional upon the compliance with the Daily Production and Operation Framework Agreement, the Company or its subsidiaries and Energy China Group or its associates will enter into separate contracts in respect of daily operational services to provide for the details on the provision of such services.

### ***Pricing Policy***

The service fees of the daily operational services between the Group and Energy China Group are 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
  - national or industrial pricing standards for each type of service to be provided;
  - 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 recently; 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 daily operational services to be provided by the Energy China Group or its associates to the Group for year ending December 31, 2016 is RMB800 million, after taking into account of the expected development of the Group's business and the demand for sub-contracting and other integrated services for its increasing construction business. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the proposed scale of the such services for the year of 2016 is more than 0.1% but less than 5%, the provision of daily operational services by the Group shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company estimates that the proposed annual cap for the daily operational services to be provided by the Group to Energy China Group or its associates for the year ending December 31, 2016 is RMB200 million, after taking into account of the expected demands for relevant services for certain power engineering projects of Energy China Group, especially the consultancy services. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the proposed scale of the such services for the year of 2016 is more than 0.1% but less than 5%, the daily

operational services received by the Group shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### ***Reasons for and Benefits of the Daily Production and Operation Framework Agreement***

The main reasons for and benefits of entering into the Daily Production and Operation 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 working 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.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the Daily Production and Operation Framework Agreement are on normal commercial terms and fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As of the date of this announcement, Energy China Group directly and indirectly holds approximately 69.15% 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. Gezhouba Finance Company, a subsidiary of the Company, is directly and indirectly owned as to 90.34% by the Company. Accordingly, the Financial Services Framework Agreement, the Daily Production and Operation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

#### **(i) Financial Services Framework Agreement**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the credit lending services is more than 0.1% but less than 5%, the provision of 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.

The deposit services to be provided by Gezhouba Finance Company to Energy China Group or its associates will constitute continuing connected transaction 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 miscellaneous financial services is less than 0.1%, pursuant to Rule 14A.76 of the Listing Rules, the provision of miscellaneous financial services shall be fully exempt from reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

**(ii) Daily Production and Operation Framework Agreement**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the daily operational 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 highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) to the daily operational 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.

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 the Financial Services Framework Agreement and the Daily Production and Operation Framework Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules. Save as disclosed above, none of the Directors has material interest in the Financial Services Framework Agreement and the Daily Production and Operation Framework Agreement.

**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, construction and contracting, equipment manufacturing, civil explosives and cement production, and investment and others.

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, government and industry policies in the power industry and standardization of scientific research and the provision of certain community services such as health care, education and public security.

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

## **GENERAL MEETING**

The Board will submit the relevant proposals to the forthcoming AGM to seek approval from the Shareholders on, among other things, (i) the proposed increase in the registered capital of the Company; (ii) the proposed Amendments to the Articles of Association; (iii) the proposed Debt Financing Instruments Issue; and (iv) the proposed change of auditor of the Company. The relevant proposals will be passed by way of ordinary and special resolutions and voted on by way of poll in accordance with the requirements of the Listing Rules.

## **CIRCULAR**

A circular containing, among other things, further information regarding: (i) the proposed increase in the registered capital of the Company; (ii) the proposed Amendments to the Articles of Association; (iii) the proposed Debt Financing Instruments Issue; (iv) the proposed change of auditor of the Company and (v) a notice of the AGM, will be despatched to the Shareholders on or around April 15, 2016.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:

|                           |   |
|---------------------------|---|
| “AGM”                     | the 2015 annual general meeting of the Company to be held on Wednesday, June 8, 2016                      |
| “Amendments”              | the amendments to the Articles of Association to be submitted to the Shareholders for approval at the AGM |
| “Articles of Association” | the articles of association of the Company  |
| “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, March 29, 2016  |
| “CBRC”                    | the China Banking Regulatory Commission (中國銀行業監督管理委員會)  |

|  |   |
|--|---|
| “CGGC”   | China Gezhouba Group Stock Company Limited (中國葛洲壩集團股份有限公司), a joint stock company established in the PRC, whose shares are listed on the Shanghai Stock Exchange, a subsidiary of the Company and the direct controlling shareholder of Gezhouba Finance Company                                    |
| “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  |
| “Daily Production and Operation Framework Agreement” | the daily production and operation framework agreement entered into between the Company and the Energy China Group on March 29, 2016, pursuant to which the Company or its subsidiaries and Energy China Group or its associates agreed to provide to each other various daily operational services |
| “Debt Financing Instruments Issue”                   | the domestic or overseas issue of debt financing instruments by the Company or its subsidiary in the principal amount of not more than RMB30 billion or its equivalent in other foreign currency  |
| “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 69.15% in the total issued share capital of the Company as of the date of this announcement  |
| “Financial Services Framework Agreement”             | the financial services framework agreement entered into between Gezhouba Finance Company and Energy China Group on March 29, 2016, pursuant to which Gezhouba Finance Company agreed to provide various financial services to Energy China Group or its associates                                  |
| “Gezhouba Finance Company”                           | China Energy Engineering Group Gezhouba Finance Co., Ltd. (中國能源建設集團葛洲壩財務有限公司), a company established in the PRC and a subsidiary of the Company with 90.34% held by the Company directly and indirectly as of the date of this announcement   |

|                   |  |
|-------------------|--|
| “Global Offering” | the initial public offering of the H shares of the Company   |
| “Group”           | the Company and its subsidiaries   |
| “HK\$”            | Hong Kong dollars, the lawful currency of Hong Kong  |
| “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 purposes 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  
March 29, 2016

*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.*