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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)

**DISCLOSEABLE TRANSACTION
ENTERING INTO THE INVESTMENT AGREEMENT
AND
SUPPLEMENTAL ANNOUNCEMENT ON LAND BIDDING RESULT**

The board of directors (the “**Board**”) of China Energy Engineering Corporation Limited (the “**Company**”) is pleased to announce that, on 14 December 2019, CGGC, a subsidiary of the Company and as the leading party of the consortium, has entered into the Investment Agreement with Sanfeng Group as the member of the consortium, Zhaoqing Luda Transportation and Investment Co., Ltd.* (肇慶市路達交通投資有限公司) as the governmental funding representative and the Transportation Bureau of Zhaoqing Municipality (肇慶市交通運輸局). Pursuant to which, the parties to the Investment Agreement agreed to form the Project Company, which will be responsible for the investment, financing, construction and operation of the Zhaoqing to Gaoming (Western Airport) expressway project (the “**Project**”).

The main line of Zhaoqing to Gaoming expressway starts from Binheng town, Guangning, Zhaoqing, and connects to Erenhot to Guangzhou expressway. From north to south, it goes through Shuinan and Xiaoxiang in Gaoyao, spans over Xijiang River, goes through Dawan, Xinqiao, Liantang, Huodao towns, etc. in Gaoyao to Genghe town, Gaoming, Foshan, and finally connects to Guangzhou to Gaoming expressway (the starting point to Liantang refers to the phase I and Liantang to the final point refers to phase II). It is the vertical link among Erenhot to Guangzhou expressway, Guangzhou to Foshan to Zhaoqing expressway, Guangzhou to Kunming expressway and Guangzhou to Gaoming expressway. The branch line of Guangzhou New Airport connects the Jiangmen to Zhaoqing expressway and is the main access to Guangzhou New Airport from Guidong, Guangxi and the northwest area of Guangdong province. The total length of the Project is 120.508 km, with bridges accounting for 41.71% and tunnels accounting for 13.41%. The Project is constructed according to a dual six-lane expressway standard, with a design speed of 100 km/h and a roadbed width of 33.5 meters from the starting point to Dawan interchange section; a design speed of 120 km/h and a roadbed width of 34 meters from Dawan interchange to the final point and the Liantang-Huilong town branch line. It is expected that there are 16 interchanges, 1 service area, 3 parking areas, 2 maintenance worker areas, 1 administrative center and 9 toll stations to be constructed.

* *For identification purpose only*

The total investment of the Project is RMB28,215 million. The cooperation term of CGGC is 28 years (including 3 years for project construction and 25 years for operation). The cooperation mode of the Project is “BOT + general contracting + government subsidies”. It is implemented in accordance with the principle of “overall cooperation and step-by-step implementation”, and the construction of phase I of the main line and the branch line of Guangzhou New Airport will be commenced firstly. The construction and installation of the Project are implemented by CGGC and its subsidiaries.

The registered capital of the Project Company is RMB200 million, among which, CGGC has contributed RMB95 million and holds 47.5% of its equity interests; Zhaoqing Luda Transportation and Investment Co., Ltd.* (肇慶市路達交通投資有限公司) has contributed RMB95 million and holds 47.5% of its equity interests; and Sanfeng Group has contributed RMB10 million and holds 5% of its equity interests. Other project capital is RMB9,034.32 million (after deducting the registered capital), and the registered capital of the Project Company is fully converted into the project capital which totaled RMB9,234.32 million. The capital of the Project is provisionally determined at an estimated investment amount of RMB23,537 million. During the actual implementation of the Project, the capital contribution amount may be adjusted according to the final estimated amount based on the actual execution and the approval by the competent government authorities. The project capital contribution is determined by the shareholders after arm’s length negotiation in accordance with the requirements for the contribution amount to the registered capital under the Investment Agreement of the Project and the shareholders’ interests in the Project Company.

The principal terms of the Investment Agreement are set out below:

1. Parties

Transportation Bureau of Zhaoqing Municipality (肇慶市交通運輸局) (“Party A”);

CGGC and Sanfeng Group (collectively referred as “Party B”);

Zhaoqing Luda Transportation and Investment Co., Ltd.* (肇慶市路達交通投資有限公司) (“Party C”).

The ultimate beneficial owner of Sanfeng Group is Mr. Li Hong, and the ultimate beneficial owner of Zhaoqing Luda Transportation and Investment Co., Ltd.* (肇慶市路達交通投資有限公司) is the State-owned Assets Supervision and Administration Commission of People's Government of Zhaoqing Municipality. To the best of the Company’s directors’ knowledge, information and belief, and having made all reasonable enquiries, Transportation Bureau of Zhaoqing Municipality (肇慶市交通運輸局), Zhaoqing Luda Transportation and Investment Co., Ltd.* (肇慶市路達交通投資有限公司), Sanfeng Group and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

2. Rights and Obligations of Party A

Party A is entitled to, by itself or through engaging a professional institution to, supervise and manage Party B's capital contribution, the use of funds, the establishment of the Project Company, and the design, construction, operation, maintenance and repair of the Project.

Party A shall, in accordance with the relevant laws and regulations of the PRC and the location where the Project locates and to the extent of its scope of authority and jurisdiction, make every effort to assist Party B to obtain the necessary approvals for the establishment of the Project Company, investment, and financing loans, design, construction, operation, maintenance and management of projects to be undertaken by the Project Company in a timely manner; to assist the Project Company to complete the project approval procedures and to coordinate the approval procedures so as to obtain other approvals required for the Project.

3. Rights and Obligations of Party B

Party B is entitled to, in accordance with laws, form the Project Company with Party C as the legal person of the Project of the Zhaoqing to Gaoming (Western Airport) expressway. The Project Company is responsible for the entire process of project planning, fund raising, construction and implementation, operation and management, debt repayment and asset management. The Project Company operates independently and transfers the highways, auxiliary facilities of highways and relevant information to Party A for nil consideration as agreed in the franchise agreement after the expiry of the franchise period stipulated in the franchise agreement.

Party B shall form the Project Company in accordance with the following provisions within 90 days from the date of signing the Investment Agreement, and shall register with the industry and commerce authority where the Project locates to obtain the legal person status after applying for approval by competent authorities.

- (1) CGGC will contribute to the registered capital of RMB95 million, with a shareholding percentage of 47.5%. Sanfeng Group will contribute to the registered capital of RMB10 million, with a shareholding percentage of 5%, both of them will be paid up within 28 working days since the establishment of the Project Company.
- (2) In addition to the registered capital, the project capital contributed by CGGC was RMB2,795.05 million, and the project capital contributed by Sanfeng Group was RMB294.22 million. The project capital to be contributed by Party B shall be paid in cash during the construction period in accordance with the construction progress and the plan for project capital usage. The project capital that Party B has undertaken to contribute must be all its own funds (not bank loans or other borrowings). Party B shall not raise the project capital to be contributed by Party B via the Project Company by any means.

Party B shall assist the Project Company in raising other funds other than the project capital (including all funds necessary for project construction, operation and maintenance). Provided that the Project Company is unable to obtain other funds mentioned above for the Project in full within the prescribed period, Party B has the obligation to provide all credit enhancement measures in compliance with the requirement of financial institutions for other funds to be raised by the Project Company.

Before the completion, inspection and acceptance of the Project, with the consent of the Zhaoqing Municipal Government, CGGC may transfer the equity interests of the Project Company held by it to its controlling subsidiary. During the period when the controlling subsidiary of CGGC holds the equity interests of the Project Company, the Project Company could directly enter into a contracting agreement with the controlling subsidiary of CGGC on the premise of compliance with laws and regulations. The above equity transfer shall not waive the liabilities being assumed by CGGC contemplated under the Investment Agreement.

4. Rights and Obligations of Party C

Party C, as the governmental funding representative, shall form the Project Company with Party B in accordance with the laws. The registered capital to be contributed by Party C is RMB95 million, with a shareholding percentage of 47.5%, which will be paid up within 28 working days since the establishment of the Project Company.

In addition to the registered capital, Party C has contributed the project capital of RMB5,945.05 million, of which, RMB2,795.05 million shall be paid in monetary assets during the construction period in accordance with the construction progress and the plan for project capital usage; the remaining RMB3.15 billion (the amount is fixed and is not adjusted based on the investment change) will be injected into the Project Company in proportion to 30%, 40%, and 30%, respectively, within three years of the construction period.

The Project Company shall transfer the Project to Party A at nil consideration in accordance with the franchise agreement. In the event that the financial internal rate of return for the after-tax capital of Party B does not exceed 6%, Party C and Party A are not entitled to the dividend distribution of the Project Company and the residual asset allocation of the Project Company during the liquidation. In the fifteenth year and twentieth year of the operation period, after the audit by the auditor approved by the three parties on the operating condition of the Project Company, when the financial internal rate of return for the after-tax capital of Party B exceeds 6%, the part which exceeds 6% shall be the excess earnings. The excess earnings shall be enjoyed by Party C. Until Party C recovers the capital of RMB3.15 billion, other excess earnings shall be distributed between Party C and Party B in accordance with their proportions of equity interests in the Project Company.

5. Performance Guarantee by the Investors

Within 30 days after entering into the Investment Agreement by Party B, Party B shall submit an investor's performance guarantee to Party A. The investor's performance guarantee shall be in the form of a bank guarantee, with an amount of RMB300 million. Within 30 days upon the establishment of the Project Company in accordance with the laws and Party A's receipt of the performance guarantee for the construction period delivered by the Project Company, Party A shall return to Party B the investor's performance guarantee.

6. Default Terms

In the event that it fails to register the Project Company within the period stipulated in the Investment Agreement due to reasons arising from Party B, Party B shall, in accordance with Party A's instructions, perfect the organization, staffing, fund raising and others of the Project Company until the approval by Party A. Party B shall pay Party A a liquidated damages of RMB50,000 for each day of the registration extension of the Project Company. If the extension period exceeds 90 days and the Project Company remains unregistered, Party A has the right to terminate the Investment Agreement and confiscate its performance guarantee.

If Party C fails to make contribution to the project capital as agreed under the Investment Agreement, Party C and Party A shall be deemed to be in breach of the agreement, and Party A or Party C should pay the liquidated damages of the amount representing 0.02% of the unpaid capital to Party B per day for each day of overdue exceeding 30 days.

If Party B fails to make contribution to the project capital as agreed under the Investment Agreement, Party B should pay the liquidated damages of the amount representing 0.02% of the unpaid capital to Party C per day for each day of overdue exceeding 30 days.

If the Project Company fails to submit a performance guarantee for the construction period during the period prescribed, or fails to enter into a franchise agreement due to reasons arising from the Project Company, Party B should pay Party A the liquidated damages of RMB50,000 for each day of extension. If the extension period exceeds 30 days, Party A has the right to terminate the Investment Agreement with Party B and confiscate its performance guarantee.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the capital contribution amount of CGGC under the Investment Agreement exceeds 5% but are less than 25%, the relevant transaction constitutes a discloseable transaction of the Company pursuant to the requirement under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INFORMATION OF THE COMPANY

The Company is a large comprehensive group company that provides overall solutions and full industry chain services to industries such as energy and power, infrastructure and real estate in China as well as over the world.

INFORMATION OF PARTIES TO THE INVESTMENT AGREEMENT

CGGC is a subsidiary of the Company, and incorporated in May 1997. It is principally engaged in investment, construction project contracting, environmental protection, real estate development, production and sales of cement, production and sales of civil explosives, construction of blasting, equipment manufacturing and financial services businesses.

Sanfeng Group is a limited liability company incorporated in the PRC, and has been developed into large modern conglomerate with diversified businesses centering on the construction industry and covering energy mining, transportation and sales, engineering construction, real estate development and projects, and financial investment.

Zhaoqing Luda Transportation and Investment Co., Ltd.* (肇慶市路達交通投資有限公司) is a limited liability company incorporated in the PRC, and its principal business scope covers investment, construction, operation and management of transportation infrastructure projects and ancillary facilities.

The Transportation Bureau of Zhaoqing Municipality (肇慶市交通運輸局) is mainly responsible for organising the construction and maintenance of highways and their facilities; organising the construction of key transportation projects; coordinating or participating in the fund raising for transportation construction, etc.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The Project is highly consistent with the Company's principal business. The Project locates in the core cities of the Guangdong-Hong Kong-Macau Greater Bay Area, and is in line with national strategies. The implementation of the Project will drive the engineering synergy, and will be conducive to expand the Company's highway operation scale and improve the Company's highway construction performance.

The directors of the Company consider that the Investment Agreement is entered into on normal commercial terms, and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

SUPPLEMENTAL ANNOUNCEMENT ON LAND BIDDING RESULT

Reference is made to the announcement of the Company dated 9 December 2019 in relation to the discloseable transaction on land bidding result of the Company (the “**Announcement**”). Unless otherwise defined, terms defined in this announcement shall have the same meanings as defined in the Announcement. The purpose of the announcement is to provide the supplemental information of the aforesaid matter.

As disclosed in the Announcement, the Purchaser of the land parcel are Gezhouba Real Estate Company, Guangzhou Nansha Urban Construction & Investment Co., Ltd. and Nansha International Financial Island (Guangzhou) Co., Ltd. The ultimate beneficial owner of Guangzhou Nansha Urban Construction & Investment Co., Ltd. is the Administrative Committee of Guangzhou Nansha Economic and Technical Development District, and the ultimate beneficial owner of Nansha International Financial Island (Guangzhou) Co., Ltd. is Mr. Zhao Binhong. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Guangzhou Nansha Urban Construction & Investment Co., Ltd., Nansha International Financial Island (Guangzhou) Co., Ltd. and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

In addition, in accordance with the cooperative agreement (the “**Agreement**”) entered into by Gezhouba Real Estate Company, Nansha International Financial Island (Guangzhou) Co., Ltd. and Guangzhou Nansha Urban Construction & Investment Co., Ltd. on 10 December 2019, the parties have unanimously agreed that, Gezhouba Real Estate Company, Nansha International Financial Island (Guangzhou) Co., Ltd. and Guangzhou Nansha Urban Construction & Investment Co., Ltd. shall form a joint venture as the project company for cooperatively developing the Land Parcel according to the shareholding percentage of 61.82%, 18.18% and 20% within one month after obtaining the letter of acceptance of the Land Parcel. The registered capital of the project company is provisionally determined to RMB100 million and adopt the form of paid-up.

The three parties reached a consensus for performing the obligation of contribution to the bidding price in full and in a timely manner according to the Agreement and shareholding percentage in the project company from the date of the Agreement. The parties shall assume corresponding land premium in full and in a timely manner based on the agreed shareholding percentage. After the establishment of the project company, the land premium paid by the parties previously after deducting the corresponding proportion of registered capital shall be changed into the borrowings to the project company by the shareholders of the parties. The funds required in subsequent construction of the Project Company shall in priority use its own financing of the project to cover the project capital gap. For the deficiency, the three parties shall provide fund support to the project company according to agreed shareholding percentage and the development progress of the subject project.

DEFINITIONS

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

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| “CGGC” | China Gezhouba Group Stock Company Limited* (中國葛洲壩集團股份有限公司), a joint stock limited company established in the PRC in May 1997, whose shares are listed on the Shanghai Stock Exchange and a subsidiary of the Company |
| “Investment Agreement” | the Investment Agreement regarding Zhaoqing to Gaoming (Western Airport) expressway project entered into by CGGC, a subsidiary of the Company, the Transportation Bureau of Zhaoqing Municipality (肇慶市交通運輸局), Zhaoqing Luda Transportation and Investment Co., Ltd.* (肇慶市路達交通投資有限公司) and Sanfeng Group on 14 December 2019 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) |
| “Project Company” | the project company to be formed pursuant to the Investment Agreement entered into by CGGC, a subsidiary of the Company, the Transportation Bureau of Zhaoqing Municipality (肇慶市交通運輸局), Zhaoqing Luda Transportation and Investment Co., Ltd.* (肇慶市路達交通投資有限公司) and Sanfeng Group, which shall be responsible for the investment and financing, construction and operation of the Zhaoqing to Gaoming (Western Airport) expressway project |
| “Sanfeng Group” | Dalian Sanfeng Energy (Group) Co., Ltd.* (大連三豐能源集團有限公司) |

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

Beijing, the PRC
16 December 2019

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 directors are Mr. Ma Chuanjing, Mr. Liu Xueshi and Mr. Si Xinbo; and the independent non-executive directors are Mr. Ding Yuanchen and Mr. Cheung Yuk Ming.