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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)

**ANNOUNCEMENT
CONNECTED TRANSACTIONS
ACQUISITION OF THE TARGET ASSETS**

ACQUISITION OF THE TARGET ASSETS

The board of directors (the “**Board**”) of China Energy Engineering Corporation Limited (the “**Company**”) is pleased to announce that on 29 April 2024, the Board considered and approved the resolution on the proposed signing of the surviving assets transfer agreement (the “**Surviving Assets Transfer Agreement**”) between Hunan Electric Power Line Equipment Co., Ltd.* (湖南省電力線路器材有限公司) (“**Hunan Line Equipment Company**”), a subsidiary of the Company, and China Energy Engineering Group Asset Management Company Limited* (中國能源建設集團資產管理有限公司) (“**Asset Company**”), pursuant to which, Hunan Line Equipment Company agreed to acquire the surviving assets including part of land use right and the structures thereon at No. 88 and No. 126, Xinkaipu Road, Tianxin District, Changshang City, Hunan Province (the “**Target Assets**”) from Asset Company through transfer by way of non-public agreement at a consideration of RMB102,054,700 (the “**Transfer**”). Upon the completion of appraisal filing related procedures of the Target Assets, Hunan Line Equipment Company will formally enter into the Surviving Assets Transfer Agreement with Asset Company.

LISTING RULES IMPLICATIONS

As of the date of this announcement, China Energy Engineering Group Co., Ltd.* (中國能源建設集團有限公司) (“**Energy Group**”) directly or indirectly holds approximately 45.09% of the issued share capital of the Company and is the controlling shareholder of the Company, Asset Company is a wholly-owned subsidiary of Energy Group, and therefore, Asset Company constitutes a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”). Accordingly, the Surviving Assets Transfer Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules. As the highest applicable percentage ratio under the Listing Rules in respect of the Transfer is more than 0.1% but less than 5%, the Transfer shall be subject to, among other things, the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

* *For identification purpose only*

The Board is pleased to announce that on 29 April 2024, the Board considered and approved the resolution on the proposed signing of the Surviving Assets Transfer Agreement between Hunan Line Equipment Company, a subsidiary of the Company, and Asset Company, pursuant to which, Hunan Line Equipment Company agreed to acquire the Target Assets from Asset Company through transfer by way of non-public agreement at a consideration of RMB102,054,700. Upon the completion of appraisal filing related procedures of the Target Assets, Hunan Line Equipment Company will formally enter into the Surviving Assets Transfer Agreement with Asset Company.

Details of the proposed principal terms and conditions of the Transfer are set out below:

Parties

Asset Company, as the vendor; and

Hunan Line Equipment Company, as the purchaser.

CONDITIONS PRECEDENT FOR THE TRANSFER

- (1) Asset Company and Hunan Line Equipment Company have fulfilled their respective internal decision-making, asset evaluation and other related procedures in respect of the Transfer in accordance with laws;
- (2) Hunan Line Equipment Company has understood in detail the information on transfer of the Target Assets and agreed to acquire the Target Assets according to the acquisition conditions proposed by Asset Company;
- (3) The Transfer is subject to the approval of Energy Group which funded Asset Company. Hunan Line Equipment Company is legally designated as the purchaser to acquire the Target Assets;
- (4) Hunan Line Equipment Company confirmed that, the Transfer a pre-requisite for the commencement of the land expropriation procedures in conjunction with Hunan Line Equipment Company. Based on the maximization of the overall benefit of Energy Group, Hunan Line Equipment Company realized the return of the surviving assets through internal transfer by agreement, and Hunan Line Equipment Company shall go through the subsequent expropriation procedures and receive relevant expropriation compensation. Hunan Line Equipment Company is obliged to notify Asset Company immediately after receiving the expropriation compensation, and Asset Company shall report to the competent authority of Energy Group in accordance with relevant approval requirements of Energy Group

CONSIDERATION AND PAYMENT TERMS

The consideration of the Transfer, being RMB102,054,700 has based on the appraisal value of the Target Assets on the benchmark date of 20 February 2024, and the final consideration is subject to the filing price of the appraisal by Energy Group. The specific payment method of the Target Assets

shall be determined by separate negotiation between Asset Company and Hunan Line Equipment Company within 5 working days after Hunan Line Equipment Company receives the land expropriation compensation payment, and shall be implemented in accordance with relevant regulations and policies.

LIABILITIES OF DEFAULTS

After the Surviving Assets Transfer Agreement takes effect, any party's failure to perform or fully perform the provisions under the Surviving Assets Transfer Agreement shall constitute a default. The defaulting party shall be liable for the default and shall compensate the observant party for the losses caused by the default.

INFORMATION ABOUT THE TARGET ASSETS

The Target Assets are industrial properties in two production areas located at No. 88 and No. 126, Xinkaipu Road, Tianxin District, Changsha City, Hunan Province, which include: the land use rights of five parcels of land and all house buildings, structures, ancillary facilities and equipment, and other appurtenances erected on such parcels of land; the water supply, electricity supply, drainage and other ancillary facilities that are inseparable from the real estate to satisfy its function, as well as immovable decorative finishes; and the related land and properties that have been handed over without compensation or resumed by the government in accordance with the relevant policies. The Target Assets include land with a total gross area of 85,734.13 square meters and buildings and structures with a total gross area of 29,606.84 square meters.

Beijing Renda Real Estate and Assets Appraisal Co., Ltd.* (北京仁達房地產土地資產評估有限公司) has conducted an evaluation using the cost method and taking 20 February 2024 as the evaluation benchmark date, and issued the Real Estate Valuation Report numbered as Renda Fang Gu Zi [2024] No. 202401107003854, according to which, the total appraisal value of the Target Assets was RMB102,054,700. Asset Company and Hunan Line Equipment Company reached the terms of the Surviving Assets Transfer Agreement based on Asset Company's ownership of the above-mentioned Target Assets and the evaluation results of the Real Estate Valuation Report filed by Energy Group.

The Target Assets do not have any form of guarantee, including but not limited to the existence of collateral for the Target Assets, or any restrictions or obligations that affect the transfer of the Target Assets. The Target Assets are also not subject to mandatory measures such as seizure by any authorized institution.

At the time of the Company's overall restructuring and listing in 2014, Energy Group issued the Notice on Relevant Matters concerning the Detachment and Transfer of the Surviving Assets due to the Overall Restructuring of Energy China Group Equipment Company Limited (《關於中國能建集團裝備有限公司整體改制存續資產剝離劃轉有關事項的通知》) (Zhong Neng Jian Zi Cai [2014] No. 520) to transfer the Target Assets to Asset Company at nil consideration and detach the Target Assets

from the assets scope of the Company. For policy reasons, the land and housing title certificates of the Target Assets have not been registered for transfer and change, and are still registered under the name of Hunan Line Equipment Company.

REASONS FOR AND BENEFITS OF THE TRANSFER

The acquisition of the Target Assets can realise the consistency among the right to assets, license and account book, enable its inclusion into the overall land and property expropriation scope of Hunan Line Equipment Company, promote the “disposal and governance of zombie enterprises and enterprises with difficulties” (“處僵治困”) of the Company and revitalise the idle assets.

GENERAL INFORMATION

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.

Hunan Line Equipment Company is a limited liability company incorporated in the PRC on 15 September 1986, and is a subsidiary of the Company. It is principally engaged in processing of cement pole, power line fittings, tower and pole accessories, power plant related steel structure; hot-dip galvanized metal; sales of steel and zinc ingots.

Asset Company is a reformed surviving asset management institution specifically established by Energy Group according to the overall restructuring needs and the management requirements for surviving state-owned assets. It is a wholly-owned subsidiary of Energy Group and was formally established on 16 August 2014.

Energy Group is a wholly state-owned company and the controlling shareholder of the Company. It is principally engaged in several power project business, study and research of power industry development strategies and planning, standard scientific research of governmental and industrial policies in the power industry, and provision of healthcare, education and public security and other community services. The ultimate beneficial owner of Energy Group is the State-owned Assets Supervision and Administration Commission of the State Council.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Energy Group directly or indirectly holds approximately 45.09% of the issued share capital of the Company and is the controlling shareholder of the Company, Asset Company is a wholly-owned subsidiary of Energy Group, and therefore, Asset Company constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Surviving Assets Transfer Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the Transfer is more than 0.1% but less than 5%, the Transfer shall be subject to, among other things, the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONFIRMATION OF THE DIRECTORS

Mr. Song Hailiang, an executive director of the Company, is also the chairman of Energy Group. He has abstained from voting at the Board meeting approving the Surviving Assets Transfer Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules. Save as disclosed above, none of the directors has a material interest in the Surviving Assets Transfer Agreement.

The directors (including the independent non-executive directors) are of the view that the Surviving Assets Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and the entering into of the Surviving Assets Transfer Agreement and the transactions contemplated thereunder are in the interests of the Company and shareholders as a whole.

By order of the Board

CHINA ENERGY ENGINEERING CORPORATION LIMITED*

Song Hailiang

Chairman

Beijing, the PRC

29 April 2024

As at the date of this announcement, the executive directors of the Company are Mr. Song Hailiang and Mr. Ma Mingwei; the non-executive directors are Mr. Li Shulei, Mr. Liu Xueshi and Mr. Si Xinbo; and the independent non-executive directors are Mr. Zhao Lixin, Mr. Cheng Niangao and Dr. Ngai Wai Fung.