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**中國交通建設股份有限公司**  
**CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED**

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

**(Stock Code: 1800)**

**ANNOUNCEMENT**  
**CONNECTED TRANSACTION**  
**FORMATION OF A PROJECT COMPANY**

The Board hereby announces that, in accordance with the resolution passed at the twenty-fifth meeting of the fourth session of the Board, on 28 August 2020, to jointly invest in the PPP project for the construction of rural wastewater collecting and treating system (Gangwei Town, Fugong Town, Baishui Town, Longjiao Shezu Village) in Longhai, CCCC Ecological, CCCC Tianjin Dredging, Longhai Urban, Sound Environmental and Northeast Institute entered into the Shareholders' Agreement for the formation of the Project Company. Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB250.0 million, of which RMB127.5 million, RMB92.5 million, RMB25.0 million, RMB2.5 million and RMB2.5 million will be contributed by CCCC Ecological, CCCC Tianjin Dredging, Longhai Urban, Sound Environmental and Northeast Institute, accounting for 51%, 37%, 10%, 1% and 1% of the total registered capital of the Project Company, respectively.

Upon the formation of the Project Company, the Company will hold an aggregate of 88% of the equity interests in the Project Company. Accordingly, the Project Company will become a subsidiary of the Company, and its financial results will be consolidated into that of the Group.

As at the date of this announcement, Northeast Institute is a subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 57.96% equity interests in the issued ordinary shares of the Company. Northeast Institute is thus a connected person of the Company under the Hong Kong Listing Rules. As such, the formation of the Project Company under the Shareholders' Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the formation of the Project Company under the Shareholders' Agreement exceeds 0.1% but is less than 5%, the Shareholders' Agreement and the transaction contemplated thereunder is subject to the announcement requirement but is exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

## **BACKGROUND**

The Board hereby announces that, in accordance with the resolution passed at the twenty-fifth meeting of the fourth session of the Board, on 28 August 2020, to jointly invest in the PPP project for the construction of rural wastewater collecting and treating system (Gangwei Town, Fugong Town, Baishui Town, Longjiao Shezu Village) in Longhai, CCCC Ecological, CCCC Tianjin Dredging, Longhai Urban, Sound Environmental and Northeast Institute entered into the Shareholders' Agreement for the formation of the Project Company. Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB250.0 million, of which RMB127.5 million, RMB92.5 million, RMB25.0 million, RMB2.5 million and RMB2.5 million will be contributed by CCCC Ecological, CCCC Tianjin Dredging, Longhai Urban, Sound Environmental and Northeast Institute, accounting for 51%, 37%, 10%, 1% and 1% of the total registered capital of the Project Company, respectively.

Upon the formation of the Project Company, the Company will hold an aggregate of 88% of the equity interests in the Project Company. Accordingly, the Project Company will become a subsidiary of the Company, and its financial results will be consolidated into that of the Group.

## **SHAREHOLDERS' AGREEMENT**

The principal terms of the Shareholders' Agreement are set out as below:

- Date:** 28 August 2020
- Parties:**
- 1) CCCC Ecological;
  - 2) CCCC Tianjin Dredging;
  - 3) Longhai Urban;
  - 4) Sound Environmental; and
  - 5) Northeast Institute

<b>Registered capital:</b>	<b>Shareholder</b>	<b>Capital Contribution</b> <i>RMB'million</i>	<b>Percentage</b> <i>%</i>
	CCCC Ecological	127.5	51
	CCCC Tianjin Dredging	92.5	37
	Longhai Urban	25.0	10
	Sound Environmental	2.5	1
	Northeast Institute	2.5	1
	<b>Total</b>	<b><u>250.0</u></b>	<b><u>100</u></b>

The amount of the capital contributions under the Shareholders' Agreement was determined after arm's length negotiations among the parties, taking into account various factors, including the nature of the business, the demand for working capital and future development plans of the Project Company.

**Payment of capital contribution:** CCCC Ecological, CCCC Tianjin Dredging, Longhai Urban, Sound Environmental and Northeast Institute shall make their respective contribution by cash in proportion to their respective shareholding percentage in the Project Company before 28 December 2020.

**Scope of business:** The scope of business of the Project Company is expected to include integrated services such as investment and financing, construction and operation maintenance (subject to registration with industrial and commerce authorities).

**Board of directors:** The board of directors of the Project Company comprises seven directors. CCCC Ecological, CCCC Tianjin Dredging, Longhai Urban are entitled to nominate three, one and three directors, respectively.

**Management:** The management team of the Project Company comprises six members, among which, CCCC Ecological, CCCC Tianjin Dredging, Longhai Urban are entitled to nominate three, one and two members of management, respectively.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The purpose of establishing the Project Company is to jointly invest in the PPP project for the construction of rural wastewater collecting and treating system (Gangwei Town, Fugong Town, Baishui Town, Longjiao Shezu village) in Longhai with Northeast Institute, Sound Environmental and Longhai Urban. The project is conducive to the expansion of environmental protection projects of the same type by the Company and has positive significance on the enhancement of the profitability of the Company. Meanwhile, Northeast Institute, a subsidiary of CCCG specialized in design with extensive design experience in wastewater treatment projects, could optimize municipal project designs, which will promote the smooth implementation of the project and enhance the quality of the project, and therefore is helpful to the realisation of the interests of the Company and its Shareholders as a whole.

## **CONFIRMATION FROM DIRECTORS**

Mr. LIU Qitao and Mr. SONG Hailiang and Mr. LIU Maoxun, being the Directors of the Company, are also the directors of CCCG, and therefore are deemed to have material interests in the transaction contemplated under the Shareholders' Agreement, and have abstained from voting on the relevant Board resolution. Save for the above Directors, none of the other Directors of the Company has or is deemed to have a material interest in the abovementioned connected transaction.

The Directors (including the independent non-executive Directors), having made all reasonable and due enquiries, are of the view that the terms of the Shareholders' Agreement are fair and reasonable and on normal commercial terms, and the transaction contemplated thereunder is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS OF HONG KONG LISTING RULES**

As at the date of this announcement, Northeast Institute is a subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 57.96% equity interests in the issued ordinary shares of the Company. Northeast Institute is thus a connected person of the Company under the Hong Kong Listing Rules. As such, the formation of the Project Company under the Shareholders' Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the formation of the Project Company under the Shareholders' Agreement exceeds 0.1% but is less than 5%, the Shareholders' Agreement and the transaction contemplated thereunder is subject to the announcement requirement but is exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

## **General Information**

### **(1) *The Company***

The Company is a leading transportation infrastructure enterprise in the PRC and its core businesses are infrastructure construction, infrastructure design and dredging. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, river basin, road and bridge, railway, tunnel, rail transit, municipal infrastructure, housing construction, environmental protection and land reclamation at home and abroad. The Company is engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the decades.

### **(2) *CCCC Ecological***

CCCC Ecological is a subsidiary of the Company incorporated in the PRC, and is primarily engaged in the procurement and sale of machinery, equipment, etc. of the invested enterprises, provision of market information and investment policy consultation, as well as undertaking services and outsourcing businesses.

### **(3) *CCCC Tianjin Dredging***

CCCC Tianjin Dredging is a subsidiary of the Company incorporated in the PRC, and is principally engaged in the general contracting for the construction engineering of ports and channel, the construction projects of infrastructure such as municipal, water conservancy, ecological protection and environmental treatment, etc.

### **(4) *Northeast Institute***

Northeast Institute is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CCCG as at the date of this announcement. It is principally engaged in municipal industry, engineering of architectural decorations, design, survey, supervision of intelligent systems etc..

**(5) *Sound Environmental***

Sound Environmental is a company incorporated in the PRC with limited liability and is principally engaged in research and development of water treatment technologies, provision of technical consultation and technical services. The ultimate beneficial owners of Sound Environmental is Sound Global Ltd., the H shares of which are listed on Hong Kong Stock Exchange (stock code: 00967), holding 100% equity interest of Sound Environmental. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, Sound Environmental and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**(6) *Longhai Urban***

Longhai Urban is a company incorporated in the PRC with limited liability and is principally engaged in construction and operation of urban and rural infrastructures, real estate development, property services, etc. The ultimate beneficial owners of Longhai Urban is Longhai Finance Bureau, holding 100% equity interest of Longhai Urban. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, Longhai Urban and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**DEFINITIONS**

In this announcement, unless the content otherwise requires, the following expressions have the following meanings:

“Board”	the board of directors of the Company
“CCCC Ecological”	CCCC Ecological Environmental Protection Investments Co., Ltd. (中交生態環保投資有限公司), a subsidiary of the Company
“CCCC Tianjin Dredging”	CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司), a subsidiary of the Company
“CCCCG”	China Communications Construction Group (Limited) (中國交通建設集團有限公司), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company

“Company”	China Communications Construction Company Limited(中國交通建設股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on The Stock Exchange of Hong Kong Limited under the stock code 1800 and the A shares of which are listed on the Shanghai Stock Exchange under the stock code 601800
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Longhai Urban”	Longhai Urban Construction Investment Development Co., Ltd. (龍海市城市建設投資開發有限公司), a company incorporated in the PRC with limited liability and an independent third party
“Northeast Institute”	China Northeast Municipal Engineering Design & Research Institute Co., Ltd. (中國市政工程東北設計研究總院有限公司), a wholly-owned subsidiary of CCCG
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Project Company”	the project company proposed to be incorporated in the PRC by CCC Ecological, CCC Tianjin Dredging, Longhai Urban, Sound Environmental and Northeast Institute under the Shareholders’ Agreement, the name of which is subject to the approval by industrial and commercial authorities
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement entered into by CCCC Ecological, CCCC Tianjin Dredging, Longhai Urban, Sound Environmental and Northeast Institute on 28 August 2020
“Sound Environmental”	Beijing Sound Environmental Engineering Co., Ltd. (北京桑德環境工程有限公司), a company incorporated in the PRC with limited liability and an independent third party
“%”	percent

By Order of the Board  
**China Communications Construction Company Limited**  
**ZHOU Changjiang**  
*Company Secretary*

Beijing, the PRC  
28 August 2020

*As at the date of this announcement, the Directors of the Company are LIU Qitao, SONG Hailiang, LIU Maoxun, HUANG Long<sup>#</sup>, ZHENG Changhong<sup>#</sup> and NGAI Wai Fung<sup>#</sup>.*

<sup>#</sup> *Independent non-executive Director*