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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, on 10 September 2020, in order to jointly invest in the PPP project of the whole water treatment and clean water provision for counties and districts in Tangshan City, Certain Subsidiaries of the Company entered into the Shareholders' Agreement with China Urban and Rural (being a subsidiary of CCCG) and Other Project Partners for the formation of the Project Company. Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB2,361,564,000, of which RMB1,602,749,100 will be contributed by Certain Subsidiaries of the Company in total, accounting for 67.86% of the total registered capital of the Project Company; RMB8,164,000 will be contributed by China Urban and Rural, accounting for 0.35% of the total registered capital of the Project Company; and RMB750,650,900 will be contributed by Other Project Partners in total, accounting for 31.79% of the total registered capital of the Project Company.

As at the date of this announcement, China Urban and Rural 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. China Urban and Rural 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 thirty-sixth meeting of the fourth session of the Board, on 10 September 2020, in order to jointly invest in the PPP project of the whole water treatment and clean water provision for counties and districts in Tangshan City, Certain Subsidiaries of the Company entered into the Shareholders' Agreement with China Urban and Rural (being a subsidiary of CCCG) and Other Project Partners for the formation of the Project Company. Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB2,361,564,000, of which RMB1,602,749,100 will be contributed by Certain Subsidiaries of the Company in total, accounting for 67.86% of the total registered capital of the Project Company; RMB8,164,000 will be contributed by China Urban and Rural, accounting for 0.35% of the total registered capital of the Project Company; and RMB750,650,900 will be contributed by Other Project Partners in total, accounting for 31.79% of the total registered capital of the Project Company.

SHAREHOLDERS' AGREEMENT

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

- Date:** 10 September 2020
- Parties:**
- (1) Certain Subsidiaries of the Company;
 - (2) China Urban and Rural; and
 - (3) Other Project Partners

Registered capital:	Shareholder	Capital Contribution RMB	Percentage %
	(1) Certain Subsidiaries of the Company	1,602,749,100	67.86
	CCCC First Harbour Engineering Co., Ltd.	360,233,800	15.25
	CCCC Hehai Engineering Co., Ltd.	4,559,900	0.19
	CCCC Fourth Harbour Engineering Co., Ltd.	399,628,200	16.92
	CCCC Ecological Environmental Protection Investments Co., Ltd.	224,994,900	9.53

Registered capital:	Shareholder	Capital Contribution RMB	Percentage %
	CCCC Tianjin Dredging Co., Ltd.	215,222,100	9.11
	Road & Bridge International Co., Ltd.	265,406,800	11.24
	CCCC Third Highway Engineering Co., Ltd.	132,703,400	5.62
	(2) China Urban and Rural	8,164,000	0.35
	(3) Other Project Partners	750,650,900	31.79
	LN Water Group Co., Ltd.	91,198,400	3.86
	Zhejiang First Hydro & Power Construction Group Co., Ltd.	408,200	0.02
	NWHG Group Co., Ltd.	44,234,500	1.87
	STECOL Corporation	193,113,200	8.18
	PowerChina Environment Engineering Co., Ltd.*	185,540,200	7.86
	Tangshan Whole Water Treatment Development Group Co., Ltd.*	<u>236,156,400</u>	<u>10.00</u>
	Total	<u>2,361,564,000</u>	<u>100.00</u>

If any of the parties fails to pay the capital contribution within the specified period, then the other parties shall be jointly and severally liable for the specified amount of capital contributions within the agreed scope in accordance with the Shareholders' Agreement. Among which, the total amount of the capital contribution and joint and several liabilities by Certain Subsidiaries of the Company shall not exceed RMB1,746,754,200.

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 project funding and future development plans of the Project Company.

Payment of capital contribution: The parties shall pay their respective capital contribution in cash in installments in proportion to their respective shareholding in the Project Company:

- (1) The initial capital contribution is 50% of the total registered capital of the Project Company, which shall be paid within 30 days from the date of formation of the Project Company; and
- (2) The remaining capital contributions shall be paid gradually before 31 March 2023 according to the project progress and financing needs.

Scope of business: The business scope of the Project Company mainly includes construction of river and lake treatment projects; construction of environmental protection projects; construction, operation, maintenance and management activities of the project of the whole water treatment and clean water provision for counties and districts in Tangshan City (subject to registration with the industrial and commercial authorities).

Board of directors: The board of directors of the Project Company comprises seven directors. Certain Subsidiaries of the Company and Other Project Partners are entitled to nominate four directors and two directors, respectively, and the Project Company shall elect one employee representative director through its employee representative congress. The chairman of the board of directors shall be a director nominated by all parties in rotation.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The purpose of formation of the Project Company is to invest in the PPP project of the whole water treatment and clean water provision for counties and districts in Tangshan City, which mainly involves comprehensive river treatment projects, river and lake water system connection projects, riverside pit and pond reconstruction projects and water conservation and water supply projects. As the sole enterprise within CCCG with urban and rural water treatment as its core business and as the national leading service provider of urban and rural water investment and operation, China Urban and Rural has extensive experience in investment, construction and operation and technology accumulation in urban and rural water field. China Urban and Rural has participated in the evaluation work of user payment and operation and maintenance costs of the project in the early stage, its participation can further improve the project design, facilitate the promotion of the project implementation and enhance the project quality, and is thus beneficial to the realisation of the interests of the Company and its Shareholders as a whole.

CONFIRMATION FROM DIRECTORS

Mr. LIU Qitao, 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 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 THE HONG KONG LISTING RULES

As at the date of this announcement, China Urban and Rural 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. China Urban and Rural 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) Certain Subsidiaries of the Company

CCCC First Harbour Engineering Co., Ltd. is a subsidiary of the Company incorporated in the PRC. It is mainly engaged in the construction of ports, waterways, hydraulic building projects as well as highways, bridges, airports, railways, rail transit, large-scale and whole-set equipment installation, industrial and civil buildings, municipal engineering and other projects.

CCCC Hehai Engineering Co., Ltd. is a subsidiary of the Company incorporated in the PRC. It is mainly engaged in the construction of water conservancy and hydropower, river and sea dredging, waterway remediation, harbour excavation, land reclamation, port and wharf, environmental engineering, gardening and landscaping and other construction projects, as well as design of water supply and drainage equipment and environmental protection engineering equipment.

CCCC Fourth Harbour Engineering Co., Ltd. is a subsidiary of the Company incorporated in the PRC. It is mainly engaged in the construction of ports, railways, bridges, highways and municipal projects, project consultation and survey, and manufacturing and leasing of marine ancillary equipment.

CCCC Ecological Environmental Protection Investments Co., Ltd. is a subsidiary of the Company incorporated in the PRC. It is mainly 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.

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

Road & Bridge International Co., Ltd. is a subsidiary of the Company incorporated in the PRC. It is mainly engaged in survey and design, construction general contracting, professional contracting, urban landscape greening, project investment, investment management and asset management, technical development, technical consultation, technical services, etc.

CCCC Third Highway Engineering Co., Ltd. is a subsidiary of the Company incorporated in the PRC. It is mainly engaged in the construction and consultation of roads, railways, bridges, tunnels, municipal public works and other civil engineering projects.

(3) China Urban and Rural

China Urban and Rural is a company incorporated in the PRC with limited liability and a subsidiary of CCCG. It is mainly engaged in investment, development, management and operation of infrastructure projects such as municipal engineering, energy services, water affairs, ecological restoration, environmental protection, energy saving and environmental protection industries, gardening and landscaping, smart cities, information technology, tourism and health care.

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 57.96% equity interests in the issued ordinary shares of the Company as at the date of this announcement. CCCG is primarily engaged in real estate development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, technical consultation services for ships and corollary equipment of harbours, import and export business, investment in and management of transportation industry, and other businesses.

(4) Other Project Partners

LN Water Group Co., Ltd. is a company incorporated in the PRC with limited liability and is mainly engaged in water pollution control, general construction contracting, professional contracting, project management services, technical consultation, sales of building materials, etc.; it is ultimately held by LingNan Eco&Culture-Tourism Co., Ltd.* (嶺南生態文旅股份有限公司) (the A shares of which are listed on the Shenzhen Stock Exchange under the stock code 002717) by 90% equity interests.

Zhejiang First Hydro & Power Construction Group Co., Ltd. is a company incorporated in the PRC with limited liability and is mainly engaged in water conservancy and hydropower projects, port and waterway projects, municipal public projects, highway projects, bridge projects, foundation projects, construction projects and mining projects, etc.; it is ultimately held by the Employee Stock Holding Committee of Zhejiang First Hydro & Power Construction Co., Ltd. * (浙江省第一水電建設有限公司) by approximately 75.78% equity interests.

NWHG Group Co., Ltd. is a company incorporated in the PRC with limited liability and is mainly engaged in general contracting, investment, supervision, technical consultation, technical services and planning and design of water conservancy and hydropower projects, port and waterway projects, municipal public projects, land reclamation projects, foundation treatment projects, gardening and landscaping projects and environmental protection projects; its ultimate beneficial owners are the Haihe River Water Conservancy Commission of the Ministry of Water Resources* (水利部海河水利委員會) and the Lower Haihe River Administration Bureau of the Haihe River Water Conservancy Commission of the Ministry of Water Resources* (水利部海河水利委員會海河下游管理局), which hold 86.15% and 13.85% of its equity interests, respectively.

STECOL Corporation is a company incorporated in the PRC with limited liability and is mainly engaged in water conservancy and hydropower projects, housing construction projects, municipal public projects, highway projects, power projects, railway projects, urban rail projects, airport projects and mining projects, etc.; its ultimate beneficial owners are Power Construction Corporation of China, Ltd. (the A shares of which are listed on the Shanghai Stock Exchange under the stock code 601669) and Bank of China Limited (the H shares of which are listed on the Hong Kong Stock Exchange under the stock code 3988 and the A shares of which are listed on the Shanghai Stock Exchange under the stock code 601988), which hold 80.12% and 19.88% of its equity interests, respectively.

PowerChina Environment Engineering Co., Ltd.* is a company incorporated in the PRC with limited liability and is mainly engaged in environmental projects, municipal projects, water supply and drainage projects, urban underground comprehensive pipe corridor construction projects, wastewater treatment projects, soil remediation projects and air treatment projects, etc.; its main shareholders are PowerChina Road and Bridge Group Co., Ltd.* (中電建路橋集團有限公司) (controlled by Power Construction Corporation of China, Ltd., the A shares of which are listed on the Shanghai Stock Exchange under the stock code 601669), PowerChina Group Chongqing Engineering Co., Ltd.* (中國電建集團重慶工程有限公司) (controlled by the State Council) and PowerChina Group East China Survey and Design Institute Co., Ltd.* (中國電建集團華東勘測設計研究院有限公司).

Tangshan Whole Water Treatment Development Group Co., Ltd.* is a company incorporated in the PRC with limited liability and is mainly engaged in municipal facilities management, environmental sanitation management, urban and rural appearance management, gardening and landscaping project construction and land consolidation, etc.; its ultimate beneficial owners are the State-owned Assets Management Committees of 11 districts and counties in Tangshan City, which hold 100% of its equity interests in total.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the aforementioned Other Project Partners and their 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
“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
“Certain Subsidiaries”	CCCC First Harbour Engineering Co., Ltd. (中交第一航務工程局有限公司), CCCC Hehai Engineering Co., Ltd. (中交河海工程局有限公司), CCCC Fourth Harbour Engineering Co., Ltd. (中交第四航務工程局有限公司), CCCC Ecological Environmental Protection Investments Co., Ltd. (中交生態環保投資有限公司), CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司), Road & Bridge International Co., Ltd. (中交路橋建設有限公司) and CCCC Third Highway Engineering Co., Ltd. (中交第三公路工程局有限公司)
“China Urban and Rural”	China Urban and Rural Holding Group Co., Ltd. (中國城鄉控股集團有限公司), a subsidiary of CCGG as at the date of this announcement
“Company”	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 1800) and the A shares of which are listed on the Shanghai Stock Exchange (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

“Other Project Partners”	LN Water Group Co., Ltd. (嶺南水務集團有限公司), Zhejiang First Hydro & Power Construction Group Co., Ltd. (浙江省第一水電建設集團股份有限公司), NWHG Group Co., Ltd. (華北水利水電工程集團有限公司), STECOL Corporation (中國電建市政建設集團有限公司), PowerChina Environment Engineering Co., Ltd.* (中國電建集團環境工程有限公司) and Tangshan Whole Water Treatment Development Group Co., Ltd.* (唐山市全域治水發展集團有限公司)
“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”	Tangshan Whole Water Treatment Ecological Construction Group Co., Ltd.* (唐山全域治水生態建設集團有限公司), a company to be incorporated in the PRC with limited liability, the name of which is subject to the approval by the 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 Certain Subsidiaries of the Company, China Urban and Rural and Other Project Partners on 10 September 2020 in relation to the formation of the Project Company
“%”	Percent

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

Beijing, the PRC

10 September 2020

As at the date of this announcement, the Directors of the Company are LIU Qitao, SONG Hailiang, LIU Maoxun, HUANG Long[#], ZHENG Changhong[#] and NGAI Wai Fung[#].

[#] *Independent non-executive Director*

^{*} *For identification purpose only*