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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 announces that, on 15 July 2021, CCCC Fourth Highway Engineering, SMEDRIC, Haitian Water and Qingyuan Waterworks entered into the Shareholders' Agreement for the joint investment in the PPP project related to the unified construction, management and operation of urban and rural sewage facilities in Yibin City. Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB50.00 million, of which RMB42.50 million, RMB0.50 million, RMB4.50 million and RMB2.50 million will be contributed by CCCC Fourth Highway Engineering, SMEDRIC, Haitian Water and Qingyuan Waterworks, respectively, accounting for 85%, 1%, 9% and 5% of the total registered capital of the Project Company, respectively.

Upon formation of the Project Company, the Company will hold 85% 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, SMEDRIC is a subsidiary of CCGG, the controlling Shareholder of the Company which holds approximately 57.99% interests in the issued ordinary shares of the Company. SMEDRIC 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 announces that, in accordance with the resolution passed at the thirty-eighth meeting of the fourth session of the Board, on 15 July 2021, CCCC Fourth Highway Engineering, SMEDRIC, Haitian Water and Qingyuan Waterworks entered into the Shareholders' Agreement for the joint investment in the PPP project related to the unified construction, management and operation of urban and rural sewage facilities in Yibin City. Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB50.00 million, of which RMB42.50 million, RMB0.50 million, RMB4.50 million and RMB2.50 million will be contributed by CCCC Fourth Highway Engineering, SMEDRIC, Haitian Water and Qingyuan Waterworks, respectively, accounting for 85%, 1%, 9% and 5% of the total registered capital of the Project Company, respectively.

Upon formation of the Project Company, the Company will hold 85% 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 below:

- Date:** 15 July 2021
- Parties:**
- (1) CCCC Fourth Highway Engineering;
 - (2) SMEDRIC;
 - (3) Haitian Water; and
 - (4) Qingyuan Waterworks

Registered capital:	Shareholder	Amount of capital contribution RMB' million	Percentage %
	CCCC Fourth Highway Engineering	42.50	85
	Haitian Water	4.50	9
	Qingyuan Waterworks	2.50	5
	SMEDRIC	0.50	1
	Total	50.00	100

Upon formation of the Project Company, the parties will make additional capital contributions to the Project Company in proportion to their respective shareholdings in the Project Company in accordance with the actual situation (the subsequent capital contributions will be included in the capital reserves). The aggregate capital contribution amount by CCCC Fourth Highway Engineering will be approximately RMB331,048,300.

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

Payment of the capital contribution:

The parties shall, within one year following the formation of the Project Company, pay their respective capital contributions in cash in proportion to their respective shareholdings in the Project Company.

Scope of business:

The scope of business of the Project Company is expected to include the investment and construction and construction general contracting in the building industry; investment and construction and construction general contracting of transportation, municipal, water conservancy and hydropower and other infrastructure projects; real estate development, landscape engineering design, investment and construction, construction general contracting and operation management; primary land development; machinery and equipment leasing; building fitting-out and decoration works; electromechanical installation works; foundation treatment works for hydraulic structures; sewage treatment and recycling; maintenance of sewage treatment station facilities; engineering survey and design, engineering management services, etc. (subject to registration with the industrial and commercial authorities).

Board of directors:

The board of directors of the Project Company comprises five directors. CCCC Fourth Highway Engineering, Haitian Water and Qingyuan Waterworks are entitled to nominate two directors, one director and one director, respectively, and the Project Company will elect one director through the employee representative meeting. The chairman of the board of directors will be a director nominated by CCCC Fourth Highway Engineering and elected by the board of directors.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The purpose of formation of the Project Company is for joint investment in the PPP project related to the unified construction, management and operation of urban and rural sewage facilities in Yibin City. As an investment project in the field of ecological and environmental protection, the main construction and operation content of the project is sewage treatment and watercourse management, which is in line with the strategic development direction of “experts in five areas”, and thus the participation in such project can further promote CCCG’s brand building and broaden its business scope. The cooperation with SMEDRIC will help all parties make full use of resources to achieve complementary advantages while reducing project risks, and is therefore conducive to the realization of the overall interests of the Company and its Shareholders as a whole.

CONFIRMATION FROM DIRECTORS

As at the date of the thirty-eighth meeting of the fourth session of the Board, 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 a material interest in the transaction contemplated under the Shareholders’ Agreement, and have abstained from voting on the relevant Board resolution. Save for the abovementioned Directors, none of the other Directors of the Company has or is deemed to have a material interest in the aforesaid connected transaction.

The Directors (including 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, SMEDRIC is a subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 57.99% interests in the issued ordinary shares of the Company. SMEDRIC 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 focusing on “big transportation” and “big city” 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, land reclamation, river basin, road and bridge, railway, urban rail transit, municipal infrastructure, construction and environmental protection 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 Fourth Highway Engineering

CCCC Fourth Highway Engineering is a non-wholly-owned subsidiary of the Company incorporated in the PRC, which is ultimately owned by the Company, China Construction Bank Corporation (the H shares of which are listed on the Hong Kong Stock Exchange under stock code 939 and the A shares of which are listed on the Shanghai Stock Exchange under stock code 601939) and Bank of Communications Co., Ltd. (the H shares of which are listed on the Hong Kong Stock Exchange under stock code 3328 and the A shares of which are listed on the Shanghai Stock Exchange under stock code 601328) as to approximately 79.92%, 10.04% and 10.04%, respectively. It is primarily engaged in engineering design, construction project management, construction general contracting, professional contracting, construction engineering installation, road maintenance, garden landscape design, etc.

(3) SMEDRIC

SMEDRIC is a wholly-owned subsidiary of CCCG incorporated in the PRC with limited liability. It is primarily engaged in the engineering survey, design and management services, as well as municipal, highway, bridge, tunnel, landscape, fire protection, water conservancy and hydropower, communication engineering projects, etc.

(4) CCCG

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 57.99% 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.

(5) Haitian Water

Haitian Water is a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange under stock code 603759 and is primarily engaged in tap water supply, sewage treatment and recycling, sales of electromechanical device and mechanical equipment, etc. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Haitian Water and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

(6) Qingyuan Waterworks

Qingyuan Waterworks is a company incorporated in the PRC with limited liability and is primarily engaged in urban tap water production and operation, urban sewage treatment, and design, construction, maintenance and management of water plants and pipeline networks, etc. Qingyuan Waterworks is 100% held by Yibin Sanjiang Investment and Construction Group Co., Ltd.* (宜賓三江投資建設集團有限公司), which is ultimately held as to 90% and 10% by the State-owned Assets Supervision and Administration Commission of the People's Government of Yibin City and the Finance Department of Sichuan Province, respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Qingyuan Waterworks 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 Fourth Highway Engineering”	CCCC Fourth Highway Engineering Co., Ltd.* (中交第四公路工程局有限公司), a subsidiary of the Company as at the date of this announcement
“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, a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Hong Kong Stock Exchange under stock code 1800 and the A shares of which are listed on the Shanghai Stock Exchange under stock code 601800
“connected person”	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
“Haitian Water”	Haitian Water Group Co., Ltd.* (海天水務集團股份公司), a joint stock company incorporated in the PRC with limited liability and an independent third party
“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
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Project Company”	CCCC (Yibin) Investment and Construction Co., Ltd.* (中交(宜賓)投資建設有限公司), 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
“Qingyuan Waterworks”	Yibin Qingyuan Waterworks Group Co., Ltd.* (宜賓市清源水務集團有限公司), a company incorporated in the PRC with limited liability and an independent third party
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement entered into among CCCC Fourth Highway Engineering, SMEDRIC, Haitian Water and Qingyuan Waterworks on 15 July 2021 in respect of the formation of the Project Company
“SMEDRIC”	Southwest Municipal Engineering Design and Research Institute of China* (中國市政工程西南設計研究總院有限公司), a subsidiary of CCCG as at the date of this announcement
“%”	percent

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

Beijing, the PRC

15 July 2021

As at the date of this announcement, the Directors of the Company are WANG Tongzhou, WANG Haihuai, LIU Xiang, LIU Maoxun, HUANG Long[#], ZHENG Changhong[#] and NGAI Wai Fung[#].

[#] *Independent non-executive Director*

^{*} *For identification purpose only*