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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**

### **CONTINUING CONNECTED TRANSACTION WITH CCCG: ENTERING INTO THE ASSET LEASING FRAMEWORK AGREEMENT**

On 12 April 2024, the Company and CCCG entered into the Asset Leasing Framework Agreement, pursuant to which, the Group agreed to lease the Leased Assets to CCCG Group for the period from 12 April 2024 to 31 December 2024 for CCCG Group's production and operation and office use.

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. As such, the transaction contemplated under the Asset Leasing Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual cap under the Asset Leasing Framework Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Asset Leasing Framework Agreement and the proposed annual cap are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **BACKGROUND**

On 12 April 2024, the Company and CCCG entered into the Asset Leasing Framework Agreement, pursuant to which, the Group agreed to lease the Leased Assets to CCCG Group for the period from 12 April 2024 to 31 December 2024 for CCCG Group's production and operation and office use.

## **Asset Leasing Framework Agreement**

The principal terms of the Asset Leasing Framework Agreement are set out as follows:

### **Date**

12 April 2024

### **Parties**

- (1) the Company; and
- (2) CCCG.

### **Term**

From 12 April 2024 to 31 December 2024.

### **Description of the transaction**

The Group agreed to lease the Leased Assets to CCCG Group for CCCG Group's production and operation and office use. The Leased Assets mainly include certain buildings and plants, auxiliary facilities and equipment for production and operation and other products owned by the Group.

### **Price Determination**

The fees to be received by the Group for leasing the Leased Assets to CCCG Group shall be determined at arm's length negotiation between the parties considering the factors set out below:

- (1) with reference to the level of rentals of similar buildings and plants in the adjacent areas and local markets, and the prevailing market prices for comparable facilities and equipment of comparable period, size, usage and nature;
- (2) quotations offered by the Group to independent third parties for assets similar to the Leased Assets; and
- (3) taking comprehensive consideration of the aspects of the Leased Assets, such as the gross floor area, decoration facilities, geographical location, usage and nature, etc. with respect to the buildings and plants; and the acquisition cost, the period of acquisition, the depreciation and impairment provision made, its importance in the usage, and whether it is substitutable, etc. with respect to the facilities and equipment.

The Group will seek quotations for assets similar to the Leased Assets from two independent third parties on an annual basis in the market or conduct market research on the rental prices of nearby properties (for buildings and plants) in order to assess and review the fairness and reasonableness of the quotations proposed by the Group with reference to items (1), (2) and (3) above.

Further, the fees to be received for the above leasing and periodic reports will be submitted to the independent non-executive Directors of the Company for their annual review on the pricing so as to ensure its fairness and reasonableness. The Directors of the Company consider such methods and procedures can ensure that the transaction will be conducted on normal commercial terms and will not prejudice the interests of the Company and its Shareholders.

## **Payment**

Generally, payment of the fees for the transactions contemplated under the Asset Leasing Framework Agreement shall be made on a monthly basis. The specific payment terms (including time and method of payment) for leasing the Leased Assets by the Group to CCCG Group will be agreed by the parties to the individual agreements to be entered into by them, with reference to the payment terms of similar transactions in the market and the payment terms offered by the Group to independent third parties.

## **Separate Contracts**

In respect of each lease, the Group and the relevant members of CCCG Group shall enter into separate contract(s). The terms of each contract will be in line with the terms of the Asset Leasing Framework Agreement and shall be enforceable if and only if the Asset Leasing Framework Agreement continues to be effective.

## **Proposed Annual Cap and Basis of Determination**

The proposed annual cap for the fees charged by the Group for leasing the Leased Assets to CCCG Group for the period ending 31 December 2024 is RMB134.54 million.

In estimating the proposed annual caps under the Asset Leasing Framework Agreement, the Company has mainly considered the following factors: (i) the prevailing market price of the relevant Leased Assets and the level of future increase in rental prices; (ii) the demand of CCCG Group, due to its production and operational needs, for leasing the Leased Assets owned by the Group in cities such as Beijing, Shanghai, Guangzhou and Tianjin, including but not limited to buildings, machinery equipment, engineering ships and electronic equipment, with a total estimated rent of approximately RMB120 million; and (iii) the provision of a certain buffer to cover the possible increase in the demand for the Leased Assets of the Group by CCCG Group and potential fluctuation in the market rental prices of the relevant Leased Assets.

If the Asset Leasing Framework Agreement is renewed after the expiry of its term as agreed between the parties, the Company will fulfill its further disclosure obligations in a timely manner pursuant to the applicable requirements of the Hong Kong Listing Rules (if necessary).

The Company confirms that, for the period from 1 January 2024 to the date of this announcement, the actual fees charged by the Group for leasing the Leased Assets to CCCG Group fall below the de minimis threshold under the Hong Kong Listing Rules.

## **REASONS AND BENEFITS**

CCCG Group leases from time to time a number of properties and auxiliary facilities owned by the Group for its production and operation and office activities, which are necessary for the daily production and operation of CCCG Group. The Directors are of the view that the leasing of the Leased Assets to CCCG Group can increase the utilization rate of the Group's owned properties and facilities and equipments, facilitate the Group's continuous and stable operation of the Leased Assets at market rates and provide the Group with more flexible leasing arrangements, which facilitates the Company's operation and development and therefore helps to realise the interests of the Company and its shareholders as a whole.

## **HONG KONG LISTING RULES IMPLICATIONS**

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. As such, the transaction contemplated under the Asset Leasing Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual cap under the Asset Leasing Framework Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Asset Leasing Framework Agreement and the proposed annual cap are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **CONFIRMATION BY THE DIRECTORS**

Mr. WANG Tongzhou, Mr. WANG Haihuai and Mr. LIU Xiang, being the Directors, are also the directors or senior management of CCCG, and therefore are deemed to have material interests in the abovementioned continuing connected transaction, 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 continuing connected transaction.

The Directors (including the independent non-executive Directors), having made all reasonable and due enquiries, are of the view that the abovementioned continuing connected transaction is entered into on normal commercial terms in the ordinary or usual course of business of the Company, is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## BACKGROUND AND GENERAL INFORMATION OF THE PARTIES

### (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) CCCG

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 59.41% 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.

## DEFINITIONS

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

“Asset Leasing Framework Agreement”	the asset leasing framework agreement entered into between the Company and CCCG on 12 April 2024
“Board”	the board of directors of the Company
“CCCG”	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 59.41% equity interests in the Company
“CCCG Group”	CCCG and its subsidiaries, excluding the Group
“Company”	China Communications Construction Company Limited* (中國交通建設股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on The Stock Exchange of Hong Kong Limited under stock code 1800 and the A shares of which are listed on the Shanghai Stock Exchange under 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
“Leased Assets”	assets specified in the Asset Leasing Framework Agreement, including buildings, plants, auxiliary facilities and equipment for production and operation and other products
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“%”	percent

By Order of the Board  
**China Communications Construction Company Limited**  
**YU Jingjing**  
*Company Secretary*

Beijing, the PRC  
12 April 2024

*As at the date of this announcement, the Directors of the Company are WANG Tongzhou, WANG Haihuai, LIU Xiang, LIU Hui<sup>#</sup>, CHAN Wing Tak Kevin<sup>#</sup>, WU Guangqi<sup>#</sup> and ZHOU Xiaowen<sup>#</sup>.*

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

<sup>\*</sup> *For identification purpose only*