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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 1 February 2021, CFHEC, CCCC Ocean Investment (both being subsidiaries of the Company) and OriginWater (a subsidiary of CCCG) entered into the Shareholders' Agreement for the joint investment in the Sewage Treatment Facility and Supporting Pipeline PPP Project in Wenchang City. Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB120.0 million, of which RMB73.2 million, RMB36.0 million and RMB10.8 million will be contributed by CFHEC, CCCC Ocean Investment and OriginWater, respectively, accounting for 61%, 30% and 9% of the total registered capital of the Project Company, respectively.

After the formation of the Project Company, the Company will hold 91% of its interests. Therefore, 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, OriginWater 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. OriginWater 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 forty-fourth meeting of the fourth session of the Board, on 1 February 2021, CFHEC, CCCC Ocean Investment (both being subsidiaries of the Company) and OriginWater (a subsidiary of CCCG) entered into the Shareholders' Agreement for the joint investment in the Sewage Treatment Facility and Supporting Pipeline PPP Project in Wenchang City. Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB120.0 million, of which RMB73.2 million, RMB36.0 million and RMB10.8 million will be contributed by CFHEC, CCCC Ocean Investment and OriginWater, respectively, accounting for 61%, 30% and 9% of the total registered capital of the Project Company, respectively.

After the formation of the Project Company, the Company will hold 91% of its interests. Therefore, 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: 1 February 2021

Parties: (1) CFHEC;
(2) CCCC Ocean Investment; and
(3) OriginWater.

Registered capital:	Shareholder	Amount of Capital Contribution RMB' million	Percentage %
	CFHEC	73.2	61
	CCCC Ocean Investment	36.0	30
	OriginWater	10.8	9
	Total	120.0	100

The amount of capital contribution under the Shareholders' Agreement was determined after arm's length negotiations among the parties, 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 pay their respective amount of capital contribution in cash in installments in proportion to their respective shareholding in the Project Company:

- (1) the initial capital contribution is 40% of the total registered capital of the Project Company, i.e. RMB48 million, which shall be paid within 30 business days from the date of formation of the Project Company; and
- (2) the remaining capital contribution, i.e. RMB72 million, shall be paid gradually by 31 March 2022 according to the project progress and financing needs.

Scope of business:

The scope of business of the Project Company is expected to include investment in engineering projects under the PPP agreement, and design, construction, operation and management of sewage pipe networks, sewage treatment stations, sewage pumping stations and other drainage facilities. (Subject to the final registration with the industry and commerce department)

Board of directors:

The board of directors of the Project Company comprises five directors. CFHEC, CCCC Ocean Investment and OriginWater are entitled to recommend two directors, one director and one director, respectively, who shall be elected by the general meeting of the Project Company. In addition, CFHEC is entitled to recommend one employee representative director, who shall be elected through the employee representative congress or other democratic methods of the Project Company. The chairman of the board of directors will be recommended by CFHEC, which shall be approved by way of resolution at the general meeting of the Project Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The purpose of formation of the Project Company is for joint investment in the Sewage Treatment Facility and Supporting Pipeline PPP Project in Wenchang City. The project is in line with the national industrial policies, the Group's development direction of investment business and the layout of investment regions, which will help the Group continue to maintain its advantages in the ecological and environmental protection market in Hainan Province and further consolidate its market share. The project mainly involves the construction and operation of the sewage treatment plant, and OriginWater possesses the industry's leading water treatment technology and rich experience in the operation of sewage treatment plant, the participation of which will help to promote the smooth implementation of the project and enhance the quality of the project, contributing to the achievement of the overall interests of the Company and its Shareholders as a whole.

CONFIRMATION FROM DIRECTORS

Mr. Wang Tongzhou 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, OriginWater 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. OriginWater 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 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) CFHEC

CFHEC is a subsidiary of the Company incorporated in the PRC and is primarily engaged in the engineering design, consultation, construction and general contracting business in the field of transportation infrastructure construction.

(3) CCCC Ocean Investment

CCCC Ocean Investment is a company incorporated in the PRC with limited liability and a subsidiary of the Company. It is mainly engaged in the investment, development and general contracting of ports and terminals, dredging and reclamation, highways and bridges, urban complexes and other infrastructure and real estate project, the investment and management of the cruise industry, tourism industry, health industry and other fields, as well as consulting services (excluding financial and economic business consulting).

(4) OriginWater

OriginWater is a company incorporated in the PRC with limited liability and a subsidiary of CCG. Its A shares are listed on the Shenzhen Stock Exchange under stock code 300070, and is primarily engaged in development of sewage treatment technology, waste water recovery technology, water resources management technology, water treatment technology, solid waste treatment technology, atmospheric environmental governance technology, ecological engineering technology, ecological renovation technology, investment in water affairs and investment management.

(5) 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.

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 Ocean Investment”	CCCC Ocean Investment Holding Company Limited* (中交海洋投資控股有限公司), a subsidiary of the Company as at the date of this announcement
“CCCG”	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
“CFHEC”	CCCC First Highway Engineering Group Co., Ltd.* (中交一公局集團有限公司), a subsidiary of the Company as at the date of this announcement
“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(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
“OriginWater”	Beijing OriginWater Technology Co., Ltd. (北京碧水源科技股份有限公司), a subsidiary of CCCG as at the date of this announcement
“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 (Wenchang) Urban Construction and Investment Co., Ltd.* (中交(文昌)城鎮建設投資有限責任公司), 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 among CFHEC, CCCO Ocean Investment and OriginWater on 1 February 2021 in respect of the formation of the Project Company
“%”	percent

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

Beijing, the PRC

1 February 2021

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

[#] *Independent non-executive Director*

^{*} *For identification purpose only*