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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 TRANSACTIONS, DISCLOSEABLE**  
**TRANSACTIONS AND MAJOR TRANSACTIONS:**  
**RENEWAL OF CERTAIN CONTINUING CONNECTED**  
**TRANSACTIONS UNDER THE EXISTING AGREEMENTS**

**I. RENEWAL OF CERTAIN CONTINUING CONNECTED TRANSACTIONS UNDER THE EXISTING AGREEMENTS**

As all of the Existing Mutual Project Contracting Framework Agreement, the Existing Finance Lease and Commercial Factoring Agreement, the Existing Finance Lease and Commercial Factoring Framework Agreement and the Existing Financial Services Agreement will expire on 31 December 2021, the Board proposed to enter into new framework agreements to regulate the existing continuing connected transactions thereunder for the three financial years ending 31 December 2024 and set the respective annual caps thereof.

## **II. EGM**

The EGM will be convened by the Company for, among others, the Independent Shareholders to consider and, if thought fit, to approve the above-mentioned agreements and the proposed annual caps thereunder.

For the purpose of the EGM, a circular containing, among other things, (i) details of the Renewal of Certain Continuing Connected Transactions under the existing agreements; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on this regard; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Shareholders and the Independent Board Committee on this regard will be despatched to the Shareholders on or before 25 October 2021, as additional time is required for the Company to prepare the circular.

## **I. RENEWAL OF CERTAIN CONTINUING CONNECTED TRANSACTIONS UNDER THE EXISTING AGREEMENTS**

### **1. Renewal of the Continuing Connected Transactions under the Mutual Project Contracting Framework Agreement**

#### ***(1) Background***

As the Existing Mutual Project Contracting Framework Agreement will expire on 31 December 2021, the Board proposed to enter into the Mutual Project Contracting Framework Agreement to regulate the existing continuing connected transactions between the Company and CCCG for the three financial years ending 31 December 2024 and set the respective annual caps thereof.

#### ***(2) Mutual Project Contracting Framework Agreement***

The principal terms of the Mutual Project Contracting Framework Agreement are set out as follows:

##### *Date*

15 October 2021

##### *Parties*

(1) the Company; and

(2) CCCG

### *Term*

Three years from 1 January 2022 to 31 December 2024

### *Description of the transactions*

Considering that the Group is a leading transportation infrastructure enterprise focusing on infrastructure construction, infrastructure design and dredging, the Group agreed to provide, within the business scope and specialized field of the Group, the project construction and management services to CCCG Group, which may include (i) provision of construction, design, consultation and management services for the construction projects that may be undertaken by CCCG Group; and (ii) design, construction, operation, management and dismantlement of temporary supporting facilities.

Considering that CCCG Group is primarily engaged in real estate development, wastewater treatment, airport construction, etc., CCCG Group agreed to provide, within the business scope and specialized field of CCCG Group, the labour and subcontracting services to the Group, which may include (i) provision of professional services for construction projects that may be undertaken by the Group; (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and (iii) provision of consultation, management and technical services.

### *Price determination*

The fees payable by CCCG Group for the project contracting services provided by the Group shall be arrived at arm's length negotiation between the parties with reference to and taking into account the factors set out below:

- (i) with reference to the prevailing market prices;
- (ii) after taking into consideration the various aspects of the projects, such as project scale, construction period, technical difficulties and risk factors; and
- (iii) the Group will refer to its quotations for similar services to three independent third parties, so as to assess and review whether the services quotations provided by the Group to CCCG Group in accordance with items (i) and (ii) above are fair and reasonable.

The fees received by CCCG Group for the labour and subcontracting services provided to the Group shall be agreed upon by arm's length negotiation between the parties and specified in agreement entered into for each transaction in accordance with the following market-oriented pricing principles:

- (i) The fees proposed by CCCG Group for each future transaction shall be made with reference to its expected costs to be incurred, such as labour costs and management costs. CCCG Group is entitled to charge the service fees with a price at the costs plus gross profit of comparable transactions in the market after taking into account the actual circumstances for each future transaction; and
- (ii) The Group will seek fee quotes for similar services from three independent third parties on a quarterly basis in the market in order to assess and review the fairness and reasonableness of the quotes for the services proposed by CCCG Group in accordance with item (i) above.

The above-mentioned project contracting service fees and the labour and subcontracting service fees and relevant periodic reports will be submitted to the independent non-executive Directors for their annual review on the pricing so as to ensure its fairness and reasonableness. The Directors consider such methods and procedures can ensure the transactions will be conducted on normal commercial terms and will not prejudice the interests of the Company and its Shareholders.

#### *Payment*

The specific payment terms (including time and method of payment) for the project contracting services provided by the Group to CCCG Group and the labour and subcontracting services provided by CCCG Group to the Group will be agreed by the parties in the individual contract to be entered into by them, with reference to the payment terms of similar services in the market and the payment terms offered by independent third parties.

**(3) Historical Amounts**

Set out below are the project contracting service fees and the labour and subcontracting service fees for the two financial years ended 31 December 2020 and the six months ended 30 June 2021:

<b>Transaction</b>	<b>RMB' million</b>		
	<b>Actual amount for the year ended 31 December 2019</b>	<b>Actual amount for the year ended 31 December 2020</b>	<b>Actual amount for the six months ended 30 June 2021</b>
Project contracting services provided by the Group to CCCG Group	4,552	12,431	4,992
Labour and subcontracting services provided by CCCG Group to the Group	2,936	3,500	1,342

**(4) Proposed Annual Caps and Basis for Determination**

The proposed annual caps for the project contracting service fees and the labour and subcontracting service fees for the three financial years ending 31 December 2024 are as follows:

	<i>RMB' million</i>		
<b>Transaction</b>	<b>Annual cap for the year ending 31 December 2022</b>	<b>Annual cap for the year ending 31 December 2023</b>	<b>Annual cap for the year ending 31 December 2024</b>
Project contracting services provided by the Group to CCCG Group	33,155	34,554	34,656
Labour and subcontracting services provided by CCCG Group to the Group	8,628	8,232	6,210

In estimating the proposed annual caps for the project contracting service fees to be received by the Group from CCCG Group under the Mutual Project Contracting Framework Agreement, the Company has principally considered the following factors: (i) CCCG Group's development plan in real property projects, wastewater treatment projects and other construction projects and its need for project contracting services; (ii) the estimated project contracting service fees to be recognised from the existing projects and currently foreseeable potential projects, i.e. approximately RMB29,819 million, RMB30,359 million and RMB31,053 million for the year ending 31 December 2022, 2023 and 2024, respectively; (iii) the prevailing market price of service fees charged for projects contracting services; (iv) the current construction capacity of the Group; and (v) a buffer of approximately 10%–15% for unexpected increase of projects by CCCG Group in the future that requires the project contracting services from the Group.

In estimating the proposed annual caps for the labour and subcontracting service fees to be paid by the Group to CCCG Group under the Mutual Project Contracting Framework Agreement, the Company has principally considered the following factors: (i) the Group's construction plan and its need for labour and subcontracting services for the years of 2022, 2023 and 2024; (ii) the estimated labour and subcontracting service fees to be recognised from the existing projects and currently foreseeable potential projects, i.e. approximately RMB8,385 million, RMB7,974 million and RMB6,079 million for the year ending 31 December 2022, 2023 and 2024, respectively; (iii) the prevailing market price for comparable types of services in the industry; (iv) the current capacity of CCCG Group; and (v) a slight buffer for unexpected additional demands for the labour and subcontracting services by the Group from CCCG Group.

**(5) *Reasons for and Benefits of the Transactions***

The Group provides the project contracting services for real property projects, wastewater treatment projects and other construction projects that may be undertaken by CCCG Group. CCCG has made certain progress in exploring each of the aforesaid areas, which therefore boosts the demands for project contracting services. The Directors of the Company believe that the provision of project contracting services to CCCG Group will help the Company to accumulate more experience in relevant sectors, improve the business performance and expand the business scale, which will further strengthen the market competitiveness and facilitate the Group's business development.

As the Company is mainly engaged in the transportation infrastructure industry, it may require labour and subcontracting services from time to time in the course of its ordinary business. By selecting CCCG Group as a provider of such services, Directors of the Company are of the view that the Company can benefit from its relatively low quotations, its understanding of the Company's business and its extensive experience and expertise in providing such services, and accordingly receive professional and high-quality services at a reasonable cost, which will be conducive to the Company's business operation.

## **2. Renewal of the Continuing Connected Transactions under the Finance Lease and Commercial Factoring Agreement**

### ***(1) Background***

As the Existing Finance Lease and Commercial Factoring Agreement will expire on 31 December 2021, the Board proposed to enter into the Finance Lease and Commercial Factoring Agreement to regulate the existing continuing connected transactions between CCCC Leasing and CCCG for the three financial years ending 31 December 2024 and set the respective annual caps thereof.

### ***(2) Finance Lease and Commercial Factoring Agreement***

The principal terms of the Finance Lease and Commercial Factoring Agreement are set out as follows:

#### *Date*

15 October 2021

#### *Parties*

(1) CCCC Leasing; and

(2) CCCG

#### *Term*

Three years from 1 January 2022 to 31 December 2024

#### *Finance Lease*

Pursuant to the Finance Lease and Commercial Factoring Agreement, CCCC Leasing shall provide finance lease services to CCCG Group in respect of the leased assets through direct leasing or sale and leaseback arrangements.

(a) Types of Finance Lease

(i) Direct Leasing

CCCC Leasing shall purchase the designated assets from designated suppliers as notified by CCCG Group and then lease the subject assets to CCCG Group in consideration of rental fees and other miscellaneous fees on a periodic basis. CCCC Leasing shall have the ownership of such subject assets during the lease period. Upon expiry of the lease period, CCCG Group may choose to renew, return or purchase the leased assets at a nominal consideration, subject to the commercial negotiation with CCCC Leasing.

(ii) Sale and Leaseback

CCCC Leasing shall purchase the subject assets from CCCG Group and then lease such subject assets back to CCCG Group in consideration of rental fees and other miscellaneous fees on a periodic basis. The ownership of such subject assets shall be transferred to CCCC Leasing after acquiring the same from CCCG Group during the lease period. Upon expiry of the lease period, CCCC Leasing shall transfer the ownership of the subject assets back to CCCG Group at a nominal consideration.

(b) Leased Assets

The leased assets primarily include engineering equipment and fixtures, hotel equipment and furniture, and equipment for commercial centers, etc.

(c) Rental fees and other Miscellaneous Fees

The rental fees and other miscellaneous fees payable by CCCG Group to CCCC Leasing with respect to the finance lease services shall be determined following arm's length negotiation between the parties with reference to the prevailing market prices for comparable finance lease services, after taking into account various factors, such as finance costs, value of the leased assets, lease period, etc.

CCCC Leasing will refer to its quotations for similar services offered to at least three independent third parties, so as to ensure that such fees payable by CCCG Group shall not be lower than the fees for similar finance lease services provided by CCCC Leasing to other companies or the fees for comparable finance lease services available from other financial leasing companies in the PRC.

### *Commercial Factoring*

Pursuant to the Finance Lease and Commercial Factoring Agreement, CCCC Leasing will provide commercial factoring services to CCCG Group in respect of receivables through factoring or reverse factoring arrangement.

#### (a) Types of Commercial Factoring

##### (i) Factoring

CCCG Group shall transfer the ownership of the receivables to CCCC Leasing, and then CCCC Leasing shall provide commercial factoring services to CCCG Group, such as factoring finance, management or collection of receivables, in consideration of the factoring fees and other miscellaneous fees from CCCG Group on a periodic basis.

##### (ii) Reverse Factoring

CCCC Leasing shall grant credit to CCCG Group in respect of its payables, and then the creditors of CCCG Group in respect of the payables will transfer their rights under such payables to CCCC Leasing in line of such credit. CCCC Leasing will also provide the commercial factoring services to the creditors of CCCG Group, such as factoring finance, management or collection of the payables of CCCG Group and CCCG Group will pay the finance interest and other miscellaneous fees on a periodic basis.

(b) Finance interest and Other Miscellaneous Fees

The finance interest and other miscellaneous fees payable by CCCG Group to CCCC Leasing with respect to commercial factoring services shall be determined following arm's length negotiation between the parties with reference to the prevailing market prices for comparable commercial factoring services, after taking into account various factors, such as the benchmark lending rate for loans of relevant grade announced and implemented by the PBOC, finance costs, factoring period, the ownership of the right of recourse, etc.

CCCC Leasing will refer to its quotations for similar services offered to at least three independent third parties, so as to ensure that such fees payable by CCCG Group shall not be lower than the fees for similar commercial factoring services provided by CCCC Leasing to other companies or the fees for comparable commercial factoring services available from other commercial factoring companies in the PRC.

*Individual Contracts*

In respect of each finance lease or commercial factoring, CCCC Leasing and the relevant member of CCCG Group will enter into individual contract(s). The terms of the individual contract will be in line with the terms of the Finance Lease and Commercial Factoring Agreement. Each individual contract shall be subject to and conditional upon the Finance Lease and Commercial Factoring Agreement continuing to be in force.

**(3) Historical Amounts**

Set out below are the historical amounts of the finance lease services and commercial factoring services provided by CCCC Leasing to CCCG Group for the two financial years ended 31 December 2020 and the six months ended 30 June 2021:

<b>Transaction</b>	<b>RMB' million</b>		
	<b>Actual amount for the year ended 31 December 2019</b>	<b>Actual amount for the year ended 31 December 2020</b>	<b>Actual amount for the six months ended 30 June 2021</b>
Finance lease services provided by CCCC Leasing to CCCG Group <sup>Note 1</sup>	524	1,410	1,304
Commercial factoring services provided by CCCC Leasing to CCCG Group <sup>Note 2</sup>	83	2,869	2,601

*Notes:*

1. The aggregate amount of the finance lease services provided by CCCC Leasing to CCCG Group for each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021 is the sum of the rental fees and other miscellaneous fees payable by CCCG Group to CCCC Leasing with respect to the finance lease services under the individual contracts of the Finance Lease and Commercial Factoring Agreement entered into between CCCC Leasing and CCCG Group during each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.
2. The aggregate amount of the commercial factoring services provided by CCCC Leasing to CCCG Group for each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021 is the sum of the principal, the finance interest and other miscellaneous fees payable by CCCG Group to CCCC Leasing with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Agreement entered into between CCCC Leasing and CCCG Group during each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021, respectively.

**(4) Proposed Annual Caps and Basis for Determination**

The proposed annual caps for the finance lease services and the commercial factoring services for the three financial years ending 31 December 2024 are as follows:

	<i>RMB' million</i>		
<b>Transaction</b>	<b>Annual cap for the year ending 31 December 2022</b>	<b>Annual cap for the year ending 31 December 2023</b>	<b>Annual cap for the year ending 31 December 2024</b>
Finance lease services provided by CCCC Leasing to CCCG Group <sup>Note 1</sup>	5,200	6,300	6,900
Commercial factoring services provided by CCCC Leasing to CCCG Group <sup>Note 2</sup>	7,000	7,500	7,900

*Notes:*

1. The aggregate amount of the finance lease services provided by CCCC Leasing to CCCG Group for each of the year ending 31 December 2022, 2023 and 2024 is the sum of the rental fees and other miscellaneous fees payable by CCCG Group to CCCC Leasing with respect to the finance lease services under the individual contracts of the Finance Lease and Commercial Factoring Agreement entered into between CCCG Group and CCCC Leasing during each of the year ending 31 December 2022, 2023 and 2024, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.
2. The aggregate amount of the commercial factoring services provided by CCCC Leasing to CCCG Group for each of the year ending 31 December 2022, 2023 and 2024 is the sum of the principal, the finance interest and other miscellaneous fees payable by CCCG Group to CCCC Leasing with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Agreement entered into between CCCG Group and CCCC Leasing during each of the year ending 31 December 2022, 2023 and 2024, respectively.

In estimating the proposed annual caps for the finance lease services provided by CCCC Leasing under the Finance Lease and Commercial Factoring Agreement, the Company has principally considered the following factors: (i) the value, nature and expected life of the leased assets; (ii) the development plan of the CCCG Group and its demand for the finance lease services provided by CCCC Leasing; (iii) the capability and flexibility of CCCC Leasing in providing finance lease services to the CCCG Group; (iv) the historical amounts for the six months ended 30 June 2021; and (v) the growth rate of historical amounts. The aggregate amount for finance lease services for the year ended 31 December 2020 increased by approximately 169.08% as compared to that of the same period of 2019.

In estimating the proposed annual caps for the commercial factoring services provided by CCCC Leasing under the Finance Lease and Commercial Factoring Agreement, the Company has principally considered the following factors: (i) the development plan of the CCCG Group and its demand for the commercial factoring services provided by CCCC Leasing; (ii) the capability and flexibility of CCCC Leasing in providing commercial factoring services to the CCCG Group; (iii) the historical amounts for the six months ended 30 June 2021; and (iv) the growth rate of historical amounts. The aggregate amount for commercial factoring services for the year ended 31 December 2020 increased by approximately 3,356.63% as compared to that of the same period of 2019.

**(5) *Reasons for and Benefits of the Transactions***

CCCC Leasing is a non-banking financial institution offering comprehensive finance lease and commercial factoring services to enterprises. CCCC Leasing provides finance lease and commercial factoring services to CCCG Group in its ordinary and usual course of business. CCCC Leasing will generate revenue from the provision of finance lease and commercial factoring services to CCCG Group under the Finance Lease and Commercial Factoring Agreement whereas the risks are controllable.

### **3. Renewal of the Continuing Connected Transactions under the Finance Lease and Commercial Factoring Framework Agreement**

#### ***(1) Background***

As the Existing Finance Lease and Commercial Factoring Framework Agreement will expire on 31 December 2021, the Board proposed to enter into the Finance Lease and Commercial Factoring Framework Agreement to regulate the existing continuing connected transactions between the Company and CCCC Leasing for the three financial years ending 31 December 2024 and set the respective annual caps thereof.

#### ***(2) Finance Lease and Commercial Factoring Framework Agreement***

The principal terms of the Finance Lease and Commercial Factoring Framework Agreement are set out as follows:

##### *Date*

15 October 2021

##### *Parties*

(1) the Company; and

(2) CCCC Leasing

##### *Term*

Three years from 1 January 2022 to 31 December 2024

##### *Finance Lease*

Pursuant to the Finance Lease and Commercial Factoring Framework Agreement, CCCC Leasing shall provide finance lease services to the Group in respect of the leased assets through direct leasing or sale and leaseback arrangements.

(a) Types of Finance Lease

(i) Direct Leasing

CCCC Leasing shall purchase the designated assets from designated suppliers as notified by the Group and then lease the subject assets to the Group in consideration of rental fees and other miscellaneous fees on a periodic basis. CCCC Leasing shall have the ownership of such subject assets during the lease period. Upon expiry of the lease period, the Group may choose to renew, return or purchase the leased assets at a nominal consideration, subject to the commercial negotiation with CCCC Leasing.

(ii) Sale and Leaseback

CCCC Leasing shall purchase the subject assets from the Group and then lease such subject assets back to the Group in consideration of rental fees and other miscellaneous fees on a periodic basis. The ownership of such subject assets shall be transferred to CCCC Leasing after acquiring the same from the Group during the lease period. Upon expiry of the lease period, CCCC Leasing shall transfer the ownership of the subject assets back to the Group at a nominal consideration.

(b) Leased Assets

The leased assets are for the business operations of the Company, including but not limited to infrastructure, engineering equipment and ships, etc.

(c) Rental fees and other Miscellaneous Fees

The rental fees and other miscellaneous fees payable by the Group to CCCC Leasing with respect to the finance lease services shall be determined following arm's length negotiation between the parties with reference to the prevailing market prices for comparable finance lease services, after taking into account various factors, such as finance costs, value of the leased assets, lease period, etc.

The Group will refer to the quotations for similar services offered by at least three independent third parties, so as to ensure that the fees payable by the Group shall not be higher than the fees for comparable finance lease services available from other financial leasing companies in the PRC.

## *Commercial Factoring*

Pursuant to the Finance Lease and Commercial Factoring Framework Agreement, CCCC Leasing will provide commercial factoring services to the Group in respect of receivables through factoring or reverse factoring arrangement.

### (a) Types of Commercial Factoring

#### (i) Factoring

The Group shall transfer the ownership of the receivables to CCCC Leasing, and then CCCC Leasing shall provide commercial factoring services to the Group, such as factoring finance, management or collection of receivables, in consideration of the factoring fees and other miscellaneous fees from the Group on a periodic basis.

#### (ii) Reverse Factoring

CCCC Leasing shall grant credit to the Group in respect of its payables, and then the creditors of the Group in respect of the payables will transfer their rights under such payables to CCCC Leasing in line of such credit. CCCC Leasing will also provide the commercial factoring services to the creditors of the Group, such as factoring finance, management or collection of the payables of the Group and the Group will pay the finance interest and other miscellaneous fees on a periodic basis.

### (b) Finance interest and Other Miscellaneous Fees

The finance interest and other miscellaneous fees payable by the Group to CCCC Leasing with respect to commercial factoring services shall be determined following arm's length negotiation between the parties with reference to the prevailing market prices for comparable commercial factoring services, after taking into account various factors, such as the benchmark lending rate for loans of relevant grade announced and implemented by the PBOC, finance costs, factoring period, the ownership of the right of recourse, etc.

The Group will refer to the quotations for similar services offered by at least three independent third parties, so as to ensure that such fees payable by the Group shall not be higher than the fees for comparable commercial factoring services available from other commercial factoring companies in the PRC.

#### *Consultation Services*

Pursuant to the Finance Lease and Commercial Factoring Framework Agreement, CCCC Leasing will provide consultation services to the Group in relation to the leasing transactions, which may include financing scheme planning, enterprise operation analysis and suggestions, enterprise financial analysis and consultation, enterprise management consultation, personalized design of leasing structure, leasing transaction arrangement, leasing effect analysis, etc.

The fees for the consultation services will be determined after arm's length negotiations between the parties by reference to the quotations for similar services offered by three independent third parties and taking into consideration the actual situations and relevant factors.

#### *Individual Contracts*

In respect of each finance lease or commercial factoring, CCCC Leasing and the relevant member of the Group will enter into individual contract(s). The terms of the individual contract will be in line with the terms of the Finance Lease and Commercial Factoring Framework Agreement. Each individual contract shall be subject to and conditional upon the Finance Lease and Commercial Factoring Framework Agreement continuing to be in force.

**(3) Historical Amounts**

Set out below are the historical amounts of the finance lease services and commercial factoring services provided by CCCC Leasing to the Group for the two financial years ended 31 December 2020 and the six months ended 30 June 2021:

<b>Transaction</b>	<b>RMB' million</b>		
	<b>Actual amount for the year ended 31 December 2019</b>	<b>Actual amount for the year ended 31 December 2020</b>	<b>Actual amount for the six months ended 30 June 2021</b>
Finance lease services provided by CCCC Leasing to the Group <sup>Note 1</sup>	6,188	3,072	2,741
Commercial factoring services provided by CCCC Leasing to the Group <sup>Note 2</sup>	13,369	8,464	3,080
Consultation services provided by CCCC Leasing to the Group <sup>Note 3</sup>	–	88	38

*Notes:*

1. The aggregate amount of the finance lease services provided by CCCC Leasing to the Group for each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021 is the sum of the rental fees and other miscellaneous fees payable by the Group to CCCC Leasing with respect to the finance lease services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCCC Leasing during each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.

2. The aggregate amount of the commercial factoring services provided by CCCC Leasing to the Group for each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021 is the sum of the principal, the finance interest and other miscellaneous fees payable by the Group to CCCC Leasing with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCCC Leasing during each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021, respectively.
3. The consultation services provided by CCCC Leasing to the Group for each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021 fall within the de minimis threshold as stipulated under Chapter 14A of the Hong Kong Listing Rules.

**(4) Proposed Annual Caps and Basis for Determination**

The proposed annual caps for the transactions contemplated under the Finance Lease and Commercial Factoring Framework Agreement for the three financial years ending 31 December 2024 are as follows:

		<i>RMB' million</i>		
<b>Transaction</b>		<b>Annual cap for the year ending 31 December 2022</b>	<b>Annual cap for the year ending 31 December 2023</b>	<b>Annual cap for the year ending 31 December 2024</b>
Finance lease services provided by CCCC Leasing to the Group	Direct leasing: right-of-use assets (for those leases of which the lease term exceeds one year) <sup>Note 1</sup>	2,500	2,800	3,200
	Direct leasing: other payments (including rent for those leases of which the lease term is no more than one year) <sup>Note 1</sup>	100	100	100
	Sale and leaseback <sup>Note 2</sup>	8,000	8,600	10,400
Commercial factoring services provided by CCCC Leasing to the Group <sup>Note 3</sup>		7,400	8,800	10,600
Consultation services provided by CCCC Leasing to the Group		100	200	200

*Notes:*

1. As International Financial Reporting Standard 16 “Leases” has become effective on 1 January 2019, the Group as the lessee shall recognize leases for a term of more than one year as right-of-use assets and lease liabilities. The right-of-use assets represent its rights to use the underlying leased asset over the lease term and the lease liabilities represent its obligations to make lease payments (i.e. the rental payment). In accordance with the Hong Kong Listing Rules, in respect of the direct leasing under the Finance Lease and Commercial Factoring Framework Agreement, the Company is required to set annual caps on the total value of right-of-use assets relating to the leases for a term of more than one year, and other amounts payable by the Group as lessee (including rent for those leases for a term of no more than one year) will be recorded as expenses by the Company and separate annual caps are set in accordance with the Hong Kong Listing Rules.
2. For the purpose of the Hong Kong Listing Rules, the sale and leaseback constitutes “disposal” and therefore separate annual caps are set. The aggregate amount for the sale and leaseback is calculated based on the proposed contract value for the sale and leaseback, which is usually 70% to 100% of the value of the lease assets.
3. The aggregate amount of the commercial factoring services provided by CCCC Leasing to the Group for each of the year ending 31 December 2022, 2023 and 2024 is the sum of the principal, the finance interest and other miscellaneous fees payable by the Group to CCCC Leasing with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCCC Leasing during each of the year ending 31 December 2022, 2023 and 2024, respectively.

In estimating the proposed annual caps for the finance lease services provided by CCCC Leasing under the Finance Lease and Commercial Factoring Framework Agreement, the Company has principally considered the following factors: (i) the value, nature and expected life of the leased assets; (ii) the development plan of the Group and its demand for the finance lease services provided by CCCC Leasing (in the case of direct leasing for a term of more than one year, the total value of right-of-use assets as to be recognised by the Company; in the case of direct leasing for a term of no more than one year, the rent to be paid by the Company; and in the case of sale and leaseback, the amounts of the assets subject to finance leasing arrangement); (iii) the capability and flexibility of CCCC Leasing in providing finance lease services to the Group; and (iv) the historical amounts for the year ended 31 December 2019 and the six months ended 30 June 2021. The transaction amounts for the year ended 31 December 2020 is noticeably lower than that in 2019, which was mainly caused by the change in regulatory environment as the China Banking and Insurance Regulatory Commission issued the Notice of Measures for the Supervision and Administration of Financial Leasing Companies\* (《融資租賃公司監督管理暫行辦法》(銀保監發[2020]22號)) in May 2020, which sets out the

requirement on customers concentration of financial leasing companies and business proportion involving connected persons as a percentage of the net asset value of financial leasing companies. However, such requirements are loosened since July 2021, and therefore the transaction amounts in respect of the finance lease is expected to rebound to a higher level in the future.

In estimating the proposed annual caps for the commercial factoring services provided by CCCC Leasing under the Finance Lease and Commercial Factoring Framework Agreement, the Company has principally considered the following factors: (i) the development plan of the Group and its demand for the commercial factoring services provided by CCCC Leasing; (ii) the capability and flexibility of CCCC Leasing in providing commercial factoring services to the Group; and (iii) the historical amounts for the two financial years ended 31 December 2020 and the six months ended 30 June 2021.

In estimating the proposed annual caps for the consultation services provided by CCCC Leasing to the Group, the Company has principally considered the following factors: (i) the proposed aggregate financing amount to be provided by CCCC Leasing to the Group for the three years ending 31 December 2024 and the proposed rate for consultation services; and (ii) the historical amounts for the financial year ended 31 December 2020 and the six months ended 30 June 2021.

**(5) *Reasons for and Benefits of the Transactions***

To provide finance lease services and commercial factoring services to the Group, CCCC Leasing was established in 2014 as a wholly-owned subsidiary of the Company, being owned as to 70% by the Group and 30% by ZPMC (the then subsidiary of the Company, of which an aggregate of 29.99% equity interest was transferred to CCCG Group in the end of 2017, please refer to the announcement of the Company dated 18 July 2017 and the circular of the Company dated 11 August 2017 for details), respectively. CCCC Leasing is a non-banking financial institution and primarily engaged in the finance lease services in relation to infrastructure, engineering equipment, ships and other assets and relevant consulting services, guarantee and factoring business. It has been providing finance lease services and commercial factoring services to the Group, since its establishment, which provides strong financial support for the business development of the Group.

In particular, these services are of great importance and benefits for the subsidiaries of the Company as they not only enable the subsidiaries to reduce their leverage and broaden their financing channels for upgrading credit rating level, raising low-cost funds, but also provide them with more flexible and convenient financing tools to enhance their fund management level and thus promote their business development and smooth operation, which further benefits the Company in its improvement of revenue and business operation and are therefore conducive to the interests of the Company and the Shareholders as a whole.

#### **4. Renewal of the Continuing Connected Transactions under the Financial Services Agreement**

##### ***(1) Background***

As the Existing Financial Services Agreement will expire on 31 December 2021, to facilitate the supervision and monitoring over the transactions and in accordance with the applicable laws and regulations, the Board proposed to enter into (i) the Financial Services – Deposit Services and Loan Services Framework Agreement, (ii) the Financial Services – Guarantee Letter Services Framework Agreement, and (iii) the Financial Services – Other Credit Services Framework Agreement, respectively, to regulate the financial services under the Existing Financial Services Agreement between CCCC Finance and CCCG for the three financial years ending 31 December 2024 and set the annual caps thereof.

##### ***(2) Financial Services – Deposit Services and Loan Services Framework Agreement***

The principal terms of the Financial Services – Deposit Services and Loan Services Framework Agreement are set out as follows:

###### *Date*

15 October 2021

###### *Parties*

(1) CCCC Finance; and

(2) CCCG

### *Term*

Three years from 1 January 2022 to 31 December 2024

### *Principal Services*

Pursuant to the Financial Services – Deposit Services and Loan Services Framework Agreement, CCCC Finance agreed to provide deposit services and loan services to CCCG Group according to the principal terms as below.

#### (a) Deposit Services

CCCC Finance will provide deposit services to CCCG Group. The deposit interest rates shall be determined through negotiation on an arm's length basis between the parties in accordance with market principles for their own interests and in compliance with interest rate requirements of the PBOC on such type of deposits. The cap and floor deposit rates shall be in accordance with requirements of the PBOC on deposits of the same term and same category and shall not be higher than the interest rates applicable to deposit services of the same term and same category provided by major domestic commercial banks.

The provision of deposit services by CCCC Finance to CCCG Group is to be made on normal commercial terms or more favourable terms which are in the Group's interests, and no assets of the Group are to be pledged as security for such deposit services in favour of CCCG Group. Therefore, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the provision of deposit services by CCCC Finance to CCCG Group is exempt from the announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

#### (b) Loan Services

CCCC Finance will provide loans to CCCG Group. The lending interest rates shall be determined through negotiation on an arm's length basis between the parties in accordance with market principles for their own interests and the lending rates shall not be lower than the interest rates applicable to loan services of the same term and same category provided by major domestic commercial banks, and the reference basis of the lending interest rates is changed from the benchmark interest rate prescribed by the PBOC for such type of loans to the rate quoted in the market.

### *Risk Management*

- (i) As a banking financial institution, CCCC Finance will manage its accounts in strict compliance with the Measures for Payment and Settlement and Measures for the Administration of RMB Bank Settlement Accounts issued by the PBOC, and ensure the safety of the funds of the account holders in accordance with the laws. The accounts opened by CCCG Group with CCCC Finance are independent of those opened by the Group, and there is no interchange of funds in the accounts;
- (ii) The daily balance of loans provided by CCCC Finance to CCCG Group (including the interests accrued thereon) is under strict control, which shall not exceed 75% of the average daily balance of deposits of CCCG Group with CCCC Finance in any case;
- (iii) CCCC Finance will conduct credit review before conducting business, perform credit rating and credit asset rating based on internal rating standards, and regularly arrange post-loan inspections (every six months). During the course of business, CCCC Finance will also assign dedicated personnel to follow up the utilisation of loan by CCCG Group. If the use of loan is changed, CCCC Finance will recover the entire principal and interest, and impose an additional penalty of 100% interest; and
- (iv) If CCCG Group does not repay the principal and interest within the repayment period as stipulated in the individual contract, CCCC Finance is entitled to require CCCG Group to repay the principal and interest within a certain period of time, and charge a penalty interest on the overdue borrowings in accordance with the individual contract, generally at 50% of the benchmarking rate for the same period of borrowings. In addition, CCCC Finance is entitled to directly deduct the corresponding amounts from the account opened by CCCG Group with CCCC Finance regardless of the maturity date, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted amounts is different from the currency of the repayable principal and interest, the exchange rate published by the competent authority at the date of such deduction shall apply.

- (v) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services – Deposit Services and Loan Services Framework Agreement, pursuant to which CCCG will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

**(3) *Financial Services – Guarantee Letter Services Framework Agreement***

The principal terms of the Financial Services – Guarantee Letter Services Framework Agreement are set out as follows:

*Date*

15 October 2021

*Parties*

(1) CCCC Finance; and

(2) CCCG

*Term*

Three years from 1 January 2022 to 31 December 2024

*Principal Services*

Pursuant to the Financial Services – Guarantee Letter Services Framework Agreement, subject to the applicable laws and regulations, CCCC Finance agreed to provide guarantee letter services to CCCG Group according to the actual operation and development needs of CCCG Group. The fees charged by CCCC Finance for the provision of guarantee letter services shall not be lower than that charged by major domestic commercial banks for financial services of the same type or that charged from the Group.

## *Risk Management*

- (i) When a guarantee letter is issued to CCCG Group, relevant protection terms for CCCC Finance shall be specified in the individual contract. If CCCC Finance receives an eligible claim statement from the beneficiary, CCCC Finance is entitled to directly deduct the deposits agreed in the individual contract and all the amounts in the account opened by CCCG Group with CCCC Finance regardless of the maturity date for the repayment of the claim from the beneficiary, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted deposits and amounts is different from the currency of the claims to be repaid, the exchange rate published by the competent authority at the date of such deduction shall apply. In the event that the deducted deposits and amounts are not sufficient for the repayment of the claims from the beneficiary, CCCG Group shall remit the corresponding amounts to its account opened with CCCC Finance within three business days from the date of receipt of the notice of repayment from CCCC Finance.
- (ii) If CCCG Group does not make the repayment within the repayment period, CCCC Finance is entitled to require CCCG Group to make such repayment within a certain period of time, and charge a penalty interest on the overdue amounts in accordance with the individual contract, generally at 50% of the benchmarking rate for the same period of borrowings.
- (iii) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services – Guarantee Letter Services Framework Agreement, pursuant to which CCCG will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

**(4) *Financial Services – Other Credit Services Framework Agreement***

The principal terms of the Financial Services – Other Credit Services Framework Agreement are set out as follows:

*Date*

15 October 2021

*Parties*

(1) CCCC Finance; and

(2) CCCG

*Term*

Three years from 1 January 2022 to 31 December 2024

*Principal Services*

(a) Bills Issuance Services

Pursuant to the Financial Services – Other Credit Services Framework Agreement, subject to the applicable laws and regulations, CCCC Finance agreed to provide bills issuance services to CCCG Group according to the actual operation and development needs of CCCG Group. The fees charged by CCCC Finance for the provision of bills issuance services shall not be lower than that charged by major domestic commercial banks for financial services of the same type or that charged from the Group.

(b) Bonds Subscription

Pursuant to the Financial Services – Other Credit Services Framework Agreement, subject to the applicable laws and regulations, CCCC Finance agreed to subscribe for the bonds issued by CCCG Group, which shall be conducted in strict compliance with the requirements of the National Association of Financial Market Institutional Investors, the relevant stock exchanges and other issuance and trading platforms. The pricing for the bonds shall be determined with reference to the interest rate in the market and shall meet the market-oriented requirements.

(c) Other Financial Services

Pursuant to the Financial Services – Other Credit Services Framework Agreement, CCCC Finance will provide CCCG Group with other financial services within the business scope of CCCC Finance, including but not limited to providing financial and financing consulting services, credit authentication and other related consulting and agent services; assisting in receiving and paying trading payments; dealing with entrusted loans; accepting and discounting bills; conducting internal settlements and designing corresponding plans for such settlements and clearing, etc.

The Company expects that the highest applicable percentage ratio of the total service fees receivable by CCCC Finance from CCCG Group for the provision of other financial services will fall within the de minimis threshold as stipulated under Chapter 14A of the Hong Kong Listing Rules.

*Risk Management*

- (i) When providing the services under the Financial Services – Other Credit Services Framework Agreement, relevant protection terms for CCCC Finance shall be specified in the individual contract. If CCCG Group fails to repay the amounts advanced by the Group for CCCG Group in relation to the bill issuance and acceptance business or has bond default, CCCC Finance is entitled to directly deduct the corresponding amounts from the account opened by CCCG Group with CCCC Finance regardless of the maturity date, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted amounts is different from the currency of the repayable principal and interest, the exchange rate published by the competent authority at the date of such deduction shall apply.
- (ii) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services – Other Credit Services Framework Agreement, pursuant to which CCCG will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

**(5) Historical Amounts**

Set out below are the maximum daily balance (including the interests accrued thereon) of credit services provided by CCCC Finance to CCCG Group for the two financial years ended 31 December 2020 and the six months ended 30 June 2021:

<b>Description</b>	<b>RMB' million</b>		
	<b>Actual amount for the year ended 31 December 2019</b>	<b>Actual amount for the year ended 31 December 2020</b>	<b>Actual amount for the six months ended 30 June 2021</b>
Maximum daily balance (including the interests accrued thereon) of credit services provided by CCCC Finance to CCCG Group <sup>Note</sup>	1,101	2,027	3,495

*Note:*

1. The credit services provided by CCCC Finance to CCCG Group for each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021 only include loan services.

**(6) Proposed Annual Caps and Basis for Determination**

The proposed annual caps for the maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be provided by CCCC Finance to CCCG Group, including (i) the loan services under the Financial Services – Deposit Services and Loan Services Framework Agreement, (ii) the guarantee letter services under the Financial Services – Guarantee Letter Services Framework Agreement, and (iii) Bills issuance services and bonds subscription under the Financial Services – Other Credit Services Framework Agreement, for the three financial years ending 31 December 2024 are as follows:

		<i>RMB' million</i>		
<b>Description</b>		<b>Annual cap for the year ending 31 December 2022</b>	<b>Annual cap for the year ending 31 December 2023</b>	<b>Annual cap for the year ending 31 December 2024</b>
Maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be provided by CCCC Finance to CCCG Group	Loan services under the Financial Services – Deposit Services and Loan Services Framework Agreement	14,539	29,078	43,617
	Guarantee letter services under the Financial Services – Guarantee Letter Services Framework Agreement	3,006	5,010	7,014
	Bills issuance services and bonds subscription under the Financial Services – Other Credit Services Framework Agreement	810	1,372	1,946

In estimating the maximum daily balance (including the interests accrued thereon) of loan services to be provided by CCCC Finance to CCCG Group under the Financial Services – Deposit Services and Loan Services Framework Agreement, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for loan services; (ii) the estimated average daily balance of deposits of CCCG Group with CCCC Finance; (iii) the relevant guidelines and regulations of the PBOC, which requires that the daily balance of loans provided by CCCC Finance to CCCG Group (including the interests accrued thereon) shall not exceed 75% of the average daily balance of deposits of CCCG Group with CCCC Finance; and (iv) the credit scale of CCCC Finance.

In estimating the maximum daily balance (including the handling charges accrued thereon) of guarantee letter services under the Financial Services – Guarantee Letter Services Framework Agreement, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for guarantee letter services; (ii) the relevant guidelines and regulations of the PBOC; and (iii) the credit scale of CCCC Finance.

In estimating the maximum daily balance (including the handling charges accrued thereon) of bills issuance services and bonds subscription under the Financial Services – Other Credit Services Framework Agreement, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for bills issuance services with reference to the outstanding bills payable of CCCG Group as at 30 June 2021; and (ii) the bonds issued by CCCG Group and the proposed subscription by the Group.

**(7) *Reasons for and Benefits of the Transactions***

CCCC Finance is a non-banking financial institution, offering comprehensive financial services to qualified enterprises subject to the same capital requirements and are also monitored by the China Banking and Insurance Regulatory Commission. The Company expects to benefit from the gains generated by the financial services provided by CCCC Finance. Furthermore, the financial services provided by CCCC Finance to CCCG Group can help the Group to improve its capital utilization efficiency and enhance the capability of CCCC Finance in providing professional and comprehensive financial services whilst managing risk appropriately, which is in line with the Group's business development needs.

## II. INTERNAL CONTROL AND CORPORATE GOVERNANCE MEASURES

To safeguard the rights and interests of the Shareholders from a risk mitigation perspective, the Company has adopted the following internal control procedures and corporate governance measures in relation to the continuing connected transactions and the proposed annual caps thereunder:

- (i) The Company has carefully formulated a set of certain robust internal rules and policies in relation to the management and control of connected transactions, such as the Management Measures of Connected Transactions for the Company;
- (ii) The Company will collect and refer to the quotations from independent third parties for similar services regularly, so as to assess and review whether the services quotations are fair and reasonable. Specifically, for the mutual project contracting framework agreement, the Company will collect the quotations from independent third parties at least on a semi-annual basis and will increase the frequency based on the significance of specific projects; for the finance lease and commercial factoring agreement, CCCC Leasing will collect the quotations from independent third parties at least on a quarterly basis; and for the financial services agreement, CCCC Finance will collect the quotations from independent third parties at least on a monthly basis;
- (iii) The Company has established a systematic corporate governance structure to ensure effective internal control, including establishment of its institutional structure based on the decision-making, execution and monitoring systems, and formulation of different work procedures and risk control systems based on different job duties;
- (iv) The Company has established a management system for all connected transactions, and will prudently review the reports submitted by its subsidiaries on the actual transaction situations on a monthly basis at a minimum;
- (v) The audit and internal control committee of the Company will conduct internal assessments on the internal control measures of the Company on an annual basis to ensure that the internal control measures in respect of continuing connected transactions remain complete and effective, and review the annual report and financial report which consist of the implementation of and opinions on the continuing connected transactions during the relevant period in respect of the fairness of the continuing connected transactions and whether the actual transaction amount incurred are within the annual caps; and
- (vi) The independent non-executive Directors and auditors of the Company will also conduct annual reviews of the continuing connected transactions and recommend subsequent steps, if any, for the Board's consideration in an effort to maximise protections offered to minority Shareholders particularly concerning financial services arrangements with CCCG.

In addition, the Company has effective and sufficient control mechanism in place to control the annual caps of continuing connected transactions and ensure such caps will not be exceeded. The control measures adopted by the Company are as follows:

- (i) Leveraging historical experience and operation plans, the Company enters into continuing connected transaction framework agreements for a term of three years and set annual caps on the basis of the assessment on necessity and fairness of potential connected transactions. These agreements and proposed annual caps are subject to necessary decision-making and approval procedures, including but not limited to review and consideration by independent directors, the audit and internal control committee under the Board, the Board, the supervisory committee and the Shareholders' general meeting of the Company pursuant to their respective authorisation. Implementation will be organized upon approval after review and consideration;
- (ii) The Company carries out daily supervision on the overall implementation and actual transaction amounts of continuing connected transactions. For financial services agreement and finance lease and commercial factoring agreement, CCCC Finance and CCCC Leasing (subsidiaries of the Company), as non-bank financial institutions, report actual maximum daily balance of credit services and actual amount of finance lease services and commercial factoring services provided on a monthly basis, and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. For other continuing connected transaction agreements, the subsidiaries of the Company report actual transaction amount (including the actual transaction amount of the relevant quarter and accumulated actual transaction amount) and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. Meanwhile, the Company will allocate the caps of continuing connected transactions for the next year to the implementers of relevant transactions at the end of every year;
- (iii) The implementers shall bring forward the need for increasing the caps of continuing connected transactions in time when it occurs during implementation based on changes in business development. The Company will start decision-making procedures for revising caps in due course after assessing necessity and fairness of the continuing connected transactions;
- (iv) Whenever the actual transaction amount of relevant continuing connected transaction reaches 80% of the existing annual caps, the transaction implementers shall make a new prediction on whether the transaction amount of the outstanding period of the relevant year will satisfy operation needs and shall provide the Company with relevant transaction information so that the Company can realize better supervision and start decision-making procedures for revising caps in time after assessing necessity and fairness; and

- (v) By the end of every year, the Company will make a new prediction about the proposed caps of continuing connected transaction for the next year based on the latest actual situation of the relevant transaction of the current year, and re-assess the plan for the continuing connected transaction for next year after evaluating the necessity and fairness. If the reassessment is consistent with the existing annual caps, the transactions shall be implemented following above procedures, and if it is expected to exceed the caps, the decision-making procedure for revising caps shall be started.

The Board believes that the internal control procedures and corporate governance measures above are appropriate and can give the Shareholders an adequate assurance that the continuing connected transactions will be under the proper supervision of the Company.

### **III. HONG KONG LISTING RULES IMPLICATIONS**

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 58.07% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under (i) the Mutual Project Contracting Framework Agreement, (ii) the Finance Lease and Commercial Factoring Agreement, and (iii) the Financial Services Agreement (including the Financial Services – Deposit Services and Loan Services Framework Agreement, the Financial Services – Guarantee Letter Services Framework Agreement, and the Financial Services – Other Credit Services Framework Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

CCCC Leasing is a subsidiary of the Company. As at the date of this announcement, ZPMC, a connected person of the Company, by virtue of being a subsidiary of CCCG (the controlling shareholder of the Company), holds 30% interests in CCCC Leasing. Therefore, CCCC Leasing is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the Finance Lease and Commercial Factoring Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

#### **1. Mutual Project Contracting Framework Agreement**

As the highest applicable percentage ratio of the proposed annual caps for the project contracting services and the labour and subcontracting services contemplated under the Mutual Project Contracting Framework Agreement exceeds 5%, the project contracting services and the labour and subcontracting services and the proposed annual caps thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

## **2. Finance Lease and Commercial Factoring Agreement**

As the highest applicable percentage ratio of the proposed annual caps for the finance lease services and the commercial factoring services contemplated under the Finance Lease and Commercial Factoring Agreement exceeds 5%, the finance lease services and the commercial factoring services and the proposed annual caps thereof are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the finance lease services and the commercial factoring services contemplated under the Finance Lease and Commercial Factoring Agreement exceeds 5% but is less than 25%, such transactions contemplated thereunder constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

## **3. Finance Lease and Commercial Factoring Framework Agreement**

As the highest applicable percentage ratio of the proposed annual caps for the consultation services contemplated under the Finance Lease and Commercial Factoring Framework Agreement exceeds 0.1% but is lower than 5%, the consultation services and the proposed annual caps thereof 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.

As the highest applicable percentage ratio of the proposed annual caps for the finance lease services and the commercial factoring services contemplated under the Finance Lease and Commercial Factoring Framework Agreement exceeds 5%, the finance lease services and the commercial factoring services and the proposed annual caps thereof are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the finance lease services and the commercial factoring services contemplated under the Finance Lease and Commercial Factoring Framework Agreement exceeds 5% but is less than 25%, such transactions contemplated thereunder constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

#### **4. Financial Services Agreement**

The provision of deposit services by CCCC Finance to CCCG Group is to be made on normal commercial terms or more favourable terms which are in the Group's interests, and no assets of the Group are to be pledged as security for such deposit services in favour of CCCG Group. Therefore, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the provision of deposit services by CCCC Finance to CCCG Group is exempt from the announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company expects that the highest applicable percentage ratio of the total service fees receivable by CCCC Finance from CCCG Group for the provision of other financial services will fall within the de minimis threshold as stipulated under Chapter 14A of the Hong Kong Listing Rules. Therefore, the provision of other financial services is fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the credit services under the Financial Services Agreement (namely, the loan services under the Financial Services – Deposit Services and Loan Services Framework Agreement, the guarantee letter services under the Financial Services – Guarantee Letter Services Framework Agreement, and the bills issuance services and bonds subscription under the Financial Services – Other Credit Services Framework Agreement, on an aggregate basis) exceeds 5%, the credit services and the proposed annual caps thereof are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the above-mentioned credit services under the Financial Services Agreement exceeds 25%, such transactions contemplated thereunder constitute major transactions of the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

#### **IV. CONFIRMATION BY THE DIRECTORS**

Mr. Wang Tongzhou, Mr. Wang Haihuai, Mr. Liu Xiang and Mr. Liu Maoxun, the Directors of the Company, are also directors of CCCG, and therefore are deemed to have material interests in the above-mentioned continuing connected transactions and have abstained from voting on the relevant Board resolutions. Save for the said Directors, none of the other Directors has or is deemed to have a material interest in the above-mentioned transactions.

Having made all reasonable and due inquiries, the Directors (excluding the independent non-executive Directors, whose opinion will be set forth in the circular by reference to the advice of the Independent Financial Adviser) are of the view that the above-mentioned continuing connected transactions are entered into on normal commercial terms in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors (excluding the independent non-executive Directors, whose opinion will be set forth in the circular by reference to the advice of the Independent Financial Adviser) are of the view that the above-mentioned agreements and the proposed annual caps thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

#### **V. BACKGROUND AND GENERAL INFORMATION OF THE PARTIES**

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.

CCCC Finance is a subsidiary of the Company incorporated in the PRC and a non-banking financial institution. It is primarily engaged in offering comprehensive financial services to enterprises.

CCCC Leasing is a subsidiary of the Company incorporated in the PRC and is primarily engaged in provision of finance lease services in relation to infrastructure, engineering equipment, ships and other assets and relevant consulting services, guarantee and factoring business.

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 58.07% 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.

## **VI. EGM**

The EGM will be convened by the Company for, among others, the Independent Shareholders to consider and, if thought fit, to approve the above-mentioned agreements and the proposed annual caps thereunder. In addition, the Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the above-mentioned agreements and the proposed annual caps thereunder. The Company has appointed Somerley Capital Limited as the Independent Financial Adviser in accordance with the Hong Kong Listing Rules to advise the Independent Board Committee and the Independent Shareholders on this regard.

CCCG, which holds approximately 58.07% interests in the issued ordinary shares of the Company as at the date of this announcement, shall abstain from voting on the resolutions approving the above-mentioned agreements and the proposed annual caps thereunder at the EGM. Saved as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the above-mentioned agreements and the transactions thereunder and therefore will be required to abstain from voting on the relevant resolutions at the EGM. The resolutions stated above shall be passed ordinary resolutions, and the voting shall be taken by way of poll in accordance with the Hong Kong Listing Rules.

For the purpose of the EGM, a circular containing, among other things, (i) details of the Renewal of Certain Continuing Connected Transactions under the existing agreements; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on this regard; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Shareholders and the Independent Board Committee on this regard will be despatched to the Shareholders on or before 25 October 2021, as additional time is required for the Company to prepare the circular.

## VII. DEFINITIONS

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

“A Share(s)”	domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange under the stock code 601800 and traded in Renminbi
“Board”	the board of directors of the Company
“CCCC Finance”	CCCC Finance Company Limited (中交財務有限公司), a limited liability company incorporated under the laws of the PRC
“CCCC Leasing”	CCCC Financial Leasing Co., Ltd.* (中交融資租賃有限公司), a limited liability company incorporated under the laws of the PRC
“CCCG”	China Communications Construction Group (Limited), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company
“CCCG Group”	CCCG and its subsidiaries, excluding the Group
“Company”	China Communications Construction Company Limited, a joint stock limited company duly incorporated in the PRC with limited liability, the H Shares of which are listed on the main board of the Hong Kong Stock Exchange 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
“EGM”	the extraordinary general meeting of the Company to be held to, among others, consider and, if thought fit, to approve the Renewal of Certain Continuing Connected Transactions under the existing agreements and the proposed annual caps thereunder
“Existing Finance Lease and Commercial Factoring Agreement”	the finance lease and commercial factoring agreement entered into between CCCC Leasing and CCCG on 29 August 2018
“Existing Finance Lease and Commercial Factoring Framework Agreement”	the finance lease and commercial factoring framework agreement entered into between the Company and CCCC Leasing on 29 August 2018
“Existing Financial Services Agreement”	the financial services agreement entered into between CCCC Finance and CCCG on 29 August 2018, as amended by the supplemental agreements entered into on 27 December 2019, 31 March 2020 and 30 March 2021, respectively
“Existing Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG on 29 August 2018, as amended by the supplemental agreements entered into on 2 January 2019, 27 December 2019, 31 March 2020, 29 October 2020 and 30 March 2021, respectively
“Financial Services Agreement”	Collectively, the Financial Services – Deposit Services and Loan Services Framework Agreement, the Financial Services – Guarantee Letter Services Framework Agreement, and the Financial Services – Other Credit Services Framework Agreement, all of which are entered into between CCCC Finance and CCCG on 15 October 2021

“Financial Services – Deposit Services and Loan Services Framework Agreement”	the financial services – deposit services and loan services framework agreement entered into between CCCC Finance and CCCG on 15 October 2021
“Financial Services – Guarantee Letter Services Framework Agreement”	the financial services – guarantee letter services framework agreement entered into between CCCC Finance and CCCG on 15 October 2021
“Financial Services – Other Credit Services Framework Agreement”	the financial services – Other Credit Services Framework Agreement entered into between CCCC Finance and CCCG on 15 October 2021
“Finance Lease and Commercial Factoring Agreement”	the finance lease and commercial factoring agreement entered into between CCCC Leasing and CCCG on 15 October 2021
“Finance Lease and Commercial Factoring Framework Agreement”	the finance lease and commercial factoring framework agreement entered into between the Company and CCCC Leasing on 15 October 2021
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“H Share(s)”	overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange under the stock code 1800 and traded in Hong Kong dollars

“Independent Board Committee”	the committee of Directors consisting of Mr. HUANG Long, Mr. ZHENG Changhong and Dr. NGAI Wai Fung who are independent non-executive Directors, formed to advise the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements
“Independent Shareholders”	the Shareholders, other than CCCG and its associates who will abstain from voting on the relevant resolutions in relation to the Renewal of Certain Continuing Connected Transactions under the existing agreements at the EGM
“Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG on 15 October 2021
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renewal of Certain Continuing Connected Transactions”	the continuing connected transactions of the Company contemplated under (i) the Mutual Project Contracting Framework Agreement, (ii) the Finance Lease and Commercial Factoring Agreement, (iii) the Finance Lease and Commercial Factoring Framework Agreement, and (iv) the Financial Services Agreement, all of which are subject to reporting, announcement and Independent Shareholders’ approval requirements under the Hong Kong Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company

“Somerley” or “Independent  
Financial Adviser”

Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements

“%”

per cent

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

Beijing, the PRC  
15 October 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*