

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
CAPITAL INCREASE IN CCCC YANCHENG CONSTRUCTION

The Board hereby announces that on 10 June 2022, CFHEC, CTHEC, ZPMC, Yancheng Expressway and CPPPF entered into the Capital Increase Agreement. Pursuant to the Capital Increase Agreement, CFHEC, CTHEC, ZPMC and Yancheng Expressway agreed to make a capital increase of RMB103.00 million, RMB103.00 million, RMB128.75 million and RMB180.25 million in CCCC Yancheng Construction in cash, respectively.

As at the date of this announcement, ZPMC is a subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 58.98% interests in the issued ordinary shares of the Company. ZPMC is thus a connected person of the Company under the Hong Kong Listing Rules. As such, the Capital Increase under the Capital Increase 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 Capital Increase under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the Capital Increase Agreement and the transaction contemplated thereunder are subject to the announcement requirement but are exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

BACKGROUND

The Board hereby announces that on 10 June 2022, CFHEC, CTHEC, ZPMC, Yancheng Expressway and CPPPF entered into the Capital Increase Agreement. Pursuant to the Capital Increase Agreement, CFHEC, CTHEC, ZPMC and Yancheng Expressway agreed to make a capital increase of RMB103.00 million, RMB103.00 million, RMB128.75 million and RMB180.25 million in CCCC Yancheng Construction in cash, respectively.

Capital Increase Agreement

The principal terms of the Capital Increase Agreement are set out below:

Date: 10 June 2022

Parties:

- (1) CFHEC;
- (2) CTHEC;
- (3) ZPMC;
- (4) Yancheng Expressway; and
- (5) CPPPF

Subject matter: CFHEC, CTHEC, ZPMC and Yancheng Expressway agreed to make a capital increase of RMB103.00 million, RMB103.00 million, RMB128.75 million and RMB180.25 million in CCCC Yancheng Construction in cash, respectively.

The following table sets out the shareholding structure of CCCC Yancheng Construction (i) as at the date of this announcement; and (ii) immediately after completion of the Capital Increase:

Shareholder	As at the date of this announcement		Immediately after completion of the Capital Increase	
	Registered capital (RMB'0,000)	Shareholding (%)	Registered capital (RMB'0,000)	Shareholding (%)
CFHEC	23,124	20.00%	33,424	20.00%
CTHEC	23,124	20.00%	33,424	20.00%
ZPMC	28,905	25.00%	41,780	25.00%
Yancheng Expressway	5,781	5.00%	23,806	14.24%
CPPPF	34,686	30.00%	34,686	20.76%

The amount of capital contributions under the Capital Increase Agreement was determined after arm's length negotiations between the parties taking into account various factors, including the nature of business, the demand for working capital and future development plans of CCCC Yancheng Construction.

Payment of capital contribution:	The parties shall make their respective capital contributions in one lump sum by cash within 30 working days from the execution date of the Capital Increase Agreement.
Use of the increased capital:	The increased capital will be mainly used for the construction and development of the expressway network PPP engineering project (phase III) in Yancheng City.
Board of directors:	Upon completion of the Capital Increase, the board of directors of CCCC Yancheng Construction will comprise seven directors. Each of Yancheng Expressway and CPPPF is entitled to nominate one director, CFHEC, CTHEC and ZPMC are entitled to nominate a total of four directors, and one director will be nominated at the employee representative meeting or the employee meeting of CCCC Yancheng Construction. The chairman shall be the director nominated by CFHEC, CTHEC or ZPMC.

INFORMATION ON CCCC YANCHENG CONSTRUCTION

CCCC Yancheng Construction was incorporated in the PRC in September 2018. It is primarily engaged in the investment, construction, management, operation and maintenance of the urban expressway network engineering projects; the bidding, general contracting, management and maintenance of the engineering projects; and the wholesale and retail of the construction materials and machinery.

According to the unaudited consolidated financial statements of CCCC Yancheng Construction prepared in accordance with China Accounting Standards for Business Enterprises, as at 31 December 2021, the total assets and net assets of CCCC Yancheng Construction amounted to approximately RMB89.2953 million and RMB16.7120 million, respectively. As at the date of this announcement, CCCC Yancheng Construction has not recorded any income or profit because the expressway network PPP engineering project (phase III) in Yancheng City is still under construction and development.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Capital Increase is to satisfy the working capital requirements of the expressway network PPP engineering project (phase III) in Yancheng City. Investment in this project will help Yancheng City join the rapid transport economic circle centered on Shanghai and enable the Company to strengthen and expand the local market of Yancheng City, so as to achieve win-wins between government and enterprise. The Capital Increase is conducive to the Company for further realising gains from the project, which is beneficial to the realisation of the interests of the Company and its Shareholders as a whole.

CONFIRMATION FROM DIRECTORS

As at the date of the Board meeting, Mr. Liu Qitao, Mr. Song Hailiang and Mr. LIU Maoxun, being the Directors of the Company, are also the directors of CCCG, and therefore are deemed to have material interests in the transaction under the Capital Increase Agreement, and have abstained from voting on the relevant Board resolution. Save for the above Directors, none of the other Directors of the Company has or is deemed to have a material interest in the abovementioned connected transaction.

The Directors (including the independent non-executive Directors), having made all reasonable and due enquiries, are of the opinion that the terms of the Capital Increase Agreement are fair and reasonable and on normal commercial terms, and the Capital Increase thereunder, although not conducted in the ordinary and usual course of business of the Company, 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, ZPMC is a subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 58.98% interests in the issued ordinary shares of the Company. ZPMC is thus a connected person of the Company under the Hong Kong Listing Rules. As such, the Capital Increase under the Capital Increase 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 Capital Increase under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the Capital Increase Agreement and the transaction contemplated thereunder are subject to the announcement requirement but are exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

GENERAL INFORMATION

(1) The Company

The Company is a leading transportation infrastructure enterprise in the PRC focusing on “big transportation” and “big city”, and its core businesses are infrastructure construction, infrastructure design and dredging. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, land reclamation, river basin, road and bridge, railway, urban rail transit, municipal infrastructure, construction and environmental protection at home and abroad. The Company is engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the decades.

(2) CFHEC

CFHEC is a subsidiary of the Company incorporated in the PRC, which is ultimately owned as to approximately 87.25% by the Company without any other shareholder holding 10% or more of the equity interests. It is primarily engaged in the engineering design, consultation, construction and general contracting business in the field of transportation infrastructure construction.

(3) CTHEC

CTHEC is a subsidiary of the Company incorporated in the PRC, which is ultimately owned as to approximately 89.31% by the Company without any other shareholder holding 10% or more of the equity interests. It is primarily engaged in the design and construction of domestic and overseas ports and waterways, the construction of roads, bridges, railways, tunnels, and municipal and civil engineering projects, the leasing of marine equipment and shipping.

(4) ZPMC

ZPMC is a joint stock company incorporated in the PRC with limited liability (the A shares of which are listed on the Shanghai Stock Exchange under stock code 600320 and the B shares of which are listed on the Shanghai Stock Exchange under stock code 900947) and a subsidiary of CCCG as at the date of this announcement. ZPMC is principally engaged in design, manufacturing, installation and contracting of large port handling system and equipment, marine heavy equipment, engineering machinery, engineering vessel and large metal structures.

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 58.98% interests in the issued ordinary shares of the Company as at the date of this announcement. CCCG is primarily engaged in real estate development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, technical consultation services for ships and corollary equipment of harbours, import and export business, investment in and management of transportation industry, and other businesses.

(5) Yancheng Expressway

Yancheng Expressway is a company incorporated in the PRC with limited liability and is primarily engaged in investment, construction, management, operation and maintenance of the urban expressway network engineering projects; the bidding, general contracting management and maintenance of the projects; and the wholesale and retail of construction materials and machineries. Yancheng Expressway is ultimately owned as to 100% by the People's Government of Yancheng City. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Yancheng Expressway and its ultimate beneficial owner are third parties independent of the Company and its connected persons as at the date of this announcement.

(6) CPPPF

CPPPF, which refers to China PPP Investment Funds Co., Ltd.* (中國政企合作投資基金管理有限責任公司) in this transaction, is principally engaged in management and consultancy for non-securities investments, entrusted management of the principal's asset management business, equity investment, fund investment, corporate governance and economic information consultancy. To the Company's best knowledge, CPPPF is beneficially owned by several shareholders, and only one of the shareholders, China Construction Bank Corporation (its H shares are listed on the Hong Kong Stock Exchange (stock code: 0939), and its A shares are listed on the Shanghai Stock Exchange (stock code: 601939)) holds more than 15% equity interests in it. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, CPPPF and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Capital Increase”	the capital increase in CCCC Yancheng Construction by CFHEC, CTHEC, ZPMC and Yancheng Expressway contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into among CFHEC, CTHEC, ZPMC, Yancheng Expressway and CPPPF on the capital increase in CCCC Yancheng Construction on 10 June 2022
“CCCC Yancheng Construction”	CCCC Yancheng Construction and Development Co., Ltd.* (中交鹽城建設發展有限公司), a company incorporated in the PRC with limited liability

“CCCCG”	China Communications Construction Group (Limited) (中國交通建設集團有限公司), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company
“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
“CPPPF”	China PPP Investment Funds Co., Ltd.* (中國政企合作投資基金管理有限責任公司), a company incorporated in the PRC with limited liability
“CTHEC”	CCCC Third Harbour Engineering Co., Ltd.* (中交第三航務工程局有限公司), a subsidiary of the Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	the shareholder(s) of the Company
“Yancheng Expressway”	Yancheng Expressway Network Construction Co., Ltd.* (鹽城市快速路網建設有限公司), a company incorporated in the PRC with limited liability
“ZPMC”	Shanghai Zhenhua Heavy Industries Co., Ltd. (上海振華重工(集團)股份有限公司), a company incorporated in the PRC on 14 February 1992 (the A shares of which are listed on the Shanghai Stock Exchange under the stock code 600320 and the B shares of which are listed on the Shanghai Stock Exchange under the stock code 900947) and a subsidiary of CCCG as at the date of this announcement
“%”	percent

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

Beijing, the PRC
10 June 2022

As at the date of this announcement, the Directors of the Company are WANG Tongzhou, WANG Haihuai, LIU Xiang, SUN Ziyu, MI Shuhua, LIU Hui[#], CHAN Wing Tak Kevin[#], WU Guangqi[#] and ZHOU Xiaowen[#].

[#] *Independent non-executive Directors*

^{*} *For identification purpose only*