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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 WITH CCCC HAIFENG

(1) ENTERING INTO THE PRODUCT SALES FRAMEWORK AGREEMENT;

AND

(2) ENTERING INTO THE PRODUCT LEASING FRAMEWORK AGREEMENT

On 30 August 2022, the Company and CCCC Haifeng entered into (1) the Product Sales Framework Agreement, pursuant to which CCCC Haifeng Group agreed to purchase and the Group agreed to sell raw materials and products during the term of such agreement; and (2) the Product Leasing Framework Agreement, pursuant to which CCCC Haifeng Group agreed to lease engineering products to the Group during the term of such agreement.

CCCC Haifeng is a subsidiary of the Company. As at the date of this announcement, CCGG (being the controlling Shareholder of the Company holding approximately 59.50% interests in the issued ordinary shares of the Company) holds 20% interests in CCCC Haifeng through its subsidiary, CCCC Industrial Investment. Therefore, CCCC Haifeng is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the Product Sales Framework Agreement and the Product Leasing Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Product Sales Framework Agreement is less than 0.1%, the transactions contemplated thereunder and the proposed annual caps are exempt from the announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company shall only make a comparative disclosure based on the announcement disclosed on the Shanghai Stock Exchange.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Product Leasing Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated thereunder and the proposed annual caps 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.

Reference is made to the announcement of the Company dated 28 April 2022, in relation to the establishment of CCCC Haifeng. Upon the establishment of CCCC Haifeng, the Company and CCGG indirectly hold its 37% and 20% interests, respectively, and therefore, CCCC Haifeng becomes a connected subsidiary of the Company. In order to regulate the transactions between the Company and CCCC Haifeng, the Company entered into the Product Sales Framework Agreement and the Product Leasing Framework Agreement with CCCC Haifeng on 30 August 2022.

I. ENTERING INTO THE PRODUCT SALES FRAMEWORK AGREEMENT

1. Background

On 30 August 2022, the Company and CCCC Haifeng entered into the Product Sales Framework Agreement, pursuant to which CCCC Haifeng Group agreed to purchase and the Group agreed to sell raw materials and products during the term of such agreement.

2. Product Sales Framework Agreement

The principal terms of the Product Sales Framework Agreement are set out as follows:

Date

30 August 2022

Parties

(1) the Company; and

(2) CCCC Haifeng

Term

From 1 January 2023 to 31 December 2024

Description of the transaction

CCCC Haifeng Group agreed to purchase and the Group agreed to sell raw materials and products, including sales of steel and other raw materials, equipment, components, etc.

Price determination

The fees to be received by the Group for sales of raw materials and products to CCCC Haifeng Group shall be agreed at arm's length negotiation between the parties in the following order:

- (1) If such products are subject to government-prescribed price, their prices are determined by the parties according to government-prescribed price, which represents the price determined in accordance with the laws, regulations, decisions, orders or pricing policies of the relevant government authorities; or
- (2) If such products are not subject to government-prescribed price, their prices are determined by the parties with reference to the market price, which represents (i) the price for provision of the same or similar products by the independent third parties located in the same region or adjacent areas on normal commercial terms in the ordinary course of business; or (ii) the price for provision of the same or similar products by the independent third parties in the PRC on normal commercial terms in the ordinary course of business; or
- (3) If such products are not subject to government-prescribed price and market price, their prices are determined by the parties with reference to the cost price, which represents (i) the fees incurred for provision of such products by one party; and (ii) the fees incurred for procurement of such products by one party from the third parties and additional fees incurred for transfer of such products to the other party.

The abovementioned fees to be received for the sales of raw materials and products 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 that 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 sales of raw materials and products by the Group to CCCC Haifeng Group will be agreed by the parties in the individual agreements to be entered into by them, with reference to the payment terms of similar transactions in the market and the payment terms offered by independent third parties to the Group.

3. Proposed Annual Caps and Basis of Determination

The proposed annual caps for sales of raw materials and products by the Group to CCCC Haifeng Group for the two financial years ending 31 December 2024 are as follows:

Transaction	<i>RMB million</i>	
	Annual cap for the year ending 31 December 2023	Annual cap for the year ending 31 December 2024
Sales of raw materials and products by the Group to CCCC Haifeng Group	30	30

In estimating the proposed annual caps for sales of raw materials and products by the Group to CCCC Haifeng Group under the Product Sales Framework Agreement, the Company has principally considered the following factors: (i) the prevailing market prices of raw materials and products; (ii) the development plans of CCCC Haifeng Group in the industry and its demands for raw materials and products; (iii) the current production capacity of the Group; and (iv) based on the estimates of the related transactions, the Company added a certain degree of buffer to the proposed annual caps to make room for unforeseen further growth of these transactions in the future, so that it can respond to unforeseen events in a flexible manner.

II. ENTERING INTO THE PRODUCT LEASING FRAMEWORK AGREEMENT

1. Background

On 30 August 2022, the Company and CCCC Haifeng entered into the Product Leasing Framework Agreement, pursuant to which CCCC Haifeng Group agreed to lease engineering products to the Group during the term of such agreement.

2. Product Leasing Framework Agreement

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

Date

30 August 2022

Parties

(1) the Company; and

(2) CCCC Haifeng

Term

From 30 August 2022 to 31 December 2024

Description of the transaction

CCCC Haifeng Group agreed to lease engineering products to the Group, including engineering ships and equipment, etc.

Price determination

The fees to be received by CCCC Haifeng Group for leasing engineering products to the Group shall be determined at arm's length negotiation between the parties considering the factors set out below:

- (1) the Group will consult with at least three independent third parties for quotations and market transaction prices of the same type of lease by email, fax or telephone; and

- (2) after taking comprehensive consideration of the relevant aspects of the engineering products, such as purchase prices, lease term, features of leasing subject, comparable market rental prices, etc.

The abovementioned fees to be paid for leasing of engineering products 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 that 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 leasing of engineering products by CCCC Haifeng Group to the Group will be agreed by the parties in the individual agreements to be entered into by them, with reference to the payment terms of similar transactions in the market and the payment terms offered by independent third parties to the Group.

3. Proposed Annual Caps and Basis of Determination

As all the leases to be entered into under the Product Leasing Framework Agreement will be short-term leases, the rents to be received by CCCC Haifeng Group for leasing of engineering products to the Group pursuant to the Product Leasing Framework Agreement will be recognized as expenses in the consolidated statement of profit or loss of the Group. The proposed annual caps for the rents to be received by CCCC Haifeng Group for leasing of engineering products to the Group for the period ending 31 December 2022 and the two financial years ending 31 December 2024 are as follows:

	Cap for the period ending 31 December 2022	Annual cap for the year ending 31 December 2023	<i>RMB million</i> Annual cap for the year ending 31 December 2024
Leasing of engineering products by CCCC Haifeng Group to the Group	65	138	426

In estimating the proposed annual caps for the rents to be received by CCCC Haifeng Group for leasing of engineering products to the Group under the Product Leasing Framework Agreement, the Company has principally considered the following factors: (i) the demand of the Group for leasing of engineering products owned by CCCC Haifeng Group. The Group has further developed its offshore business, and plans to accelerate the construction of related projects; (ii) the prevailing market prices of engineering products and the future growth of rent; and (iii) based on the estimates of the related transactions, the Company added a certain degree of buffer to the proposed annual caps to make room for unforeseen further growth of these transactions in the future, so that it can respond to unforeseen events in a flexible manner.

The Company confirms that, as at the date of this announcement, the rents to be received by CCCC Haifeng Group for leasing of engineering products to the Group fall below the de minimis threshold under the Hong Kong Listing Rules.

III. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

CCCC Haifeng is mainly engaged in services such as transportation technology of wind power generation, sales of equipment related to offshore wind power, leasing of equipment and ship management, etc., and has a high demand for steel and other raw materials as well as equipment components. The Directors of the Company consider that the sales of raw materials and products by the Group to CCCC Haifeng Group can satisfy the business development needs of CCCC Haifeng Group, which will also facilitate the stabilisation of the Company's business, ensure a broaden stream of revenue source and bring a relevant stable profit margin. In addition, given the cooperative relationship between the Group and CCCC Haifeng Group, CCCC Haifeng Group has a better understanding of the business of the Group, as such, the leasing of engineering products from CCCC Haifeng Group can better guarantee the technical standards, quality, delivery and technical support of the products to meet the requirements of the Group, which will also help reduce the administrative and transportation expenses of the Group and is in the best interests of the Group.

IV. HONG KONG LISTING RULES IMPLICATIONS

CCCC Haifeng is a subsidiary of the Company. As at the date of this announcement, CCCG (being the controlling Shareholder of the Company holding approximately 59.50% interests in the issued ordinary shares of the Company) holds 20% interests in CCCC Haifeng through its subsidiary, CCCC Industrial Investment. Therefore, CCCC Haifeng is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the Product Sales Framework Agreement and the Product Leasing Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Product Sales Framework Agreement is less than 0.1%, the transactions contemplated thereunder and the proposed annual caps are exempt from the announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company shall only make a comparative disclosure based on the announcement disclosed on the Shanghai Stock Exchange.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Product Leasing Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated thereunder and the proposed annual caps 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.

V. CONFIRMATION BY THE DIRECTORS

Mr. Wang Tongzhou, Mr. Wang Haihuai, Mr. Liu Xiang, Mr. Sun Ziyu and Mr. Mi Shuhua, the Directors of the Company, are also directors or senior management of CCCG, and therefore are deemed to have material interests in the abovementioned continuing connected transactions, and are required to abstain 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 abovementioned continuing connected transactions.

Having made all reasonable and due inquiries, the Directors (including the independent non-executive Directors) are of the view that the abovementioned continuing connected transactions are entered into on normal commercial terms in the ordinary or 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 (including the independent non-executive Directors) are also of the view that the terms and the proposed annual caps under the Product Sales Framework Agreement and Product Leasing Framework Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

VI. BACKGROUND AND GENERAL INFORMATION OF THE PARTIES

(1) The Company

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

(2) CCCC Haifeng

CCCC Haifeng is a subsidiary of the Company incorporated in the PRC, which is mainly engaged in services such as wind power technology, information technology consultation and ship leasing, etc., and the sales of equipment related to offshore wind power, water transport equipment, offshore wind turbines and components.

VII. DEFINITIONS

“Board”	the board of directors of the Company
“CCCC Haifeng”	CCCC Haifeng Wind Power Development Co., Ltd.*(中交海峰風電發展股份有限公司), a limited liability company incorporated in the PRC, and a connected subsidiary of the Company as at the date of this announcement
“CCCC Haifeng Group”	CCCC Haifeng and its subsidiaries

“CCCC Industrial Investment”	CCCC Industrial Investment Holding Limited, a wholly-owned subsidiary of CCCG as at the date of this announcement
“CCCG”	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 59.50% equity interest in the Company
“Company”	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on The Stock Exchange of Hong Kong Limited 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 Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Product Leasing Framework Agreement”	the product leasing framework agreement entered into between the Company and CCCG Haifeng on 30 August 2022
“Product Sales Framework Agreement”	the product sales framework agreement entered into between the Company and CCCG Haifeng on 30 August 2022

“RMB”	the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“%”	per cent

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

Beijing, the PRC
30 August 2022

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

[#] *Independent non-executive director*

^{*} *For identification purpose only*