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中國交通建設股份有限公司

CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1800)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION WITH
QILIANSHAN CEMENT:
ENTERING INTO THE PRODUCT PURCHASING
FRAMEWORK AGREEMENT**

On 12 April 2024, the Company entered into the Product Purchasing Framework Agreement with Qilianshan Cement, pursuant to which, the Group agreed to purchase and the Qilianshan Cement Group agreed to sell the products for the period from 12 April 2024 to 31 December 2024.

Qilianshan Cement is a non-wholly owned subsidiary of the Company. As at the date of this announcement, CCCG (being the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary shares of the Company) holds 15% interests in Qilianshan Cement through its wholly-owned subsidiary, China Urban-Rural. Therefore, Qilianshan Cement is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the Product Purchasing Framework Agreement and the transaction contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

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

BACKGROUND

Reference is made to the announcement of the Company dated 23 November 2023 in relation to the completion of the industrial and commercial registration for the change of shareholders in relation to the Proposed Assets Reorganization, pursuant to which, Qilianshan Cement became a subsidiary of the Company. Upon completion of the Proposed Assets Reorganization, the Company directly holds 85% interests in Qilianshan Cement, and CCCG, through its wholly-owned subsidiary, China Urban-Rural, indirectly holds 15% interests in Qilianshan Cement. Accordingly, Qilianshan Cement became a connected subsidiary of the Company.

In order to regulate the transaction between the Group and the Qilianshan Cement Group, on 12 April 2024, the Company entered into the Product Purchasing Framework Agreement with Qilianshan Cement, pursuant to which, the Group agreed to purchase and the Qilianshan Cement Group agreed to sell the products for the period from 12 April 2024 to 31 December 2024.

PRODUCT PURCHASING FRAMEWORK AGREEMENT

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

Date

12 April 2024

Parties

- (1) the Company; and
- (2) Qilianshan Cement.

Term

From 12 April 2024 to 31 December 2024.

Description of the transaction

The Group agreed to purchase and Qilianshan Cement Group agreed to sell products, including but not limited to cement and cement products.

Price determination

The fees to be paid by the Group for the purchase of products from the Qilianshan Cement Group shall be determined at arm's length negotiation between the parties in the following order:

- (i) if relevant products are subject to government-prescribed price, the prices thereof shall be determined by the parties according to such government-prescribed price, which represents the price determined in accordance with the laws, regulations, decisions, orders or pricing policies of relevant government authorities; or
- (ii) if relevant products are not subject to government-prescribed price, the prices thereof shall be determined by the parties with reference to the market price, which represents (a) 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 where (a) is not applicable, 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
- (iii) if relevant products are subject to neither government-prescribed price nor market price, the prices thereof shall be determined by the parties with reference to the cost price, which represents (a) the fees incurred by one party for providing such products; and (b) the fees incurred by one party for receiving such products from third parties together with the additional fees arising from transferring such products to the other party.

The Group will make reference to the quotations and terms of the two independent third parties in respect of the relevant products in order to assess and review whether the quotations and terms of the products provided by the Qilianshan Cement Group to the Group are fair and reasonable and are no less favorable than those provided by such independent third parties.

The abovementioned fees for the purchase of 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 transaction 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 purchase of products from the Qilianshan Cement Group will be agreed by the parties in the specific agreements to be entered into by them, with reference to the payment terms of similar transactions in the market and the payment terms offered by the independent third parties to the Group.

Proposed Annual Cap and Basis of Determination

The proposed annual cap for the fees charged by the Group for the purchase of products from the Qilianshan Cement Group for the period ending 31 December 2024 is RMB400 million.

In estimating the proposed annual cap under the Product Purchasing Framework Agreement, the Company has mainly considered the following factors: (i) the prevailing market price of the cement and cement products, being RMB330/ton to RMB360/ton; (ii) the Group's construction plan and demand for the relevant products in 2024, which is expected to require approximately 1.1 million tons of the cement and cement products from the existing projects and the currently foreseeable potential projects; (iii) the current production capacity of the Qilianshan Cement Group; and (iv) provide a small buffer for the unexpected growth in demand for the products purchased by the Group from the Qilianshan Cement Group.

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

The Company confirms that, for the period from 1 January 2024 to the date of this announcement, the actual fees paid by the Group for the purchase of products from the Qilianshan Cement Group fall below the de minimis threshold under the Hong Kong Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Before the completion of the Proposed Assets Reorganization, Qilianshan Cement was the vesting entity of the cement business of Gansu Qilianshan Cement Group Co., Ltd.* (甘肅祁連山水泥集團股份有限公司), possessing abundant resources in cement-related products, and the cement-related products and components produced and manufactured by it are of high quality and have a good market reputation. The Directors believe that purchasing products from Qilianshan Cement Group not only meets the business development demands of Qilianshan Cement, but also contributes to the solidification of the Group's infrastructure construction operations, so as to ensure the expansion into broader revenue resources and relatively stable profit margins, and is in the best interests of the Group.

HONG KONG LISTING RULES IMPLICATIONS

Qilianshan Cement is a non-wholly owned subsidiary of the Company. As at the date of this announcement, CCCG (being the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary shares of the Company) holds 15% interests in Qilianshan Cement through its wholly-owned subsidiary, China Urban-Rural. Therefore, Qilianshan Cement is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the Product Purchasing Framework Agreement and the transaction contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

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

CONFIRMATION BY THE DIRECTORS

Mr. WANG Tongzhou, Mr. WANG Haihuai and Mr. LIU Xiang, being the Directors, are also the directors or senior management of CCCG, and therefore are deemed to have material interests in the abovementioned continuing connected transaction, and have abstained from voting on the relevant Board resolution. Save for the above Directors, none of the other Directors of the Company has or is deemed to have a material interest in the abovementioned continuing connected transaction.

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

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) Qilianshan Cement

Qilianshan Cement is a non-wholly owned subsidiary of the Company incorporated in the PRC, which is mainly engaged in cement production, lime and gypsum manufacturing, asbestos cement products manufacturing, manufacturing and sales of cement products, as well as manufacturing and sales of concrete structural components.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CCCG”	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 59.41% equity interests in the Company
“China Urban-Rural”	China Urban and Rural Holding Group Co., Ltd.* (中國城鄉控股集團有限公司), a wholly-owned subsidiary of CCCG as at the date of this announcement
“Company”	China Communications Construction Company Limited* (中國交通建設股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Hong Kong Stock Exchange under stock code 1800 and the A shares of which are listed on the Shanghai Stock Exchange under stock code 601800

“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Product Purchasing Framework Agreement”	the product purchasing framework agreement entered into between the Company and Qilianshan Cement on 12 April 2024
“Proposed Assets Reorganization”	the Company disposed of the 100% equity interests of CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司), CCCC First Highway Consultants Co., Ltd.* (中交第一公路勘察設計研究院有限公司) and CCCC Second Highway Consultants Co., Ltd.* (中交第二公路勘察設計研究院有限公司), and China Urban-Rural disposed of the 100% equity interests of Southwest Municipal Engineering Design and Research Institute of China* (中國市政工程西南設計研究總院有限公司), China Northeast Municipal Engineering Design & Research Institute Co., Ltd.* (中國市政工程東北設計研究總院有限公司) and CCCC Urban Energy Research and Design Institute Co., Ltd.* (中交城市能源研究設計院有限公司) for the 100% equity interests of Qilianshan Cement held by Gansu Qilianshan Cement Group Co., Ltd.; while Gansu Qilianshan Cement Group Co., Ltd. settled the shortfall against the value of the swapped-out assets by issuing the consideration shares to the Company and China Urban-Rural, the details of which are set out in the circular of the Company dated 21 February 2023

“Qilianshan Cement”	Gansu Qilianshan Cement Group Ltd.* (甘肅祁連山水泥集團有限公司), a company incorporated in the PRC with limited liability, and a connected subsidiary of the Company as at the date of this announcement
“Qilianshan Cement Group”	Qilianshan Cement and its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“%”	percent

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

Beijing, the PRC

12 April 2024

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

[#] *Independent non-executive Director*

^{*} *For identification purpose only*