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

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS UNDER THE EXISTING AGREEMENTS

As all of the Existing Mutual Project Contracting Framework Agreement, the Existing Financial Services Agreement, the Existing Finance Lease and Commercial Factoring Agreement, the Existing Leasing Framework Agreement and the Existing Mutual Product Sales and Purchase Framework Agreement will expire on 31 December 2024, 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 2027 and set the respective annual caps thereof.

As the highest applicable percentage ratio of the proposed annual caps for each of 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 annual caps thereof are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

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 Framework Agreement (namely, the loan services, guarantee letter services and the bills issuance services and bonds subscription, on an aggregate basis) exceeds 5%, the credit services and the 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 Framework Agreement is more than 5% but less than 25%, such transactions contemplated thereunder constitute discloseable transactions of the Company and therefore are subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the respective transactions contemplated under (i) the Finance Lease and Commercial Factoring Framework Agreement; (ii) the Mutual Leasing Framework Agreement; and (iii) the Mutual Product Sales and Purchase Framework Agreement exceeds 0.1% but is less than 5%, each of the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Although the above-mentioned agreements and the respective transactions contemplated thereunder are exempt from the Independent Shareholders' approval requirement under the Hong Kong Listing Rules, such transactions are subject to the approval by the independent Shareholders at the general meeting of the Company pursuant to the SSE Listing Rules.

THE AGM

The AGM will be convened by the Company for, among others, the independent Shareholders to consider and, if thought fit, to approve the proposals in relation to the renewal of the above-mentioned continuing connected transactions under the existing agreements and the respective proposed annual caps thereof.

The Company will issue a circular containing, among other things, (i) details of the Renewal of Continuing Connected Transactions under the existing agreements; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement (with respect to the credit services) and the proposed annual caps thereunder; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Shareholders and the Independent Board Committee on the Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement (with respect to the credit services) and the proposed annual caps thereunder. As additional time is required to prepare and finalise the information to be contained in the circular, the Company will publish and/or despatch the circular to the Shareholders on or before 16 May 2024.

I. RENEWAL OF 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 2024, the Company entered into the Mutual Project Contracting Framework Agreement with CCCG to regulate the existing continuing connected transactions between the Company and CCCG for the three financial years ending 31 December 2027 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

12 April 2024

Parties

(1) the Company; and

(2) CCCG

Term

Three years from 1 January 2025 to 31 December 2027

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 receivable 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 three financial years ended 31 December 2023:

	<i>RMB' million</i>		
Transaction	Actual amount for the year ended 31 December 2021	Actual amount for the year ended 31 December 2022	Actual Amount for the year ended 31 December 2023
Project contracting services provided by the Group to CCCG Group	11,695	13,395	14,009
Labour and subcontracting services provided by CCCG Group to the Group	2,407	2,949	3,095

(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 2027 are as follows:

	<i>RMB' million</i>		
Transaction	Annual cap for the year ending 31 December 2025	Annual cap for the year ending 31 December 2026	Annual cap for the year ending 31 December 2027
Project contracting services to be provided by the Group to CCCG Group	18,433	18,929	21,317
Labour and subcontracting services to be provided by CCCG Group to the Group	7,509	6,261	5,938

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 RMB16,768 million, RMB18,026 million and RMB19,380 million for the years ending 31 December 2025, 2026 and 2027, respectively; (iii) the prevailing market price of service fees charged for projects contracting services; (iv) the current construction capacity of the Group; (v) the historical amounts for the three financial years ended 31 December 2023; and (vi) a buffer of approximately 10% 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 plan for project construction and daily operations and its need for labour and subcontracting services for the years of 2025, 2026 and 2027; (ii) the estimated labour and subcontracting service fees to be recognised from the existing projects and currently foreseeable potential projects, i.e. approximately RMB6,827 million, RMB5,692 million and RMB5,388 million for the years ending 31 December 2025, 2026 and 2027, respectively; (iii) the prevailing market price for comparable types of services in the industry; (iv) the current capacity of CCCG Group; and (v) a buffer of approximately 10% 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, the 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 Financial Services Framework Agreement

(1) Background

As the Existing Financial Services Agreement will expire on 31 December 2024, to facilitate the supervision and monitoring over the transactions and in accordance with the applicable laws and regulations, CCCC Finance entered into the Financial Services Framework Agreement with CCCG, to regulate the financial services under the Existing Financial Services Agreement between CCCC Finance and CCCG for the three financial years ending 31 December 2027 and set the annual caps thereof.

(2) Financial Services Framework Agreement

Date

12 April 2024

Parties

(1) CCCC Finance; and

(2) CCCG

Term

Three years from 1 January 2025 to 31 December 2027

Principal Services

Deposit Services and Loan Services

Pursuant to the Financial 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.

(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.

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;
- (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; and
- (v) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial 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.

Guarantee Letter Services

Pursuant to the Financial 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 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.

Other Credit Services

Pursuant to the Financial Services Framework Agreement, subject to the applicable laws and regulations, CCCC Finance agreed to provide the following other credit services to CCCG Group.

(a) Bills Issuance Services

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

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

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.

Risk Management

- (i) When providing the other credit services, relevant protection terms for CCCG 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, CCCG Finance is entitled to directly deduct the corresponding amounts from the account opened by CCCG Group with CCCG 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 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) *Historical Amounts*

Set out below are the maximum daily balance (including the interests accrued thereon) of credit services provided by CCCG Finance to CCCG Group for the two financial years ended 31 December 2023:

		<i>RMB' million</i>	
Transactions		Actual amount for the year ended 31 December 2022	Actual amount for the year ended 31 December 2023
Maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be provided by CCCG Finance to CCCG Group	Loan services	1,834	4,859
	Guarantee letter services	1,840	1,923
	Bills issuance services and bonds subscription	803	847

(4) 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, (ii) the guarantee letter services, and (iii) the bills issuance services and bonds subscription for the three financial years ending 31 December 2027 are as follows:

		<i>RMB' million</i>		
Description		Annual cap for the year ending 31 December 2025	Annual cap for the year ending 31 December 2026	Annual cap for the year ending 31 December 2027
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	9,270	9,270	9,270
	Guarantee letter services	7,004	7,004	7,004
	Bills issuance services and bonds subscription	2,274	2,419	2,571

In estimating the maximum daily balance (including the interests accrued thereon) of loan services to be provided by CCCC Finance to CCCG Group, 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; (iv) the credit scale of CCCC Finance; and (v) the historical transaction amounts and growth trends for the maximum daily balance (including the interests accrued thereon) of loan services to be provided by CCCC Finance to CCCG Group, which were RMB1,834 million and RMB4,859 million in 2022 and 2023, respectively, representing an annual growth rate of 164.94%.

In estimating the maximum daily balance (including the handling charges accrued thereon) of guarantee letter services, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for guarantee letter services, which is estimated to be approximately RMB6,300 million, RMB6,300 million and RMB6,300 million for the years ending 31 December 2025, 2026 and 2027, respectively; (ii) the relevant guidelines and regulations of the PBOC; (iii) the development plan of CCCC Finance to increase its credit scale; and (iv) a buffer of approximately 10% for unexpected additional demands for the guarantee letter services by CCCG Group from CCCC Finance.

In estimating the maximum daily balance (including the handling charges accrued thereon) of bills issuance services and bonds subscription, 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 31 March 2024; and (ii) the bonds issued by CCCG Group with reference to its interest rate of bonds at 3.14% in 2022 and the proposed subscription by the Group.

(5) *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.

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 thereof:

- (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 Financial Services Framework 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 Framework Agreement, CCCC Finance (a subsidiary of the Company), as a non-bank financial institution, reports actual maximum daily balance of credit services provided on a monthly basis, and predicts 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.

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 2024, CCCC Capital entered into the Finance Lease and Commercial Factoring Framework Agreement with CCCG to regulate the existing continuing connected transactions between CCCC Capital and CCCG for the three financial years ending 31 December 2027 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

12 April 2024

Parties

(1) CCCC Capital; and

(2) CCCG

Term

Three years from 1 January 2025 to 31 December 2027

Finance Lease

Pursuant to the Finance Lease and Commercial Factoring Framework Agreement, CCCC Capital 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 Capital 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 Capital 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 Capital.

(ii) *Sale and Leaseback*

CCCC Capital 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 Capital after acquiring the same from CCCG Group during the lease period. Upon expiry of the lease period, CCCC Capital 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 Capital 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 Capital 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 Capital 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 Framework Agreement, CCCC Capital 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 Capital, and then CCCC Capital 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 Capital 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 Capital in line of such credit. CCCC Capital 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 Capital 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 Capital 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 Capital 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 Capital 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 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.

(2) **Historical Amounts**

Set out below are the historical amounts of the finance lease services and commercial factoring services provided by CCCC Capital (including CCCC Leasing) to CCCG Group for the three financial years ended 31 December 2023:

	<i>RMB' million</i>		
Transaction	Actual amount for the year ended 31 December 2021	Actual amount for the year ended 31 December 2022	Actual Amount for the year ended 31 December 2023
Finance lease services provided by CCCC Capital (including CCCC Leasing) to CCCG Group <i>(Note 1)</i>	1,442	1,149	768
Commercial factoring services provided by CCCC Capital (including CCCC Leasing) to CCCG Group <i>(Note 2)</i>	3,290	392	460

Notes:

1. CCCC Leasing is a subsidiary of CCCC Capital. On 28 October 2022, CCCC Leasing, CCCG and CCCC Capital entered into a supplemental agreement to change the party to the Existing Finance Lease and Commercial Factoring Agreement from CCCC Leasing to CCCC Capital.
2. The aggregate amount of the finance lease services provided by CCCC Capital (including CCCC Leasing) Capital to CCCG Group for each of the year ended 31 December 2021, 2022 and 2023 is the sum of the rental fees and other miscellaneous fees payable by CCCG Group to CCCC Capital 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 (the “**Original Finance Leasing and Commercial Factoring Agreement**”) and the Existing Finance Lease and Commercial Factoring Agreement entered into between CCCC Capital (including CCCC Leasing) and CCCG Group during each of the three years ended 31 December 2021, 2022 and 2023, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.

3. The aggregate amount of the commercial factoring services provided by CCCC Capital (including CCCC Leasing) to CCCG Group for each of the year ended 31 December 2021, 2022 and 2023 is the sum of the principal, the finance interest and other miscellaneous fees payable by CCCG Group to CCCC Capital (including CCCC Leasing) with respect to the commercial factoring services under the individual contracts of the Original Finance Leasing and Commercial Factoring Agreement and the Existing Finance Lease and Commercial Factoring Agreement entered into between CCCC Capital (including CCCC Leasing) and CCCG Group during each of the three years ended 31 December 2021, 2022 and 2023, respectively.

(3) 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 2027 are as follows:

	<i>RMB' million</i>		
Transaction	Annual cap for the year ending 31 December 2025	Annual cap for the year ending 31 December 2026	Annual cap for the year ending 31 December 2027
Finance lease services to be provided by CCCC Capital to CCCG Group ^(Note 1)	1,988	2,039	2,101
Commercial factoring services to be provided by CCCC Capital to CCCG Group ^(Note 2)	4,640	5,271	5,904

Notes:

1. The aggregate amount of the finance lease services provided by CCCC Capital to CCCG Group for each of the years ending 31 December 2025, 2026 and 2027 is the sum of the rental fees and other miscellaneous fees payable by CCCG Group to CCCC Capital with respect to the finance lease services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between CCCG Group and CCCC Capital during each of the years ending 31 December 2025, 2026 and 2027, 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 Capital to CCCG Group for each of the years ending 31 December 2025, 2026 and 2027 is the sum of the principal, the finance interest and other miscellaneous fees payable by CCCG Group to CCCC Capital with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between CCCG Group and CCCC Capital during each of the years ending 31 December 2025, 2026 and 2027, respectively.

In estimating the proposed annual caps for the finance lease services provided by CCCC Capital 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 CCCG Group and its demand for the finance lease services provided by CCCC Capital, which is estimated to be approximately RMB1,850 million, RMB1,860 million and RMB1,880 million for the three years ending 31 December 2027, respectively; (iii) the capability and flexibility of CCCC Capital in providing finance lease services to the CCCG Group; and (iv) a slight buffer of 7% to 11% for unexpected additional demands in financial lease services.

In estimating the proposed annual caps for the commercial factoring services provided by CCCC Capital under the Finance Lease and Commercial Factoring Framework 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 Capital, which is estimated to be approximately RMB4,450 million, RMB5,057 million and RMB5,665 million for the three years ending 31 December 2027, respectively; (ii) the capability and flexibility of CCCC Capital in providing commercial factoring services to the CCCG Group, especially in May 2022, CCCC Commercial Factoring Co., Ltd* (中交商業保理有限公司) was newly established as a commercial factoring services provider under CCCC Capital, which has a great potential in the provision of commercial factoring to CCCG Group; and (iii) a slight buffer for unexpected additional demands in commercial factoring services.

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

CCCC Capital is a non-banking financial institution offering comprehensive finance lease and commercial factoring services to enterprises. CCCC Capital provides finance lease and commercial factoring services to CCCG Group in its ordinary and usual course of business. CCCC Capital will generate revenue from the provision of finance lease and commercial factoring services to CCCG Group under the Finance Lease and Commercial Factoring Framework Agreement whereas the risks are controllable. For details of the internal control and corporate governance measures, please refer to the section headed “I. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS UNDER THE EXISTING AGREEMENTS Internal Control and Corporate Governance Measures”.

4. *Renewal of Continuing Connected Transactions under the Mutual Leasing Framework Agreement*

(1) *Background*

As the Existing Leasing Framework Agreement will expire on 31 December 2024, the Company entered into the Mutual Leasing Framework Agreement with CCCG to regulate the continuing connected transactions between the Group and CCCG for the three financial years ending 31 December 2027 and set the annual caps thereof.

(2) *The Mutual Leasing Framework Agreement*

The principal terms of the Mutual Leasing Framework Agreement are set out below:

Date

12 April 2024

Parties

(1) the Company; and

(2) CCCG

Term

Three years from 1 January 2025 to 31 December 2027

Description of the transaction

Each party agreed to lease the Leased Assets to the other party for its production and operation use. The Leased Assets mainly include certain buildings, plants and auxiliary equipment and facilities for production and operation owned by themselves.

Price determination

The fees receivable by the Group from CCCG Group and fees payable by the Group to CCCG Group for the leasing of Leased Assets under the Mutual Leasing Framework Agreement shall be determined at arm's length negotiation between the parties after considering the factors set out below:

- (i) with reference to the level of rentals of similar buildings and plants in the adjacent areas and local markets, and the prevailing market prices for comparable facilities and equipment of comparable period, size, usage and nature;
- (ii) price quotations for assets similar to the Leased Assets offered by the lessor to independent third parties;
- (iii) taking comprehensive consideration of the aspects of the Leased Assets, such as the gross floor area, decoration facilities, geographical location, usage and nature, etc. with respect to the buildings and plants; and the acquisition cost, the period of acquisition, the depreciation and impairment provision made, its importance in the usage, and whether it is substitutable, etc. with respect to the facilities and equipment; and
- (iv) the Group will seek quotations for assets similar to the Leased Assets from independent third parties on an annual basis in the market or conduct market research on the rental prices of nearby properties (for buildings and plants) in order to assess and review the fairness and reasonableness of the quotations proposed by the Group and/or CCCG Group with reference to items (i), (ii) and (iii) above.

Further, fees receivable by the Group from the CCCG Group and fees payable by the Group to CCCG Group for the above leasing and relevant regular reports will be submitted to the independent non-executive Directors of the Company for their annual review on the pricing, so as to ensure their fairness and reasonableness. The Directors of the Company consider that such methods and procedures can ensure that the transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company or its Shareholders.

Payment

Generally, the fees receivable and/or payable for the transactions contemplated under the Mutual Leasing Framework Agreement shall be made on a monthly basis. The specific payment terms (including time and method of payment) for leasing of the Leased Assets by the Group to CCCG Group and the leasing of Leased Assets by CCCG Group to the Group will be agreed by the parties to 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 the Group and/or CCCG Group to independent third parties.

Separate contracts

In respect of each lease, the Group and the relevant members of CCCG Group will enter into separate contract(s). The terms of each contract will be in line with the terms of the Mutual Leasing Framework Agreement and shall be enforceable if and only if the Mutual Leasing Framework Agreement continues to be effective.

(3) *Historical Amounts*

Set out below are the rents received by CCCG Group for leasing of the Leased Assets to the Group and the rent received by the Group for leasing of the Leased Assets to CCCG Group for the three financial years ended 31 December 2023:

	<i>RMB' million</i>		
Transaction	Actual amount for the year ending 31 December 2021	Actual amount for the year ending 31 December 2022	Actual amount for the year ending 31 December 2023
Leasing of the Leased Assets by CCCG Group to the Group	306	290	332
Leasing of the Leased Assets by the Group to CCCG Group	5	13	33

(4) Proposed Annual Caps

As all the leases to be entered into under the Mutual Leasing Framework Agreement are short-term leases, the rents receivable by CCCG Group for leasing of the Leased Assets to the Group pursuant to the 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 CCCG Group for leasing of the Leased Assets to the Group and the rents to be received by the Group for leasing of the Leased Assets to CCCG Group pursuant to the Mutual Leasing Framework Agreement for the three financial years ending 31 December 2027 are as follows:

	<i>RMB' million</i>		
Transaction	Annual cap for the year ending 31 December 2025	Annual cap for the year ending 31 December 2026	Annual cap for the year ending 31 December 2027
Leasing of the Leased Assets by CCCG Group to the Group	885	900	907
Leasing of the Leased Assets by the Group to CCCG Group	50	50	50

In estimating the proposed annual caps for the rents to be received by CCCG Group for leasing of the Leased Assets to the Group under the Mutual Leasing Framework Agreement, the Company has principally considered the following factors: (i) the prevailing prices of the Leased Assets and the future growth of rent; (ii) the demand of the Group for the leasing of the Leased Assets owned by CCCG Group, which is estimated to be approximately RMB798 million, RMB810 million and RMB821 million for the years ending 31 December 2025, 2026 and 2027, respectively; and (iii) a buffer of approximately 10% for the unexpected for unexpected additional demands for leasing of Leased Assets owned by CCCG Group by the Group. .

In estimating the proposed annual caps for the rents to be received by the Group for leasing of the Leased Assets to CCCG Group under the Mutual Leasing Framework Agreement, the Company has principally considered the following factors: (i) the prevailing prices of the Leased Assets and the future growth of rent; (ii) the demand of CCCG Group for leasing of the Leased Assets owned by the Group; and (iii) the growth rate of historical amounts. The aggregate amount for such leasing for the financial year ended 31 December 2022 increased by 160% as compared to that for the corresponding period and further increased by 153.85% for the financial year ended 31 December 2023 as compared to that in 2022.

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

Over the years, the Company has been leasing the office building “中交大廈” owned by CCCG as its office and other properties and auxiliary facilities situated at several locations owned by CCCG for its production and operation. Relocation of the Company’s current places of operation and offices to other locations will result in unnecessary costs. In addition, for the operation of principal businesses, the Company needs to lease products auxiliary to production and operation such as engineering ships and machine. The aforesaid transactions are necessary for the Group’s production and operation. Compared with independent third parties, CCCG has more understanding of the Company’s business requirement, and the Company also can benefit from CCCG’s relatively competitive offers, which facilitates the Company’s business development.

In the meantime, CCCG Group may from time to time rent premises and other facilities situated at several locations owned by the Group for its production and operation which are requisite for their daily production and operations. The leasing arrangements under the Mutual Leasing Framework Agreement will improve the occupancy rate of the premises owned by the Group as well as the utilisation rate of the self-owned facilities and equipment of the Group, which facilitates continuous and stable use of such premises and facilities and provides greater flexibility for the Group to leasing arrangements, and therefore helps to realise the interests of the Company and its Shareholders as a whole.

5. Renewal of the Continuing Connected Transactions under Mutual Product Sales and Purchase Framework Agreement

(1) Background

As the Existing Mutual Product Sales and Purchase Agreement will expire on 31 December 2024, the Company entered into the Mutual Product Sales and Purchase Framework Agreement with CCCG to regulate the existing continuing connected transactions between the Company and CCCG for the three financial years ending 31 December 2027 and set the respective annual caps thereof.

(2) Mutual Product Sales and Purchase Framework Agreement

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

Date

12 April 2024

Parties

- (1) the Company; and
- (2) CCCG

Term

Three years from 1 January 2025 to 31 December 2027

Description of the transactions

The Group agreed to sell and CCCG Group agreed to purchase material products, including material and equipment, components, etc. CCCG Group agreed to sell and the Group agreed to purchase engineering products, including engineering ships (e.g. leveling ship, crane ship, etc.), engineering machines (e.g. shield machines), steel structure products, etc.

Price determination

The fees receivable by the Group for sales of material products to CCCG Group and the fees payable by the Group for purchase of engineering products from CCCG Group shall be agreed at arm's length negotiation between the parties in the following order:

- (i) 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
- (ii) 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 sales of or purchase 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 sales of or purchase 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 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 sales of or purchase of products by the parties; and (ii) the fees incurred for sales of or purchase of products by one party to or from the third parties and additional fees incurred for transfer of 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 Group to CCCG Group and those provided by CCCG Group to the Group are fair and reasonable and are no less favorable than those provided by such independent third parties.

The above-mentioned fees receivable from the sales of material products and payable for the purchase 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 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) of the fees receivable by the Group for sales of material products to CCCG Group and the fees payable by the Group for purchase of engineering products from CCCG Group shall be agreed in the specific agreements to be entered into by the parties by reference to the payment terms of similar transactions in the market and the payment terms offered by independent third parties.

(3) *Historical Amounts*

Set out below are the fees receivable by the Group for sales of material products to CCCG Group and the fees payable by the Group for purchase of engineering products from CCCG Group for the three financial years ended 31 December 2023:

	<i>RMB' million</i>		
Transaction	Actual amount for the year ended 31 December 2021	Actual amount for the year ended 31 December 2022	Actual Amount for the year ended 31 December 2023
Sales of material products to CCCG Group by the Group	1,227	1,172	831
Purchase of engineering products from CCCG Group by the Group	1,479	1,531	2,889

(4) Proposed Annual Caps

The proposed annual caps for the fees to be received by the Group for sales of material products to CCCG Group and the fees to be paid by the Group for purchase of engineering products from CCCG Group for the three financial years ending 31 December 2027 are as follows:

	<i>RMB' million</i>		
Transaction	Annual cap for the year ending 31 December 2025	Annual cap for the year ending 31 December 2026	Annual cap for the year ending 31 December 2027
Sales of material products to CCCG Group by the Group	1,838	1,888	2,068
Purchase of engineering products from CCCG Group by the Group	4,178	4,459	4,995

In estimating the proposed annual caps for the fees to be received by the Group for sales of material products to CCCG Group under the Mutual Product Sales and Purchase Framework Agreement, the Company has principally considered the following factors: (i) the prevailing prices of the material products; (ii) the development plan and estimated demands for material products of CCCG Group of RMB1,659 million, RMB1,716 million and RMB1,885 million for the years of 2025, 2026 and 2027, respectively; (iii) the current production and supply capacity of the Group, especially upon the capital increase in CCCC (Xiamen) E-Commerce Co., Ltd.* (中交(廈門)電子商務有限公司), being a subsidiary of the Company and the centralised procurement platform of the Group, the supply capacity of the Group was therefore enhanced; and (iv) a buffer of approximately 10% for unexpected fluctuations of the fees to be received by the Group for sales of material products to CCCG Group under the Mutual Product Sales and Purchase Framework Agreement.

In estimating the proposed annual caps for the fees to be paid by the Group for purchase of engineering products from CCCG Group under the Mutual Product Sales and Purchase Framework Agreement, the Company has principally considered the following factors: (i) the prevailing prices of the engineering products; (ii) the development plan and estimated demands for engineering products of the Group of RMB3,799 million, RMB4,061 million and RMB4,541 million for the years of 2025, 2026 and 2027, respectively; (iii) the current production capacity of CCCG Group; (iv) the historical transaction amounts and growth trends for purchase of engineering products from CCCG Group by the Group, which were RMB1,531 million and RMB2,889 million in 2022 and 2023, respectively, representing an annual growth rate of 188.70%; and (v) a buffer of approximately 10% for unexpected fluctuations of the fees to be paid by the Group for purchase of engineering products from CCCG Group under the Mutual Product Sales and Purchase Framework Agreement.

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

The Directors consider that, due to the historical connection and long-term cooperation relationship between the Group and CCCG Group, CCCG Group has a better understanding of the Group's business. Purchasing engineering products from CCCG Group can better ensure the standards of technology, quality, delivery and technical support of the products meet the Group's requirements, which helps minimize the administrative and transportation costs and is in the best interests of the Group.

Meanwhile, the Group sells material products such as materials and equipment and components to CCCG Group for its processing and manufacturing of industrial products. As all or part of such industrial products will be sold back by CCCG Group to the Group for its use in the core business, the Directors are also of the view that the Group can benefit from the sale of material products to CCCG Group. In addition, such transaction will improve the revenue of the Company and generate reasonable profit, and is therefore of great significance to the Company's development.

II. HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 59.41% 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 Financial Services Framework Agreement, (iii) the Finance Lease and Commercial Factoring Framework Agreement, (iv) the Mutual Leasing Framework Agreement, and (v) the Mutual Product Sales and Purchase Framework Agreement 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 each of 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 annual caps thereof are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

(2) 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 Framework Agreement (namely, the loan services, guarantee letter services and the bills issuance services and bonds subscription, on an aggregate basis) exceeds 5%, the credit services and the 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 Framework Agreement is more than 5% but less than 25%, such transactions contemplated thereunder constitute discloseable transactions of the Company and therefore are subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

(3) Finance Lease and Commercial Factoring Framework Agreement, Mutual Leasing Framework Agreement, and Mutual Product Sales and Purchase Framework Agreement

As the highest applicable percentage ratio of the proposed annual caps for the respective transactions contemplated under (i) the Finance Lease and Commercial Factoring Framework Agreement, (ii) the Mutual Leasing Framework Agreement, and (iii) the Mutual Product Sales and Purchase Framework Agreement exceeds 0.1% but is less than 5%, each of the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Although the above-mentioned agreements and the respective transactions contemplated thereunder are exempt from the Independent Shareholders' approval requirement under the Hong Kong Listing Rules, such transactions are subject to the approval by the independent Shareholders at the general meeting of the Company pursuant to the SSE Listing Rules.

III. CONFIRMATION BY THE DIRECTORS

Mr. Wang Tongzhou, Mr. Wang Haihuai and Mr. Liu Xiang, being the Directors, are also directors or senior management of CCCG, and therefore are deemed to have a material interest in the above-mentioned 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 continuing connected transactions contemplated under (i) the Mutual Project Contracting Framework Agreement and (ii) the Financial Services Framework Agreement, and the respective proposed annual caps thereof 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, including the independent non-executive Directors, having made all reasonable and due inquiries, consider that the continuing connected transactions contemplated under (i) the Finance Lease and Commercial Factoring Framework Agreement, (ii) the Mutual Leasing Framework Agreement, and (iii) the Mutual Product Sales and Purchase Framework Agreement, and the respective proposed annual caps thereof 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 the Shareholders as a whole.

IV. 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. CCCC Capital

CCCC Capital is a wholly-owned subsidiary of the Company incorporated in the PRC, and is principally engaged in corporate headquarters management, investment management, investment and assets management, investment consulting, consulting and planning services, and technology development, technology consulting, technology transfer, technology services.

3. CCCC Finance

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. As at the date of this announcement, CCCC Finance is owned as to 95% and 5% by the Company and CCCG Group, respectively.

4. CCCG

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 59.41% 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.

V. THE AGM

The AGM will be convened by the Company for, among others, the independent Shareholders to consider and, if thought fit, to approve the proposals in relation to the renewal of the above-mentioned continuing connected transactions under the existing agreements and the respective proposed annual caps thereof.

The Independent Board Committee comprising independent non-executive Directors will be established by the Company to advise the Independent Shareholders on the Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement (with respect to the credit services) and the proposed annual caps thereunder. In accordance with the Hong Kong Listing Rules, the 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, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement (with respect to the credit services) and the proposed annual caps thereunder.

CCCCG, which holds approximately 59.41% interests in the issued ordinary shares of the Company at the date of this announcement, is required to abstain from voting at the AGM on the resolutions approving the above-mentioned agreements and the proposed annual caps thereunder at the AGM. Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the transactions under the above-mentioned agreements and therefore will be required to abstain from voting on the relevant resolutions at the AGM.

The Company will issue a circular containing, among other things, (i) details of the renewal of continuing connected transactions under the existing agreements; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement (with respect to the credit services) and the proposed annual caps thereunder; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Shareholders and the Independent Board Committee on the Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement (with respect to the credit services) and the proposed annual caps thereunder. As additional time is required to prepare and finalise the information to be contained in the circular, the Company will publish and/or despatch the circular to the Shareholders on or before 16 May 2024.

VI. DEFINITION

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

“AGM”	the annual general meeting of the Company to be held to, among others, consider and approve the proposals in relation to the Renewal of Continuing Connected Transactions under the existing agreements
“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 Capital”	CCCC Capital Holdings Limited* (中交資本控股有限公司), a limited liability company incorporated under the laws of the PRC

“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
“CCCCG”	China Communications Construction Group (Limited), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company
“CCCCG Group”	CCCCG 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
“Existing Finance Lease and Commercial Factoring Agreement”	the finance lease and commercial factoring agreement entered into between CCCC Leasing and CCCG on 15 October 2021 and as amended by a supplemental agreement entered into among CCCC Leasing, CCCG and CCCC Capital (which wholly owns CCCC Leasing) on 28 October 2022

“Existing 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 were entered into between CCCC Finance and CCCG on 15 October 2021
“Existing Leasing Framework Agreement”	collectively, the leasing and asset management services framework agreement entered into between the Company and CCCG on 9 September 2021 and the asset leasing framework agreement entered into between the Company and CCCG on 12 April 2024
“Existing Mutual Product Sales and Purchase Agreement”	the mutual product sales and purchase agreement entered into between the Company and CCCG on 9 September 2021
“Existing Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG on 15 October 2021
“Finance Lease and Commercial Factoring Framework Agreement”	the finance lease and commercial factoring framework agreement entered into between CCCC Capital and CCCG on 12 April 2024
“Financial Services Framework Agreement”	the Financial Services Framework Agreement entered into between CCCC Finance and CCCG on 12 April 2024
“Group”	the Company and its subsidiaries
“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
“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
“Independent Board Committee”	the committee of Directors consisting of Mr. LIU Hui, Mr. CHAN Wing Tak Kevin, Mr. WU Guangqi and Mr. ZHOU Xiaowen 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 Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement (with respect to the credit services) and the proposed annual caps thereunder at the AGM
“Leased Assets”	assets specified in the Mutual Leasing Framework Agreement, including buildings, plants and auxiliary equipment, facilities, etc. for production and operation
“Mutual Leasing Framework Agreement”	the mutual leasing and asset management services framework agreement entered into between the Company and CCCG on 12 April 2024
“Mutual Product Sales and Purchase Framework Agreement”	the mutual product sales and purchase framework agreement entered into between the Company and CCCG on 12 April 2024
“Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG on 12 April 2024
“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

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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 Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement (with respect to the credit services) and the proposed annual caps thereunder
“SSE Listing Rules”	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange
“Supervisor(s)”	the supervisor (s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

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*