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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)**

## **VOLUNTARY ANNOUNCEMENT IN RELATION TO THE MERGER AND REORGANIZATION OF CCCC CQ INVESTMENT**

This is a voluntary announcement made by China Communications Construction Company Limited (the “**Company**”).

### **BACKGROUND**

Since the “13th Five-Year Plan” period, the Company has been making active efforts to enter the water conservancy construction market. To implement the National Water Network Construction Plan Outline, strengthen the regional presence, help the Company expand the southwest market and improve the Company’s full-industry-chain capabilities in water conservancy and hydropower projects, on 4 December 2023, the Company, CCCC Investment (a wholly-owned subsidiary of the Company) and Chongqing Water Investment entered into the Capital Increase Agreement, pursuant to which, Chongqing Water Investment agreed to subscribe for the incremental registered capital of CCCC CQ Investment to take 25.02% equity interests in CCCC CQ Investment upon completion of the capital increase, with its 100% equity interests in the Water Resources Institute and 100% equity interests in Hongyu Company at a total consideration of approximately RMB786.37 million.

Upon the completion of the Capital Increase, CCCC CQ Investment will continue to be a subsidiary of the Company, and its financial results will still be consolidated into the Company’s financial statements. The Water Resources Institute and Hongyu Company will become subsidiaries of the Company, and their financial results will be consolidated into the Company’s financial statements. Upon the completion of such merger and reorganization, CCCC CQ Investment will be a holder of Grade A design qualification for the water conservancy industry and Grade I qualification for general contracting of construction projects and general contracting of municipal public works construction.

## CAPITAL INCREASE AGREEMENT

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

**Date:** 4 December 2023

**Parties:**

- (1) the Company;
- (2) CCCC Investment; and
- (3) Chongqing Water Investment.

**Subject matter:** Pursuant to the Capital Increase Agreement, Chongqing Water Investment agreed to subscribe for the incremental registered capital of CCCC CQ Investment to take 25.02% equity interests in CCCC CQ Investment upon completion of the capital increase, with its 100% equity interests in the Water Resources Institute and 100% equity interests in Hongyu Company at a total consideration of approximately RMB786.37 million.

The following table sets out the shareholding structure of CCCC CQ Investment (1) as at the date of this announcement; and (2) immediately upon the completion of the Capital Increase:

Shareholders	As at the date of this announcement		Immediately upon the completion of the Capital Increase	
	Registered capital (RMB'00 million)	Shareholding (%)	Registered capital (RMB'00 million)	Shareholding (%)
The Company	11.00	55.00	11.00	41.24
CCCC Investment	9.00	45.00	9.00	33.74
Chongqing Water Investment	—	—	6.67	25.02
<b>Total</b>	<b>20.00</b>	<b>100.00</b>	<b>26.67</b>	<b>100.00</b>

*Note: Any discrepancies in the amounts set out in the table herein are due to rounding.*

**Basis for determining consideration:** The amount of capital contributions under the Capital Increase Agreement was determined by the parties through reasonable and arm's length negotiations with reference to the assessed value of the owner's equity interests and valuation results of the incremental equity interests of CCCC CQ Investment, the Water Resources Institute and Hongyu Company and taking into account the operations, main-asset composition, working capital needs and future development plans of CCCC CQ Investment and other factors.

## **INFORMATION ON THE SUBJECT COMPANIES**

### **(1) CCCC CQ Investment**

CCCC CQ Investment was incorporated in the PRC on 13 January 2020. It is mainly engaged in large-scale rail transit, expressway, municipal and other infrastructure projects, urban comprehensive development and special real estate project investment, and construction project design, construction project survey, construction project supervision and various engineering construction activities.

According to the audited consolidated financial statements prepared by CCCC CQ Investment in accordance with China Accounting Standards for Business Enterprises, the net assets of CCCC CQ Investment as of 31 December 2022 were RMB2,080 million, and the operating income of CCCC CQ Investment for the year ended 31 December 2022 was RMB160 million, with its net profit being RMB88 million.

### **(2) The Water Resources Institute and Hongyu Company**

The Water Resources Institute was incorporated in the PRC on 3 December 2002. It is mainly engaged in design, survey, mapping, consulting, appraisal and supervision, etc. in the water conservancy, electric power, construction and other industries. The Water Resources Institute is the only enterprise holding the Grade A survey and design qualification for the water conservancy industry in Chongqing, with a market share of over 50% in Chongqing. It has completed more than 500 survey and design projects of various types such as reservoirs, embankments, power stations, water diversion, and power transmission and transformation, and also presided over and participated in dozens of important plans such as municipal water conservancy spatial planning, river bankline planning, the preparation of "one river, one policy" program, Chengdu-Chongqing twin-city economic circle water security planning, etc. It has won the Dayu Awards three times and leads the way in the industry.

Hongyu Company was incorporated in the PRC on 8 October 2000. It is mainly engaged in tendering agency, supervision services for water conservancy projects, project cost consulting and safety assessment services in the water conservancy and hydropower industry, focusing on works supervision business.

According to the audited consolidated financial statements prepared by the Water Resources Institute and Hongyu Company in accordance with China Accounting Standards for Business Enterprises, the aggregate net assets of the Water Resources Institute and Hongyu Company as at 31 December 2022 amounted to RMB388 million, and the aggregate operating income of the Water Resources Institute and Hongyu Company for the year ended 31 December 2022 amounted to RMB549 million, with the aggregate net profit of RMB52 million.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Capital Increase will facilitate the leap-forward development of the Company's water conservancy business through strong alliances by means of "cooperation between central enterprises and local governments". The Company will build a business with the investment, design, construction and operation of water conservancy and hydropower projects as its core, so as to gradually improve the full-industry-chain capabilities in water conservancy and hydropower projects and gradually achieve a national layout. The Capital Increase is an important part of the Company's development plan, and also serves as an important measure for the Company to enhance its core competitiveness and implement high-quality development concepts.

## **CONFIRMATION FROM DIRECTORS**

None of the Directors intends to have any material interest in the Capital Increase and is required to abstain from voting on the Board resolutions regarding the Capital Increase.

Having made all reasonable and due enquiries, the Directors (including the independent non-executive Directors) are of the opinion that, the terms of the Capital Increase Agreement are fair and reasonable and on normal commercial terms, and the transactions contemplated under such agreement are conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS OF HONG KONG LISTING RULES**

Upon the completion of the Capital Increase, the Company's equity interests in CCCC CQ Investment will be diluted. Therefore, the Capital Increase constitutes a deemed disposal of the Company under Chapter 14 of the Hong Kong Listing Rules. At the same time, the Company's acquisition of the equity interests in the Water Resources Institute and Hongyu Company constitutes an acquisition transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. Since the Capital Increase involves both acquisition and disposal, according to Rule 14.24 of Chapter 14 of the Hong Kong Listing Rules, it will be classified by reference to the higher of the acquisition amount and the disposal amount, and is subject to the applicable requirements of the Hong Kong Listing Rules based on this classification. As the highest applicable percentage ratio in respect of the Capital Increase is less than 5%, the Capital Increase does not constitute a notifiable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and thus is not subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

## **GENERAL INFORMATION**

### **(1) The Company**

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

### **(2) CCCC Investment**

CCCC Investment is a wholly-owned subsidiary of the Company incorporated in the PRC and is primarily engaged in investments in infrastructure including foreign and domestic traffic, environmental protection and reclamation projects, and areas such as logistics and finance, as well as leasing office and commercial buildings.

### (3) Chongqing Water Investment

Chongqing Water Investment is a limited liability company incorporated in the PRC and is 100% owned by the Chongqing State-owned Assets Supervision and Administration Commission. It is the first provincial water conservancy investment platform in the national water conservancy industry established by the Chongqing Municipal Party Committee and the Chongqing Municipal Government, mainly responsible for the investment and construction of the key water source projects, water supply and drainage projects, water conservancy and hydropower projects in Chongqing, and the operation and management of state-owned water conservancy assets within the scope authorized by the Chongqing Municipal Government. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Chongqing Water Investment and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

### DEFINITIONS

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

“Board”	the board of directors of the Company
“Capital Increase”	the capital increase in CCCC CQ Investment by Chongqing Water Investment under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into among the Company, CCCC Investment and Chongqing Water Investment on the capital increase in CCCC CQ Investment on 4 December 2023
“CCCC CQ Investment”	CCCC Chongqing Investment and Development Co., Ltd.* (中交重慶投資發展有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement. Upon completion of the Capital Increase, it intends to change its name to CCCC Changjiang Construction and Development Group Co., Ltd.* (中交長江建設發展集團有限公司) (subject to the name approved and registered by the authorities of the administration for market regulation)
“CCCC Investment”	CCCC Investment Co., Ltd.* (中交投資有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement

“Chongqing Water Investment”	Chongqing Water Conservancy Investment Group Co., Ltd.* (重慶市水利投資(集團)有限公司), a limited liability company incorporated in the PRC
“Company”	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on The Stock Exchange of Hong Kong Limited under 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
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hongyu Company”	Chongqing Hongyu Water Conservancy Consultative Co., LTD* (重慶市弘禹水利諮詢有限公司), a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of Chongqing Water Investment as at the date of this announcement
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

“Water Resources Institute”

Chongqing Surveying and Design Institute Co., Ltd. of Water Resources, Electric Power and Architecture\* (重慶市水利電力建築勘測設計研究院有限公司), a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of Chongqing Water Investment as at the date of this announcement

“%”

percent

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

Beijing, the PRC  
4 December 2023

*As at the date of this announcement, the directors of the Company are WANG Tongzhou, WANG Haihuai, LIU Xiang, MI Shuhua, LIU Hui<sup>#</sup>, CHAN Wing Tak Kevin<sup>#</sup>, WU Guangqi<sup>#</sup> and ZHOU Xiaowen<sup>#</sup>.*

<sup>#</sup> *Independent non-executive Director*

<sup>\*</sup> *For identification purpose only*