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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
DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS:
TRANSFER OF SHARES AND CAPITAL INCREASE
IN CCCC DREDGING BY CCCG

On 18 June 2019, the Company entered into the Equity Transfer and Capital Increase Agreement with CCCG and CCCC Dredging, pursuant to which CCCG agreed (i) to acquire 3,495,604,287 shares in CCCC Dredging from the Company at the purchase price of RMB2.47 per share, representing 29.69% of the current issued share capital of CCCC Dredging and 25.33% of the enlarged issued share capital of CCCC Dredging; and (ii) to subscribe for 2,024,291,498 shares in CCCC Dredging at the subscription price of RMB2.47 per share, representing 17.19% of the current issued share capital of CCCC Dredging and 14.67% of the enlarged issued share capital of CCCC Dredging. Upon completion of the Proposed Share Transfer and the Proposed Capital Increase, the shares in CCCC Dredging to be held by the Company and its subsidiary, CRBC, will represent 60% of the enlarged issued share capital of CCCC Dredging in total; while the shares in CCCC Dredging to be held by CCCG will represent 40% of the enlarged issued share capital of CCCC Dredging.

Apart from the Proposed Share Transfer, the Company proposed to further transfer not more than 5,519,895,784 shares in CCCC Dredging to third parties (other than CCCG and its subsidiaries) at the floor purchase price of RMB2.47 per share on an equity exchange in the PRC by way of public tender, representing not more than 40% of the enlarged issued share capital of CCCC Dredging. Assuming that the Company will further transfer such 40% of the enlarged issued share capital of CCCC Dredging, the Company and its subsidiary, CRBC will hold 20% of the enlarged issued share capital of CCCC Dredging in total. Therefore, CCCC Dredging will cease to be a subsidiary of the Company and its financial results will be de-consolidated from those of the Company.

As at the date of this announcement, CCCG is the controlling Shareholder of the Company, holding approximately 59.91% interests in the issued ordinary shares of the Company. Accordingly, it is a connected person of the Company under the Hong Kong Listing Rules. The Proposed Share Transfer and the Proposed Capital Increase therefore constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Meanwhile, the Proposed Share Transfer and the Proposed Capital Increase shall be aggregated under Rules 14.22 and 14A.81 of the Hong Kong Listing Rules.

As the highest applicable percentage ratio when aggregated in respect of the Proposed Share Transfer and the Proposed Capital Increase under the Equity Transfer and Capital Increase Agreement exceeds 5% but is less than 25%, the transactions thereunder constitute discloseable transactions and connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Hong Kong Listing Rules.

The Company will issue a circular containing, among other things, further details of Proposed Share Transfer and the Proposed Capital Increase under the Equity Transfer and Capital Increase Agreement, the recommendation from the Independent Board Committee and the letter from the independent financial adviser in relation to the Proposed Share Transfer and the Proposed Capital Increase. As additional time is required to prepare and finalise the information to be contained in the circular, the circular will be dispatched to the Shareholders no later than 10 July 2019.

BACKGROUND

On 18 June 2019, the Company entered into the Equity Transfer and Capital Increase Agreement with CCCG and CCCC Dredging, pursuant to which CCCG agreed (i) to acquire 3,495,604,287 shares in CCCC Dredging from the Company at the purchase price of RMB2.47 per share, representing 29.69% of the current issued share capital of CCCC Dredging and 25.33% of the enlarged issued share capital of CCCC Dredging; and (ii) to subscribe for 2,024,291,498 shares in CCCC Dredging at the subscription price of RMB2.47 per share, representing 17.19% of the current issued share capital of CCCC Dredging and 14.67% of the enlarged issued share capital of CCCC Dredging. Upon completion of the Proposed Share Transfer and the Proposed Capital Increase, the shares in CCCC Dredging to be held by the Company and its subsidiary, CRBC, will represent 60% of the enlarged issued share capital of CCCC Dredging in total; while the shares in CCCC Dredging to be held by CCCG will represent 40% of the enlarged issued share capital of CCCC Dredging.

Apart from the Proposed Share Transfer, the Company proposed to further transfer not more than 5,519,895,784 shares in CCCC Dredging to third parties (other than CCCG and its subsidiaries) at the floor purchase price of RMB2.47 per share on an equity exchange in the PRC by way of public tender, representing not more than 40% of the enlarged issued share capital of CCCC Dredging. Assuming that the Company will further transfer such 40% of the enlarged issued share capital of CCCC Dredging, the Company and its subsidiary, CRBC will hold 20% of the enlarged issued share capital of CCCC Dredging in total. Therefore, CCCC Dredging will cease to be a subsidiary of the Company and its financial results will be de-consolidated from those of the Company.

EQUITY TRANSFER AND CAPITAL INCREASE AGREEMENT

The principal terms of the Equity Transfer and Capital Increase Agreement are summarized as follows:

Date of the Agreement

18 June 2019

Parties

- (1) CCCG;
- (2) the Company; and
- (3) CCCC Dredging

Proposed Share Transfer

Pursuant to the terms and conditions of the Equity Transfer and Capital Increase Agreement, the Company agreed to sell and CCCG agreed to acquire 3,495,604,287 shares in CCCC Dredging at the purchase price of RMB2.47 per share, representing 29.69% of the current issued share capital of CCCC Dredging and 25.33% of the enlarged issued share capital of CCCC Dredging.

Proposed Capital Increase

Pursuant to the terms and conditions of the Equity Transfer and Capital Increase Agreement, CCCG agreed to subscribe for 2,024,291,498 shares with a nominal value of RMB1.00 in CCCC Dredging at the subscription price of RMB2.47 per share, representing 17.19% of the current issued share capital of CCCC Dredging and 14.67% of the enlarged issued share capital of CCCC Dredging.

Consideration

Pursuant to the Equity Transfer and Capital Increase Agreement, the consideration for the Proposed Share Transfer shall be RMB8,634,142,588.89 and the capital contribution made by CCCG under the Proposed Capital Increase shall be RMB5,000,000,000.06, determined after arm's length negotiations based on (a) the appraised net assets value of CCCC Dredging as at 31 December 2018 (the "**Valuation Benchmark Date**") of RMB28,969,953.0 thousand as set out in the valuation report prepared by China Tong Cheng using the asset-based approach; and (b) each of the purchase price and the subscription price, being RMB2.47 per share (round up to the nearest 2 decimal places), is calculated by dividing such appraised net assets value by the current number of total issued share capital of CCCC Dredging (i.e. 11,775,447,964 shares).

Payment

The consideration for the Proposed Share Transfer (i.e. RMB8,634,142,588.89) shall be paid to the Company and the capital contribution for the Proposed Capital Increase (i.e. RMB5,000,000,000.06) shall be paid to CCCC Dredging, by CCCG in one lump-sum before the Completion Date, respectively.

Conditions Precedent

The Equity Transfer and Capital Increase Agreement shall become effective upon fulfilment of the following conditions:

- (1) the Proposed Share Transfer and the Proposed Capital Increase having been approved by CCCG;
- (2) the Proposed Share Transfer and the Proposed Capital Increase having been approved at the EGM of the Company; and
- (3) the Proposed Capital Increase having been approved at the general meeting of CCCC Dredging.

As at the date of this announcement, the above conditions precedent have not been fulfilled except for condition (1).

Completion

CCCC Dredging shall, and the Company shall procure CCCC Dredging to, complete the filing or registration procedures for the change with the competent authority for industry and commerce within 60 days from the effective date of the Equity Transfer and Capital Increase Agreement or other dates as agreed by the parties. The completion shall take place on the date when the filing or registration procedures for the change with the competent authority for industry and commerce in relation to the Proposed Share Transfer and the Proposed Capital Increase has been completed (the “**Completion Date**”).

Profit or loss during the transition period

The amount of the profit or loss during the transition period from the Valuation Benchmark Date (excluding the date hereof) to the Completion Date (including the date hereof) shall be determined based on the auditor’s report for the transition period prepared by the auditor within 60 days from the Completion Date. If CCCC Dredging records profit during the transition period pursuant to the auditor’s report, CCCC Dredging shall pay such profit to the existing shareholders, i.e. CCCC and its subsidiary, CRBC, by way of dividend distribution in proportion to their shareholdings in CCCC Dredging; if CCCC Dredging records loss during the transition period pursuant to the auditor’s report, the Company guarantees that the existing shareholders, i.e. CCCC and its subsidiary, CRBC, will pay such loss to CCCC Dredging in cash in proportion to their shareholdings in CCCC Dredging.

If the Completion Date falls before the 15th day (including the date hereof) of a month, the audit period will commence from the Valuation Benchmark Date (excluding the date hereof) and end at the end of the preceding month; if the Completion Date falls after the 15th day (excluding the date hereof) of a month, the audit period will commence from the Valuation Benchmark Date (excluding the date hereof) and end at the end of that month.

POTENTIAL DISPOSAL OF NOT MORE THAN 40% OF THE ENLARGED ISSUED SHARE CAPITAL OF CCCC DREDGING BY THE COMPANY

Pursuant to the relevant PRC regulatory requirements, state-owned shares shall be transferred to third parties (other than the parent company and its subsidiaries) on an equity exchange in the PRC by way of public tender.

Apart from the Proposed Share Transfer, the Company proposed to further transfer not more than 5,519,895,784 shares in CCCC Dredging to third parties (other than CCCG and its subsidiaries) at the floor purchase price of RMB2.47 per share on an equity exchange in the PRC by way of public tender, representing not more than 40% of the enlarged issued share capital of CCCC Dredging.

Assuming that the Company will further transfer such 40% of the enlarged issued share capital of CCCC Dredging, the Company and its subsidiary, CRBC will hold 20% of the enlarged issued share capital of CCCC Dredging in total. Therefore, CCCC Dredging will cease to be a subsidiary of the Company and its financial results will be de-consolidated from those of the Company.

The Company will comply with the reporting, announcement and Shareholders' approval requirements (if applicable) in respect of the potential further transfer pursuant to the Hong Kong Listing Rules in due course.

GENERAL INFORMATION

(1) The Company

The Company is a leading transportation infrastructure enterprise in the PRC. It is primarily engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and knowhow accumulated from projects undertaken in a wide range of areas over the past six decades.

(2) CCCG

CCCG is a state-owned enterprise established under the laws of the PRC. It is the controlling Shareholder of the Company, holding approximately 59.91% 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.

(3) CCCC Dredging

CCCC Dredging is an enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement. The business scope of CCCC Dredging as set out in its business license includes in waterway dredging, port and waterway construction, international shipping, domestic waterway transportation, international maritime auxiliary business, domestic ship management business, water conservancy and hydropower construction, geotechnical engineering survey, soil and water geological survey, engineering survey and investigation, mineral resources exploitation, technology development, technical services, technology transfer and technical consultation in the field of new energy science, professional construction of offshore petroleum engineering, port management, professional construction of environmental protection engineering, municipal

public projects engineering, project investment management, warehousing (except dangerous goods), construction materials, reinforced concrete products, chemical products (excluding dangerous chemicals, monitoring chemicals, fireworks, inflammable and explosive materials, poisonous chemicals), machinery equipment, building installation equipment, marine engineering equipment, ship sales, leasing of self-owned equipment, overseas engineering projects contracting within strength, scale and performance, labor despatch for the overseas engineering projects, import and export business of goods and technology, and business information consultation.

As at 31 December 2018, the audited equity attributable to owners of the parent of CCCC Dredging was RMB30,332 million. The audited net profits of CCCC Dredging before and after taxation for the year ended 31 December 2018 were RMB1,553 million and RMB1,267 million, respectively. The audited net profits of CCCC Dredging before and after taxation for the year ended 31 December 2017 were RMB2,519 million and RMB1,955 million, respectively.

On 30 April 2019, CCCC Dredging distributed special dividends of RMB4,081 million to its existing shareholders, i.e. CCCC and its subsidiary, CRBC. According to the pro forma auditor's report prepared for the Proposed Share Transfer and the Proposed Capital Increase, the audited equity attributable to owners of the parent of CCCC Dredging was RMB26,251 million as at 31 December 2018.

The financial data in relation to CCCC Dredging as disclosed in this announcement was prepared in accordance with the China Accounting Standards for Business Enterprises.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon completion of the Proposed Share Transfer and the Proposed Capital Increase, the shares in CCCC Dredging to be held by CCCG will represent 40% of the enlarged issued share capital of CCCC Dredging. Assuming that the Company will further transfer 40% of the enlarged issued share capital of CCCC Dredging to third parties (other than CCCG and its subsidiaries) on an equity exchange in the PRC by way of public tender, the Company and its subsidiary, CRBC, will hold an aggregate of 20% of the enlarged issued share capital of CCCC Dredging in total. Therefore, CCCC Dredging will cease to be a subsidiary of the Company and its financial results will be de-consolidated from those of the Company.

The Company is a leading integrated service provider for ultra-large infrastructure in the global market, and its principal business is providing various customers in all parts of the world with integrated solution services for transportation infrastructure projects in the areas of investment, design, construction, operation and management. Meanwhile, CCCC Dredging is primarily engaged in dredging and land reclamation with core competitiveness from its all-round dredging vessels with optimized functions, which is capital-intensive and technology-intensive, and different from the Company in development characteristics and resources necessary for the operation. The proposed transactions will enable the Company to better concentrate on and make more centralized investment in its principal business of infrastructure, thus further strengthening its core competitiveness.

As of 31 December 2016, 2017, 2018 and 31 March 2019, the asset-liability ratios of the Company prepared in accordance with the China Accounting Standards for Business Enterprises were 76.67%, 75.78%, 75.05% and 74.56%, respectively, representing a moderate decrease year over year. The cash inflow generated from the Proposed Share Transfer is expected to be RMB8,634 million, and the cash inflow generated from the potential further transfer (assuming that the Company will further transfer 5,519,895,784 shares in CCCC Dredging to third parties (other than CCCG and its subsidiaries) at the floor purchase price of RMB2.47 per share) is expected to be RMB13,634 million. Upon completion of the transactions, the Company intends to use the proceeds to repay its bank loans, further lowering the asset-liability ratio, reducing finance costs and optimizing the capital structure of the Company.

The Company will continue to enjoy the shareholder's returns from the reform and development of CCCC Dredging through the retainment of 20% equity interest in CCCC Dredging upon completion of the proposed transactions. CCCC Dredging acts as one of the enterprises that participates in the "Double Hundred Actions" for the reform of state-owned enterprises, and the transactions will allow CCCG to strengthen and improve the efficiency in its management and control over CCCC Dredging, increase CCCC Dredging's recognition from external markets as becoming tier-one subsidiary of CCCG, which will in turn be conducive for CCCC Dredging to obtaining more support from national policies.

The total gain from the Proposed Share Transfer and the potential further transfer (before taxation payable in relation to the Proposed Share Transfer and the potential further transfer and other expenses, assuming that the Company will further transfer 5,519,895,784 shares in CCCC Dredging to third parties (other than CCCG and its subsidiaries) at the floor purchase price of RMB2.47 per share) is expected to be RMB2,170,335.0 thousand, which has been calculated using the formula that the considerations for the Proposed Share Transfer and the potential further transfer deducts the corresponding audited value of equity attributable to owners of the parent of CCCC Dredging as at 31 December 2018 as set out in the pro forma auditor's report. Wherein, the total gains from the Proposed Share Transfer and the potential further transfer are expected to be RMB841,509.9 thousand and RMB1,328,825.1 thousand respectively. Shareholders are reminded that the actual gain to be recognized shall be determined following the completion of the proposed transactions and is subject to the final amount disclosed in the annual report of the Company.

The Company intends to use the proceeds from the Proposed Share Transfer for the development of principal business of infrastructure, repayment of its bank loans, replenishment of its working capital, etc.

CONFIRMATION FROM DIRECTORS

Mr. LIU Qitao and Mr. SONG Hailiang, being the Directors of the Company, are also the directors of CCCG, and therefore are deemed to have material interests in the Proposed Share Transfer and the Proposed Capital Increase contemplated under the Equity Transfer and Capital Increase Agreement, and have abstained from voting on the relevant Board resolution. Save for the abovementioned Directors, none of the other Directors has or is deemed to have a material interest in the abovementioned connected transactions.

The Directors (excluding the independent non-executive Directors, whose opinion on the Proposed Share Transfer and the Proposed Capital Increase will be set forth in the circular by reference to the advice from the independent financial adviser in this regard), having made all reasonable and due enquiries, are of the view that the terms of the Equity Transfer and Capital Increase Agreement are fair and reasonable and on normal commercial terms and that the Proposed Share Transfer and the Proposed Capital Increase, although not conducted in the Company's ordinary and usual course of business due to its nature, are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS OF HONG KONG LISTING RULES

As at the date of this announcement, CCCG is the controlling Shareholder of the Company, holding approximately 59.91% interests in the issued ordinary shares of the Company. Accordingly, it is a connected person of the Company under the Hong Kong Listing Rules. The Proposed Share Transfer and the Proposed Capital Increase therefore constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Meanwhile, the Proposed Share Transfer and the Proposed Capital Increase shall be aggregated under Rules 14.22 and 14A.81 of the Hong Kong Listing Rules.

As the highest applicable percentage ratio when aggregated in respect of the Proposed Share Transfer and the Proposed Capital Increase under the Equity Transfer and Capital Increase Agreement exceeds 5% but is less than 25%, the transactions thereunder constitute discloseable transactions and connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Hong Kong Listing Rules.

EGM

An EGM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve, the Proposed Share Transfer and the Proposed Capital Increase. The Independent Board Committee comprising all independent non-executive Directors will be formed by the Company to advise the Independent Shareholders on the Proposed Share Transfer and the Proposed Capital Increase. Somerley Capital Limited, the independent financial adviser, has been appointed in accordance with the Hong Kong Listing Rules to advise the Independent Board Committee and the Independent Shareholders on the Proposed Share Transfer and the Proposed Capital Increase.

CCCG, which holds approximately 59.91% interests in the issued ordinary shares of the Company as at the date of this announcement, shall abstain from voting on the resolution approving the Proposed Share Transfer and the Proposed Capital Increase at the EGM. Saved as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the Proposed Share Transfer and the Proposed Capital Increase and therefore will be required to abstain from voting on the resolution approving the Proposed Share Transfer and the Proposed Capital Increase at the EGM. According to the Hong Kong Listing Rules, the resolution approving the Proposed Share Transfer and the Proposed Capital Increase shall be passed as an ordinary resolution and the voting shall be taken by way of poll.

The Company will issue a circular containing, among other things, further details of Proposed Share Transfer and the Proposed Capital Increase under the Equity Transfer and Capital Increase Agreement, the recommendation from the Independent Board Committee and the letter from the independent financial adviser in relation to the Proposed Share Transfer and the Proposed Capital Increase. As additional time is required to prepare and finalise the information to be contained in the circular, the circular will be dispatched to the Shareholders no later than 10 July 2019.

DEFINITIONS

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

“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 RMB
“Board”	the board of Directors
“CCCC Dredging”	CCCC Dredging (Group) Co., Ltd. (中交疏浚(集團)股份有限公司), being directly owned as to 99.9% by the Company and 0.1% by CRBC respectively, a wholly-owned subsidiary of the Company as at the date of this announcement

“CCCCG”	China Communications Construction Group (Limited) (中國交通建設集團有限公司), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company as at the date of this announcement
“China Tong Cheng”	China Tong Cheng Assets Appraisal Co. Ltd. (中通誠資產評估有限公司), a qualified independent valuer in the PRC
“Company” or “CCCC”	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 Main Board of the Shanghai Stock Exchange under the stock code 601800
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CRBC”	China Road and Bridge Corporation (中國路橋工程有限責任公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company scheduled to be convened and held on Monday, 5 August 2019 for the purpose of considering and, if thought fit, approving, among other matters, the Proposed Share Transfer and the Proposed Capital Increase
“Equity Transfer and Capital Increase Agreement”	the conditional equity transfer and capital increase agreement dated 18 June 2019 entered into among the Company, CCCG and CCCC Dredging in respect of the Proposed Share Transfer and the Proposed Capital Increase
“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

“H Share(s)”	overseas-listed foreign invested ordinary 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
“Independent Board Committee”	the committee of Directors consisting of Mr. HUANG Long, Mr. ZHENG Changhong and Mr. NGAI Wai Fung who are independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Proposed Share Transfer and the Proposed Capital Increase
“Independent Shareholders”	the Shareholders, other than CCCG and its associates who will abstain from voting on the relevant resolution in relation to the Proposed Share Transfer and the Proposed Capital Increase at the EGM
“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
“Proposed Capital Increase”	the proposed capital increase in CCCC Dredging by CCCG pursuant to the Equity Transfer and Capital Increase Agreement
“Proposed Share Transfer”	the proposed transfer of 3,495,604,287 shares in CCCC Dredging by the Company to CCCG pursuant to the Equity Transfer and Capital Increase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“%”	per cent

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

Beijing, the PRC
18 June 2019

As at the date of this announcement, the directors of the Company are LIU Qitao, SONG Hailiang, CHEN Yun, LIU Maoxun, QI Xiaofei, HUANG Long[#], ZHENG Changhong[#] and NGAI Wai Fung[#].

[#] *Independent non-executive Director of the Company*