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中國交通建設股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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

(Stock Code: 1800)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS WITH CCCG

- (1) ENTERING INTO THE SUPPLEMENTAL AGREEMENT I TO THE
FINANCIAL SERVICES AGREEMENT; AND**
**(2) ENTERING INTO THE SUPPLEMENTAL AGREEMENT II TO THE
MUTUAL PROJECT CONTRACTING FRAMEWORK AGREEMENT**

References are made to the announcement of the Company dated 29 August 2018, the circular of the Company dated 28 September 2018 and the announcement of the Company dated 2 January 2019 in relation to the continuing connected transactions under the Financial Services Agreement and the Mutual Project Contracting Framework Agreement. On 29 August 2018, CCCC Finance entered into the Financial Services Agreement with CCCG, pursuant to which CCCC Finance agreed to provide financial services to CCCG Group for the period from 1 January 2019 to 31 December 2021. On the same day, the Company entered into the Mutual Project Contracting Framework Agreement with CCCG, pursuant to which, for the three years from 1 January 2019 to 31 December 2021, the Group agreed to provide project contracting services to CCCG Group and CCCG Group agreed to provide labour and subcontracting services to the Group for its construction projects. On 2 January 2019, the Company and CCCG entered into the supplemental agreement to the Mutual Project Contracting Framework Agreement to revise the existing annual cap for the labour and subcontracting services fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2019 to RMB255 million.

The Board estimates that the maximum daily balance of loans provided by CCCC Finance to CCCG Group (including the interests accrued thereon) will probably exceed the existing maximum daily loan balance (including the interests accrued thereon) for the year ended 31 December 2019. Therefore, on 27 December 2019, CCCC Finance entered into the supplemental agreement I to the Financial Services Agreement with CCCG to revise the existing maximum daily loan balance (including the interests accrued thereon) under the Financial Services Agreement for the year ended 31 December 2019 from RMB1,200 million to RMB1,940 million. Besides, with regard to the loan services provided by CCCC Finance to CCCG Group, the reference basis of the lending interest rates is changed from the benchmark interest rate prescribed by the People's Bank of China for such type of loans to the rate quotations in the market.

The Board also estimates that the project contracting services fees payable to the Group by CCCG Group and the labour and subcontracting services fees payable to CCCG Group by the Group pursuant to the Mutual Project Contracting Framework Agreement will probably exceed the existing annual caps for the year ended 31 December 2019. Therefore, on 27 December 2019, the Company and CCCG entered into the supplemental agreement II to the Mutual Project Contracting Framework Agreement to revise the existing annual caps for project contracting services fees to be received by the Group from CCCG Group and the labour and subcontracting services fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2019 from RMB3,000 million to RMB6,000 million and from RMB255 million to RMB6,000 million, respectively.

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 57.96% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the revised maximum daily loan balance (including the interests accrued thereon) under the Financial Services Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Financial Services Agreement and the revised maximum daily loan balance (including the interests accrued thereon) are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the revised annual cap for the project contracting services fees and the labour and subcontracting services fees under the Mutual Project Contracting Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Mutual Project Contracting Framework Agreement and the revised annual cap are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

BACKGROUND

References are made to the announcement of the Company dated 29 August 2018, the circular of the Company dated 28 September 2018 and the announcement of the Company dated 2 January 2019 in relation to the continuing connected transactions under the Financial Services Agreement and the Mutual Project Contracting Framework Agreement.

On 29 August 2018, CCCC Finance entered into the Financial Services Agreement with CCCG, pursuant to which CCCC Finance agreed to provide financial services to CCCG Group for the period from 1 January 2019 to 31 December 2021. On the same day, the Company entered into the Mutual Project Contracting Framework Agreement with CCCG, pursuant to which, for the three years from 1 January 2019 to 31 December 2021, the Group agreed to provide project contracting services to CCCG Group and CCCG Group agreed to provide labour and subcontracting services to the Group for its construction projects. On 2 January 2019, the Company and CCCG entered into the supplemental agreement to the Mutual Project Contracting Framework Agreement to revise the existing annual cap for the labour and subcontracting services fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2019 to RMB255 million.

ENTERING INTO THE SUPPLEMENTAL AGREEMENT I TO THE FINANCIAL SERVICES AGREEMENT

Based on the increase in deposits of CCCG Group with CCCC Finance and its normal business needs, and subject to the condition 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, the Board estimates that the maximum daily balance of loans provided by CCCC Finance to CCCG Group (including the interests accrued thereon) will probably exceed the existing maximum daily loan balance (including the interests accrued thereon) for the year ended 31 December 2019. Therefore, on 27 December 2019, CCCC Finance entered into the supplemental agreement I to the Financial Services Agreement with CCCG to revise the existing maximum daily loan balance (including the interests accrued thereon) under the Financial Services Agreement for the year ended 31 December 2019 from RMB1,200 million to RMB1,940 million. Besides, with regard to the loan services provided by CCCC Finance to CCCG Group, the reference basis of the lending interest rates is changed from the benchmark interest rate prescribed by the People's Bank of China for such type of loans to the rate quotations in the market.

Save as disclosed above, all the existing principal terms of the Financial Services Agreement remain unchanged.

Revision of the existing annual cap

Details of the revision are set out as below:

Transaction	Actual maximum daily loan balance (including the interests accrued thereon) for the six months ended 30 June 2019	Original maximum daily loan balance (including the interests accrued thereon) for the year ended 31 December 2019	Revised maximum daily loan balance (including the interests accrued thereon) for the year ended 31 December 2019 <i>RMB million</i>
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The loan services provided by CCCC Finance
to CCCG Group

700

1,200

1,940

The above revised maximum daily loan balance (including the interests accrued thereon) under the Financial Services Agreement is determined with reference to the following factors: (i) the actual maximum daily balance of loans provided by CCCC Finance to CCCG Group (including the interests accrued thereon) for the six months ended 30 June 2019, which exceeds the expectation of the Company in determining the existing maximum daily loan balance (including the interests accrued thereon); and (ii) CCCG Group's increasing demand for the loan services provided by CCCC Finance under the Financial Services Agreement due to its normal business needs.

The Board further confirms that, as at the date of this announcement, the original maximum daily loan balance (including the interests accrued thereon) under the Financial Services Agreement for the year ended 31 December 2019 has not yet been exceeded.

Revision of pricing principle for loan services

With regard to the loan services provided by CCCC Finance 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, and the reference basis of the lending interest rates is changed from the benchmark interest rate prescribed by the People's Bank of China for such type of loans to the rate quoted in the market.

Reasons for and benefits of entering into the supplemental agreement into the Financial Services Agreement

CCCC Finance is a non-banking financial institution, offering comprehensive financial services to enterprises. The Company expects to benefit from the gains generated by the loan 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, which is in line with the Group's business development needs.

ENTERING INTO THE SUPPLEMENTAL AGREEMENT II TO THE MUTUAL PROJECT CONTRACTING FRAMEWORK AGREEMENT

According to the business development of the Company, the Board estimates that the project contracting services fees payable to the Group by CCCG Group and the labour and subcontracting services fees payable to CCCG Group by the Group pursuant to the Mutual Project Contracting Framework Agreement will probably exceed the existing annual caps for the year ended 31 December 2019. Therefore, on 27 December 2019, the Company and CCCG entered into the supplemental agreement II to the Mutual Project Contracting Framework Agreement to revise the existing annual caps for project contracting services fees to be received by the Group from CCCG Group and the labour and subcontracting services fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2019 from RMB3,000 million to RMB6,000 million and from RMB255 million to RMB6,000 million, respectively.

Save as disclosed above, all the existing principal terms of the Mutual Project Contracting Framework Agreement remain unchanged.

Revision of the existing annual cap

Details of the revision are set out as below:

Transaction	Actual amount for the six months ended 30 June 2019	Existing annual cap for the year ended 31 December 2019	Revised annual cap for the year ended 21 December 2019 <i>RMB million</i>
The project contracting services provided by the Group to CCCG Group	1,376	3,000	6,000
The labour and subcontracting services provided by CCCG Group to the Group	66	255	6,000

The revised annual cap for the project contracting services fees payable to the Group by CCCG Group pursuant to the Mutual Project Contracting Framework Agreement is determined with reference to the following factors: (i) the new business development of CCCG Group in the infrastructure construction and its demand for project contracting services, which exceed the estimation when determining the existing annual cap by the Company; (ii) the project contracting services fees payable to the Group by CCCG Group for the six months ended 30 June 2019; and (iii) the prevailing market price for comparable types of services in the same industry.

The revised annual cap for the labour and subcontracting services fees payable to CCCG Group by the Group pursuant to the Mutual Project Contracting Framework Agreement is determined with reference to the following factors: (i) the Group's demand for labour services from No. 4 Engineering Company and CCCC-AIDI. On 3 June 2019, the Group sold 67% equity interest of No. 4 Engineering Company and 100% equity interest of CCCC-AIDI to the subsidiary of CCCG, China Airport Construction Group Company Limited (中國民航機場建設集團有限公司). Upon completion of the disposals, No. 4 Engineering Company and CCCC-AIDI will become subsidiaries of CCCG, and are therefore the connected persons of the Company under Hong Kong Listing Rules. For details of the disposals, please refer to the announcement of the Company dated 3 June 2019; (ii) the labour and subcontracting services fees payable to CCCG Group by the Group for the six months ended 30 June 2019, which exceed the estimation when determining the existing annual cap by the Company; and (iii) the prevailing market price for comparable types of services in the same industry.

The Board further confirms that, as at the date of this announcement, the existing annual caps for project contracting services fees to be received by the Group from CCCG Group and the labour and subcontracting services fees to be received by CCCG Group from the Group pursuant to the Mutual Project Contracting Framework Agreement for the year ended 31 December 2019 have not yet been exceeded.

Reasons for and benefits of entering into the supplementary agreement II of the Mutual Project Contracting Framework Agreement

The Group provides the project contracting services for the construction of real property projects that may be undertaken by CCCG Group. As real property project related development falls within CCCG's business scope and CCCG is exploring its real property project related infrastructure construction business (for which CCCG has made certain progress), which require the project contracting services, the Directors consider that the Group could benefit from providing such services to CCCG Group as the Company could generate the revenue from the services provided and also gain more experience in the relevant industries. Pursuant to the new development of the CCCG Group's business in the field of infrastructure construction and its demand for the Group's provision of project contracting services, the revision of the existing annual cap for the project contracting services fees payable to the Group by CCCG Group under the Mutual Project Contracting Framework Agreement for the year ended 31 December 2019 is in line with the operation and development of the Group.

As the Company has successfully participated in certain airport construction projects in recent years, to avoid horizontal competition, on 3 June 2019, the Group sold 67% equity interest of No. 4 Engineering Company and 100% equity interest of CCCC-AIDI to the subsidiary of CCCG, China Airport Construction Group Company Limited (中國民航機場建設集團有限公司). Upon completion of the disposals, No. 4 Engineering Company and CCCC-AIDI will become subsidiaries of CCCG, are therefore the connected persons of the Company under Hong Kong Listing Rules. The disposals will facilitate further integration of the industry chain of China Airport Construction Group Company Limited, while the Company will be able to focus more on the development of its principal business. The Directors consider that, by choosing CCCG Group (including No. 4 Engineering Company and CCCC-AIDI) as its supplier of labour and subcontracting services, the Company can benefit from its relatively lower price quotations, its understanding of the Company's business and its extensive experience and technology in the provision of such services.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 57.96% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the revised maximum daily loan balance (including the interests accrued thereon) under the Financial Services Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Financial Services Agreement and the revised maximum daily loan balance (including the interests accrued thereon) are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the revised annual cap for the project contracting services fees and the labour and subcontracting services fees under the Mutual Project Contracting Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Mutual Project Contracting Framework Agreement and the revised annual cap are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

CONFIRMATION BY THE BOARD

Mr. Liu Qitao, Mr. Song Hailiang, Mr. Liu Maoxun and Mr. Qi Xiaofei, being the Directors of the Company, are also the directors of CCCG, and therefore are deemed to have a material interest in the abovementioned continuing connected transactions and have abstained from voting on the relevant Board resolutions. Save for the above Directors, none of the other Directors has or is deemed to have a material interest in the abovementioned transactions.

The Directors of the Company, including the independent non-executive Directors, having made all reasonable and due enquiries, are of the view that the Financial Services Agreement and the Mutual Project Contracting Framework Agreement and the transactions contemplated thereunder 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. The Directors of the Company, including the independent non-executive Directors, are also of the view that the terms and revised annual cap of the transactions under such agreements are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

BACKGROUND AND GENERAL INFORMATION OF THE PARTIES

The Company is a leading transportation infrastructure enterprise in the PRC. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, river basin, road and bridge, railway, tunnel, rail transit, municipal infrastructure, environmental protection and land reclamation at home and abroad. The Company 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 know-how accumulated from projects undertaken in a wide range of areas over the past six decades.

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.

CCCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 57.96% interest 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.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CCCC-AIDI”	CCCC Airport Investigation and Design Institute Co., Ltd. (中交機場勘察設計院有限公司), a wholly-owned subsidiary of CCCG upon completion of the disposals

“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
“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
“CCCCG Group”	CCCCG and its subsidiaries, excluding the Company and its subsidiaries
“Company”	China Communications Construction Company Limited, a joint stock 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”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Directors”	the directors of the Company
“Financial Services Agreement”	the financial services agreement entered into between CCCC Finance and CCCG on 29 August 2018, as amended by the supplemental agreement I entered into on 27 December 2019
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG on 29 August 2018, as amended by the supplemental agreement entered into on 2 January 2019 and the supplemental agreement II entered into on 27 December 2019
“No. 4 Engineering Company”	No. 4 Engineering Co., Ltd. of CCCC First Harbor Engineering Co., Ltd. (中交一航局第四工程有限公司), a non-wholly-owned subsidiary of CCCG upon completion of disposal
“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

“%” percent

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

Beijing, the PRC
27 December 2019

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

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