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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 CONNECTED TRANSACTION**

The Board hereby announces that on 30 November 2017, the Vendor (a connected subsidiary of the Company), the Purchaser (a wholly-owned subsidiary of the Company), CCCC Brazil and LAC entered into the Purchase and Sale Agreement, pursuant to which the Purchaser has agreed to purchase from the Vendor the Sale Shares, representing approximately 23.99% equity interests of CCCC Brazil as at the date of this announcement. On the same day, the Vendor and the Purchaser also entered into the Mutual Agreement in relation to certain major terms of the Purchase and Sale Agreement.

As at the date of this announcement, CCCC Brazil holds 80% equity interests of Concremat as a result of the Concremat SPA in January 2017. Accordingly, the Purchaser will indirectly be interested in approximately 19.19% equity interests of Concremat through its holdings in CCCC Brazil upon Completion.

CCCC Brazil is currently negotiating the Reverse Merger with Concremat. Upon completion of the Reverse Merger, CCCC-Concremat will be the surviving legal entity. The then shareholders of CCCC Brazil and Concremat will hold equity interests in CCCC-Concremat directly, and it is expected that the Purchaser will directly hold approximately 19% equity interests of CCCC-Concremat.

The Vendor is a subsidiary of the Company. As at the date of this announcement, CCCG Overseas Real Estate Pte. Ltd., a connected person of the Company by virtue of being a subsidiary of CCCG (the controlling shareholder of the Company), holds more than 10% voting power in the Vendor. As such, the Vendor is a connected subsidiary of the Company by virtue of Rule 14A.16 of the Hong Kong Listing Rules. Therefore, the purchase of Sale Shares by the Purchaser from the Vendor under the Purchase and Sale Agreement constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the purchase of Sale Shares under the Purchase and Sale Agreement exceeds 0.1% but is less than 5%, the transaction is subject to announcement, but is exempt from independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

## **INTRODUCTION**

The Board hereby announces that on 30 November 2017, the Vendor (a connected subsidiary of the Company), the Purchaser (a wholly-owned subsidiary of the Company), CCCC Brazil and LAC entered into the Purchase and Sale Agreement, pursuant to which the Purchaser has agreed to purchase from the Vendor the Sale Shares, representing approximately 23.99% equity interests of CCCC Brazil as at the date of this announcement. On the same day, the Vendor and the Purchaser also entered into the Mutual Agreement in relation to certain major terms of the Purchase and Sale Agreement.

As at the date of this announcement, CCCC Brazil holds 80% equity interests of Concremat as a result of the Concremat SPA in January 2017. Accordingly, the Purchaser will indirectly be interested in approximately 19.19% equity interests of Concremat through its holdings in CCCC Brazil upon Completion.

CCCC Brazil is currently negotiating the Reverse Merger with Concremat. Upon completion of the Reverse Merger, CCCC-Concremat will be the surviving legal entity. The then shareholders of CCCC Brazil and Concremat will hold equity interests in CCCC-Concremat directly, and it is expected that the Purchaser will directly hold approximately 19% equity interests of CCCC-Concremat.

## **PURCHASE AND SALE AGREEMENT**

The principal terms of the Purchase and Sale Agreement are set out as follows:

**Date:** 30 November 2017

**Parties:**

- (1) the Vendor;
- (2) the Purchaser;
- (3) CCCC Brazil, as the target company; and
- (4) LAC, as the existing shareholder

**Subject Matter:** Pursuant to the Purchase and Sale Agreement, the Purchaser has agreed to purchase the Sale Shares from the Vendor, representing approximately 23.99% equity interests of CCCC Brazil as at the date of this announcement. Upon Completion, the Vendor, the Purchaser and LAC will hold approximately 52.02%, 23.99% and 23.99% equity interests of CCCC Brazil, respectively.

Upon Completion, the Purchaser will indirectly be interested in approximately 19.19% equity interests of Concremat through its holdings in CCCC Brazil.

The Vendor has guaranteed that the Purchaser's direct equity interests in Concremat/CCCC-Concremat will not be reduced below 19% as a result of potential payments of additional contingent price by the Vendor to the sellers under the Concremat SPA (see the paragraph headed "Consideration" below for details).

**Conditions Precedent:** The conditions precedent to the Completion are set out as follows:

- (i). each of the Vendor and the Purchaser having performed and complied with all of its respective undertakings in all material respects;
- (ii). each of the Vendor and the Purchaser having delivered its respective duly executed certificate of an authorized officer to each other;
- (iii). each of the Vendor and the Purchaser having provided copies of its respective corporate approvals to each other;
- (iv). no material adverse event with respect to Concremat and its subsidiaries; and
- (v). other reasonable and customary conditions.

**Completion:** Completion shall take place on the date that all the conditions precedent under the Purchase and Sale Agreement have been fulfilled or waived.

**Consideration:** The consideration payable by the Purchaser under the Purchase and Sale Agreement consists of the purchase price of approximately US\$21.55 million (equivalent to approximately HK\$168.20 million) and the holdback payments.

The holdback payments are in relation to the additional contingent price payable by CCCC Brazil to the sellers under the Concremat SPA. Upon completion of the Reverse Merger, CCCC Brazil will not exist, and the Vendor shall pay the outstanding additional contingent price to the sellers under the Concremat SPA. If the Vendor and its subsidiaries (excluding Concremat and its subsidiaries) pay any additional contingent price, the Purchaser shall repay the corresponding amount to the Vendor on a pro rata basis based on the proportion of the interest held by the Purchaser in Concremat/CCCC-Concremat to the interest held by the Vendor and its subsidiaries in Concremat/CCCC-Concremat. The aggregate holdback payments shall not exceed approximately R\$11.29 million (equivalent to approximately HK\$27.43 million).

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the original acquisition cost of 80% equity interests of Concremat by CCCC Brazil, which amounted to R\$330 million (equivalent to approximately HK\$801.74 million), and the financial performance and market position of Concremat.

**Payment:** The purchase price and the holdback prepayment shall be paid in cash and shall be satisfied by the internal resources of the Company.

At Completion, the Purchaser shall pay the purchase price plus a holdback prepayment of approximately US\$1.79 million (equivalent to approximately HK\$13.97 million) to the Vendor. Additional holdback payment (if any) shall be settled between the Purchaser and Vendor on an annual basis at the beginning of the succeeding year as agreed to by the parties.

**Reverse Merger:** After the Completion, CCCC Brazil will merge into Concremat. Upon completion of the Reverse Merger, the Purchaser will directly hold approximately 19% equity interests in CCCC-Concremat.

## **MUTUAL AGREEMENT**

On the same day, the Vendor and the Purchaser entered into the Mutual Agreement, the principal terms of which are set out as follows:

**Date:** 30 November 2017

**Parties:** (1) the Vendor; and  
(2) the Purchaser

**Reverse Merger:** The Vendor shall endeavor to make the completion of the Reverse Merger take place within six months after the execution date of the Purchase and Sale Agreement. If the completion of Reverse Merger does not take place within that period, the Purchaser is entitled to (i) continue to hold the equity interests of CCCC Brazil through written notification and request the Vendor to revise the shareholders agreement and articles of association of CCCC Brazil; or (ii) request the Vendor to purchase the Sale Shares through written notification, and the Vendor shall purchase and make the payment in cash within 90 days upon receipt of the notification.

**Put-back Option:** The Purchaser has the right to request the Vendor to purchase the Sale Shares or shares (known as “quotas” under Brazilian law) of CCCC-Concremat through written notification in the event that (i) the Vendor violates warranties and undertakings in transaction documents in material respects, which results in material adverse change of Concremat’s/CCCC-Concremat’s business operation; or (ii) Concremat/CCCC-Concremat or its related party is involved in corruption or fraud which might affect the Purchaser’s reputation.

The repurchase price payable by the Vendor amounts to the actual consideration paid by the Purchaser to the Vendor under the Purchase and Sale Agreement. The Purchaser is entitled to the unpaid dividend from CCCC-Concremat. The Vendor shall make the payment within 90 days upon receipt of the notification.

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

The Group has acquired 80% equity interests of Concremat in January 2017. The purpose of the transactions under the Purchase and Sale Agreement and the Reverse Merger is to restructure the shareholding structure of Concremat. The transactions do not have any material impact on the assets or liabilities of the Group.

The Purchaser has extensive experience in engineering and design of water transportation infrastructure. It has a very competitive and professional management and experts team in that field. Upon completion of the Reverse Merger, the Purchaser will directly hold approximately 19% equity interests in CCCC-Concremat and could participate in the decision-making process by appointing one director in the board. As such, the Purchaser could deliver its expertise and technologies in water transportation infrastructure to CCCC-Concremat, increase the profitability of relevant business segment and its market share in Brazil. The transactions will enhance the investment returns of the Group's acquisition of Concremat. In the meanwhile, Concremat is a well-known engineering consultation company in Brazil. The Purchaser will be able to acquire the advanced engineering consultation and management ability from the local managers of CCCC-Concremat, and might achieve more overseas projects in Brazil or even South America as the shareholder of CCCC-Concremat. The transactions also give the Purchaser a chance to get familiar with local technical standard, thus laying a solid foundation for the synergy between the Company and Concremat.

## **INFORMATION OF CCCC BRAZIL AND CONCREMAT**

CCCC Brazil was incorporated in Brazil in December 2016. According to the unaudited financial statement of CCCC Brazil prepared in accordance with Brazilian GAAP, the net asset value of CCCC Brazil was approximately R\$254.36 million (equivalent to approximately HK\$617.97 million) as at 30 June 2017. In 2016, the revenue of CCCC Brazil was nil, and its net profit/(loss) before taxes and extraordinary items and net profit/(loss) after taxes and extraordinary items were both R\$(1.17) million (equivalent to approximately HK\$(2.84) million)

On 27 January 2017, CCCC Brazil acquired 80% equity interests of Concremat. Concremat was incorporated in Brazil in August 1972. It is primarily engaged in the business of providing engineering services, construction consulting services, hydraulic and gas refine device installations to public and private sector entities.

According to the unaudited consolidated financial statement of Concremat prepared in accordance with Brazilian GAAP, the net asset value of Concremat was approximately R\$170.32 million (equivalent to approximately HK\$413.79 million) as at 30 June 2017. Set out below are revenue and the net profit/(loss) attributable to Concremat (before and after taxes and extraordinary items) in accordance with Brazilian GAAP for the preceding two financial years:

	<b>For the year ended 31 December</b>			
	<b>2016</b>		<b>2015</b>	
	<i>(R\$ million)</i>	<i>(HK\$ million)</i>	<i>(R\$ million)</i>	<i>(HK\$ million)</i>
Revenue	<b>826.00</b>	<b>2,006.77</b>	1,064.31	2,585.75
Net profit/(loss) after taxes and extraordinary items	<b>(19.54)</b>	<b>(47.47)</b>	36.35	88.31
Net profit/(loss) before taxes and extraordinary items	<b>(21.60)</b>	<b>(52.48)</b>	44.03	106.97

## **CONFIRMATION FROM THE DIRECTORS**

Mr. Liu Qitao and Mr. Chen Fenjian are considered to have material interest in the Purchase and Sale Agreement and the transactions contemplated thereunder, and have abstained from voting on the relevant Board resolution. Save for Mr. Liu Qitao and Mr. Chen Fenjian, none of the other Directors has or is deemed to have a material interest in the Purchase and Sale Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors), having made all reasonable and due inquiries, are of the opinion that the Purchase and Sale Agreement and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiation, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **HONG KONG LISTING RULES IMPLICATIONS**

The Vendor is a subsidiary of the Company. As at the date of this announcement, CCCG Overseas Real Estate Pte. Ltd., a connected person of the Company by virtue of being a subsidiary of CCCG (the controlling shareholder of the Company), holds more than 10% voting power in the Vendor. As such, the Vendor is a connected subsidiary of the Company by virtue of Rule 14A.16 of the Hong Kong Listing Rules. Therefore, the purchase of Sale Shares by the Purchaser from the Vendor under the Purchase and Sale Agreement constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the purchase of Sale Shares under the Purchase and Sale Agreement exceeds 0.1% but is less than 5%, the transaction is subject to announcement, but is exempt from independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

## **BACKGROUND AND THE GENERAL INFORMATION OF THE PARTIES**

The Company is a leading transportation infrastructure enterprise in the PRC with its core businesses of infrastructure construction, infrastructure design and dredging. 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 know-how accumulated from projects undertaken in a wide range of areas over the past six decades.

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the PRC. It is primarily engaged in the whole industry chain from industrial research, consultancy, investment and financing, planning, design, general contracting to engineering supervision in the areas of water transportation, construction, municipal, bridge, ocean, environmental protection, logistics and etc.

The Vendor is a non-wholly-owned subsidiary of the Company incorporated in Grand Duchy of Luxembourg. It is primarily engaged in providing whole-package infrastructure solution to clients in Latin America, from upfront studies, engineering, financing, construction to management and operation and investment of infrastructure assets.

CCCC Brazil is a non-wholly-owned subsidiary of the Company incorporated in Brazil. It is primarily engaged in providing whole-package infrastructure solution to clients in Latin America, from upfront studies, engineering, financing, construction to management and operation and investment of infrastructure assets.

LAC is a fund co-sponsored by Export and Import Bank of China and State Administration of Foreign Exchange. It is primarily engaged in equity investment in energy, infrastructure, agriculture, manufacturing, IT and other sectors in Latin America. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, LAC and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **DEFINITIONS**

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

“Board”	the board of directors of the Company
“Brazil”	the Federative Republic of Brazil
“Brazilian GAAP”	the accounting principles generally accepted and in force in Brazil, according to: (i) the Brazilian Corporations Law; (ii) specific rules issued by the Brazilian Securities and Exchange Commission; and (iii) the accounting standards defined by the Brazilian Federal Accounting Council and the Brazilian Public Accountants Institute
“CCCC Brazil”	China Communications Construction Company (Brazil) Participações Ltda., a limited liability company organized and existing under the laws of Brazil and a connected subsidiary of the Company
“CCCC-Concremat”	the surviving entity resulting from the Reverse Merger
“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

“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
“Completion”	completion of the transactions contemplated under the Purchase and Sale Agreement
“Concremat”	Concremat Engenharia e Tecnologia S.A., a corporation organized and existing under the laws of Brazil and an 80%-owned subsidiary of CCCC Brazil as at the date of this announcement
“Concremat SPA”	the share purchase and sale agreement entered into by, among others, CCCC Brazil and Concremat on 10 January 2017, pursuant to which CCCC Brazil agreed to purchase 80% equity interests of Concremat
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong Listing Rules”	The Rules Governing the Listing of Shares on The Stock Exchange of Hong Kong Limited
“LAC”	ZLCFD Luxembourg S.à.r.l., a company organized and existing under the laws of Grand Duchy of Luxembourg
“Mutual Agreement”	the agreement in relation to the Purchase and Sale Agreement entered into between the Vendor and the Purchaser on 30 November 2017
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchase and Sale Agreement”	the quota purchase and sale agreement entered into among the Vendor, the Purchaser, CCCC Brazil and LAC on 30 November 2017, pursuant to which the Purchaser has agreed to purchase the Sale Shares from the Vendor
“Purchaser”	CCCC Water Transportation Consultants Co., Ltd. (中交水運規劃設計院有限公司), a company organized and existing under the laws of PRC and a wholly-owned subsidiary of the Company
“Reverse Merger”	the merger of CCCC Brazil into Concremat as elaborated in the paragraph headed “Reverse Merger” in the section headed “Purchase and Sale Agreement” in this announcement

“RMB”	the lawful currency of the PRC
“R\$”	the lawful currency of Brazil
“Sale Shares”	73,741,633 shares (known as “quotas” under Brazilian law) of CCCC Brazil, representing approximately 23.99% total issued shares of CCCC Brazil as at the date of this announcement
“Shareholder(s)”	the shareholder(s) of the Company
“US\$”	the lawful currency of the United States
“Vendor”	CCCC South America Regional Company S.à.r.l., a company organized and existing under the laws of Grand Duchy of Luxembourg and a connected subsidiary of the Company
“%”	percent

*For the purpose of this announcement, unless the context otherwise requires, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 to HK\$7.8053 and conversion of R\$ into HK\$ is based on the approximate exchange rate of R\$1.00 to HK\$2.4295. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$, US\$ or R\$ have been, could have been or may be converted at such or any other rate or at all.*

By Order of the Board  
**China Communications Construction Company Limited**  
**LIU Qitao**  
*Chairman*

Beijing, the PRC  
30 November 2017

*As at the date of this announcement, the directors of the Company are LIU Qitao, CHEN Fenjian, FU Junyuan, CHEN Yun, LIU Maoxun, QI Xiaofei, HUANG Long<sup>#</sup>, ZHENG Changhong<sup>#</sup> and NGAI Wai Fung<sup>#</sup>.*

<sup>#</sup> *Independent non-executive director of the Company*