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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
MUTUAL PRODUCT SALES AND PURCHASE AGREEMENT ENTERED
INTO BETWEEN THE COMPANY AND CCCG**

On 29 March 2018, the Company entered into the Mutual Product Sales and Purchase Agreement with CCCG, pursuant to which the Group agreed to sell and CCCG Group agreed to purchase material products, while CCCG Group agreed to sell and the Group agreed to purchase engineering products for the period from 29 March 2018 to 31 December 2018.

As at the date of this announcement, CCCG is the controlling shareholder of the Company holding approximately 63.84% 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 the Mutual Product Sales and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the proposed annual caps for the transactions contemplated under the Mutual Product Sales and Purchase Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Mutual Product Sales and Purchase Agreement and the proposed annual caps are subject to the reporting, annual review and announcement requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

BACKGROUND

On 29 March 2018, the Company entered into the Mutual Product Sales and Purchase Agreement with CCCG, pursuant to which the Group agreed to sell and CCCG Group agreed to purchase material products, while CCCG Group agreed to sell and the Group agreed to purchase engineering products for the period from 29 March 2018 to 31 December 2018.

MUTUAL PRODUCT SALES AND PURCHASE AGREEMENT

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

Date

29 March 2018

Parties

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

Term

From 29 March 2018 to 31 December 2018

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:

- (1) 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
- (2) 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
- (3) 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.

In addition, the fees received from the aforesaid sales of material products and paid for the purchase of engineering products, and regular reports will be submitted to the independent non-executive directors of the Company for their annual review on the above pricing, so as to ensure their fairness and reasonableness. The directors of the Company consider that the methods and procedures will ensure that the transactions to be conducted on normal commercial terms, and will not prejudice the interests of the Company and its Shareholders.

PROPOSED ANNUAL CAPS AND THEIR BASIS

The Company estimates that the proposed cap for the fees to be received by the Group for the year ended 31 December 2018 in respect of sales of material products to CCCG Group under the Mutual Product Sales and Purchase Agreement would be RMB300 million after taking into account the following factors: (i) the prevailing market price of material products; (ii) CCCG Group's development plan in 2018 and its need for material products; and (iii) the Group's current capacity.

The Company estimates that the proposed cap for the fees to be paid by the Group for the year ended 31 December 2018 in respect of purchase of engineering products from CCCG Group under the Mutual Product Sales and Purchase Agreement would

be RMB2,000 million after taking into account the following factors: (i) the prevailing market price of engineering products; (ii) the Group's development plan in 2018 and its need for engineering products; (iii) CCCG Group's current capacity.

The Company confirmed that the actual fees for sales and purchase of products between the Group and CCCG Group fell within the de minimis threshold under the Hong Kong Listing Rules during the period from 1 January 2018 to the date of this announcement.

REASONS AND BENEFITS

Upon completion of the negotiated transfer of its 29.99% equity interests in ZPMC by the Group to CCCG Group, CCCG Group has become the largest shareholder of ZPMC with the business of engineering machine and ship machine manufacturing. The Board considers 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. The purchase of engineering products from CCCG Group can better ensure the standards of technology, quality, delivery and technical support of the products to 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 the material products such as the material 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 Board is also of the view that the Group can benefit from the sales of material products to CCCG Group.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, CCCG is the controlling shareholder of the Company holding approximately 63.84% 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 the Mutual Product Sales and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the proposed annual caps for the transactions contemplated under the Mutual Product Sales and Purchase Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Mutual Product Sales and Purchase Agreement and the proposed annual caps are subject to the reporting, annual review and announcement requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

BOARD CONFIRMATION

The directors (including the independent non-executive directors) consider that the above-mentioned continuing connected transactions under the Mutual Product Sales and Purchase Agreement have been entered into in the ordinary and usual course of business of the Company. The directors (including the independent non-executive directors) consider that the above-mentioned continuing connected transactions are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The directors (including the independent non-executive directors) are also of the view that the proposed annual caps for the above-mentioned continuing connected transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Mr. Liu Qitao and Mr. Chen Fenjian are also directors of CCCG, and are deemed to have material interests in the transactions under the above-mentioned continuing connected transactions and have abstained from voting on the relevant Board resolution. Save for the directors mentioned above, none of the other directors has or is deemed to have a material interest in the above-mentioned transactions.

BACKGROUND AND 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.

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling shareholder of the Company, holding approximately 63.84% interests in the issued ordinary shares of the Company as at the date of this announcement. CCCG is primarily engaged in real property development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, consulting and construction 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
“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/or its subsidiaries (excluding the Group)
“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 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
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Mutual Product Sales and Purchase Agreement”	the mutual product sales and purchase agreement entered into between the Company and CCCC on 29 March 2018
“RMB”	the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

“ZPMC” Shanghai Zhenhua Heavy Industries Co., Ltd (上海振華重工(集團)股份有限公司), a company incorporated on 14 February 1992 in the PRC and listed on the Shanghai Stock Exchange, and a non-wholly owned subsidiary of CCCG

“%” percent

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

Beijing, the PRC
29 March 2018

As at the date of this announcement, the Directors are LIU Qitao, CHEN Fenjian, FU Junyuan, CHEN Yun, LIU Maoxun, QI Xiaofei, HUANG Long#, ZHENG Changhong# and NGAI Wai Fung#.

Independent non-executive Director