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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 PROJECT CONTRACTING FRAMEWORK AGREEMENT
ENTERED INTO BETWEEN THE COMPANY AND CCCG

Reference is made to the announcement of the Company dated 28 March 2017 in relation to the Original Mutual Project Contracting Framework Agreement. On 28 March 2017, the Company and CCCG entered into the Original Mutual Project Contracting Framework Agreement, pursuant to which, during the period from 28 March 2017 to 31 December 2017, 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.

In order to renew the transactions under the Original Mutual Project Contracting Framework Agreement, on 29 March 2018, the Company and CCCG entered into the Mutual Project Contracting Framework Agreement 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 therefore, is a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the Mutual Project Contracting Framework Agreement will 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 Project Contracting Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Mutual Project Contracting Framework 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

Reference is made to the announcement of the Company dated 28 March 2017 in relation to the Original Mutual Project Contracting Framework Agreement. On 28 March 2017, the Company and CCCG entered into the Original Mutual Project Contracting Framework Agreement, pursuant to which, during the period from 28 March 2017 to 31 December 2017, 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.

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MUTUAL PROJECT CONTRACTING FRAMEWORK AGREEMENT

The principal terms of the Mutual Project Contracting Framework Agreement are set out below:

Date

29 March 2018

Parties

- (1) The Company; and
- (2) CCCG

Term

Commencing from 29 March 2018 to 31 December 2018

Description of the transactions

The Group agreed to provide project contracting services to CCCG Group, which may include (i) provision of construction services for real property development projects that may be undertaken by CCCG Group; (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and (iii) consultancy and management services that may be required for the development of real property projects.

CCCG Group agreed to provide labour and subcontracting services to the Group for its construction projects, which may include (i) provision of labour services; and (ii) provision of subcontracting services for those construction projects that may be undertaken by the Group.

Price determination

The fees payable by CCCG Group for the project contracting services provided by the Group shall be arrived at arm's length negotiation between the parties with reference to and taking into account the factors set out below:

- (1) with reference to the prevailing market prices;
- (2) after taking into consideration the various aspects of the projects, such as project scale, construction period, technical difficulties and risk factors; and
- (3) the Group will refer to its quotations for similar services to independent third parties, so as to assess and review whether the services quotations provided by the Group to CCCG Group in accordance with items (1) and (2) above are fair and reasonable.

The fees collected by CCCG Group for the labour and subcontracting services provided to the Group shall be agreed upon by arm's length negotiation between the parties and specified in agreement entered into for each transaction in accordance with the following market-oriented pricing principles:

- (1) The fee proposed by CCCG Group for each future transaction shall be made with reference to its expected costs incurred, such as labour costs and management costs. CCCG Group is entitled to charge the service fees with a price at the costs plus profit margin of comparable transactions in the market after taking into account the actual circumstances for each future transaction; and
- (2) The Group will seek fee quotes for similar services from two independent third parties on a quarterly basis in the market in order to assess and review the fairness and reasonableness of the quotes for the services proposed by CCCG Group in accordance with item (1) above.

Further, such project contracting service fees and regular reports will be submitted to the independent non-executive Directors for their annual review on the pricing, so as to ensure their fairness and reasonableness. The Directors consider that the methods and procedures can ensure that the transactions will be conducted on normal commercial terms and not be prejudicial to the interests of the Company or its shareholders.

PROPOSED ANNUAL CAPS AND THEIR BASIS

The Company estimates that the proposed annual cap for the project contracting service fees payable by CCCG Group to the Group under the Mutual Project Contracting Framework Agreement for the year ended 31 December 2018 would be RMB2,550 million after taking into account the following factors: (i) the prevailing market price of service fees charged for project contracting services; (ii) CCCG Group's development plan in real property project related development industry and its need for project contracting services; (iii) the historical transaction amounts in respect of the provision of project contracting services by the Group to CCCG Group; (iv) the Group's current construction capacity; and (v) the demands of ZPMC. As the Group completed the transfer of an aggregate of 29.99% equity interest in ZPMC to CCCG Group on 27 December 2017, and upon completion of the transfer, ZPMC is a subsidiary of CCCG, which is the controlling Shareholder, and thus a connected person of the Company under the Hong Kong Listing Rules. For more details of the equity transfer, please refer to the announcements of the Company dated 18 July 2017 and 27 December 2017 and the circular of the Company dated 11 August 2017.

The Company estimates that the proposed annual cap for the labour and subcontracting service fees payable by the Group to CCCG Group under the Mutual Project Contracting Framework Agreement for the year ended 31 December 2018 would be RMB100 million after taking into account the following factors: (i) the prevailing market price for comparable types of services in the same industry; (ii) the Group's construction plan and its need for labour and subcontracting services for the year 2018; (iii) CCCG Group's current capacity; and (iv) the above-mentioned impact of the equity transfer of ZPMC.

The Company confirmed that, during the period from 1 January 2018 to the date of this announcement, the project contracting service fees and labour and subcontracting service fees actually incurred between the Group and CCCG Group fell within the de minimis threshold under the Hong Kong Listing Rules.

Set out below are the historical transaction amounts in respect of the provision of project contracting services by the Group to CCCG Group and the provision of labour and subcontracting services by CCCG Group to the Group for the three financial years ended 31 December 2017:

	For the year ended 31 December		
	2015	2016	2017
	<i>(RMB million)</i>		
The provision of project contracting services by the Group to CCCG Group	140	658	591
The provision of labour and subcontracting services by CCCG Group to the Group	0	17	16

REASONS AND BENEFITS

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 development business, and due to the demands of ZPMC in PPP investment projects, 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 real property construction industry.

As the Company is mainly engaged in the transportation infrastructure industry, it may require labour and subcontracting services from time to time during the course of its ordinary business. By selecting CCCG Group as a provider of such services, the Directors are of the view that the Company can benefit from its relatively low fee quote, knowledge of the Company's business and its extensive experience and expertise in providing such services.

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 therefore, is a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the Mutual Project Contracting Framework 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 Project Contracting Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Mutual Project Contracting Framework 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 Project Contracting Framework 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 of the Company (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 resolution of the Board. 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 estate 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
“CCCCG Group”	CCCCG and 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 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
“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
“Original Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCC on 28 March 2017
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG 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