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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
CAPITAL INCREASE IN CORE USA

On 19 October 2018, Zhen Hua HK (a wholly-owned subsidiary of the Company), entered into the Capital Increase Agreement with CCCG Overseas Real Estate (a non-wholly owned subsidiary of CCCG), pursuant to which Zhen Hua HK agreed to make a capital contribution of US\$55,513,457.62 (equivalent to approximately HK\$435,131,134.86) to CORE USA in cash.

As at the date of this announcement, CCCG Overseas Real Estate is a subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 59.91% interests in the Company. CCCG Overseas Real Estate is thus a connected person of the Company. As such, the Capital Increase under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the Capital Increase under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the Capital Increase Agreement and the transaction contemplated thereunder is subject to the announcement requirement but is exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

BACKGROUND

The Board hereby announces that on 19 October 2018, Zhen Hua HK (a wholly-owned subsidiary of the Company), entered into the Capital Increase Agreement with CCCG Overseas Real Estate (a non-wholly owned subsidiary of CCCG), pursuant to which Zhen Hua HK agreed to make a capital contribution of US\$55,513,457.62 (equivalent to approximately HK\$435,131,134.86) to CORE USA in cash.

THE CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are set out below:

Date: 19 October 2018

Parties: (1) CCCG Overseas Real Estate; and
(2) Zhen Hua HK

Subject Matter:	Shareholder	Shareholding before the Capital Increase	Capital contribution in the Capital Increase		Shareholding after the Capital Increase
			(US\$)	(HK\$)	
	CCCG Overseas Real Estate	100%	0	0	49%
	Zhen Hua HK	0%	55,513,457.62	435,131,134.86	51%

As at the date of this announcement, the share capital of CORE USA is US\$49,191,663.44 (equivalent to approximately HK\$385,579,015.54). Upon completion of the Capital Increase, the share capital of CORE USA will be US\$104,705,121.06 (equivalent to approximately HK\$820,710,150.40).

The amount of the capital contribution made by Zhen Hua HK under the Capital Increase Agreement was determined after arm's length negotiations between the parties with reference to the appraised net assets value of CORE USA as at 31 August 2018 (i.e. the valuation date) of US\$53,336,459.28 (equivalent to approximately HK\$418,067,168.77) asset out in the assets valuation report prepared by an independent and duly qualified valuer using the asset-based approach and the capital demands for future development of CORE USA and its subsidiary(ies).

Payment of the capital contribution: The capital contribution shall be made by Zhen Hua HK within ten business days from the effective date of the Capital Increase Agreement in cash.

Completion: CORE USA shall issue the capital contribution certificates to the parties and the parties shall complete the filing and registration of the new articles of association of CORE USA in Delaware, the USA within twenty business days from the receipt date the capital contribution. The completion shall take place when the abovementioned matters are both completed.

Use of the increased capital: The increased capital will mainly be used to finance a real estate project located in Los Angeles, the USA.

Board of directors: Upon completion of the Capital Increase, the board of directors of CORE USA will comprise three directors, including two directors nominated by Zhen Hua HK and one director nominated by CCCG Overseas Real Estate, respectively.

REASONS FOR AND BENEFITS OF THE TRANSACTION

CCCG Overseas Real Estate has extensive experience and resources in overseas projects and real estate development and holds a professional overseas real estate development management team. The Capital Increase will enable the Company and its subsidiary to enhance the cooperation with CCCG Overseas Real Estate and invest in the Grand Avenue Project located in Los Angeles, the USA, which is beneficial to the profitability of the Company and is in the interests of the Company and its Shareholders as a whole.

INFORMATION OF CORE USA

CORE USA was incorporated in Delaware, the USA in January 2016 and is primarily engaged in real estate investment.

According to the unaudited consolidated financial statements of CORE USA prepared pursuant to the international financial reporting standards, the net book value of the assets of CORE USA was US\$31,834,522.08 (equivalent to approximately HK\$249,528,534.42) as at 30 June 2018. Set out below is the net profit / (loss) attributable to CORE USA (before and after taxes and extraordinary items) for the two financial years ended 31 December 2016 and 2017.

	For the year ended		For the year ended	
	31 December 2016		31 December 2017	
	<i>(US\$)</i>	<i>(HK\$)</i>	<i>(US\$)</i>	<i>(HK\$)</i>
Net profit / (loss) after taxes and extraordinary items	0	0	(2,997,167.96)	(23,492,701.62)
Net profit / (loss) before taxes and extraordinary items	0	0	(2,997,167.96)	(23,492,701.62)

CONFIRMATION FROM DIRECTORS

Mr. Liu Qitao, the Director of the Company, is also the director of CCCG and therefore is deemed to have a material interest in the Capital Increase, and has abstained from voting on the relevant Board resolution. Save for Mr. Liu Qitao, none of the other Directors has or is deemed to have a material interest in the abovementioned connected transaction.

The Directors (including the independent non-executive Directors), having made all reasonable and due inquiries, are of the opinion that the terms of the Capital Increase Agreement are fair and reasonable and on normal commercial terms, and the Capital Increase contemplated thereunder, although not conducted in the ordinary and usual course of the business of the Company, is in the interests of the Company and its Shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, CCCG Overseas Real Estate is a subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 59.91% interests in the Company. CCCG Overseas Real Estate is thus a connected person of the Company. As such, the Capital Increase under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the Capital Increase under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the Capital Increase Agreement and the transaction contemplated thereunder is subject to the announcement requirement but is exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

GENERAL INFORMATION

(1) The Company

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.

(2) Zhen Hua HK

Zhen Hua HK is a wholly-owned subsidiary of the Company established under the laws of Hong Kong. Zhen Hua HK is primarily engaged in civil engineering and construction of ports, roads and bridges.

(3) CCCG Overseas Real Estate

CCCG Overseas Real Estate is an enterprise established in Singapore with limited liabilities and a subsidiary of CCCG. It is primarily engaged in real estate development and management, and real estate related asset management and technical consultation.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Capital Increase”	the capital increase to CORE USA by Zhen Hua HK contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into between Zhen Hua HK and CCCG Overseas Real Estate in relation to the Capital Increase in CORE USA on 19 October 2018
“CCCG”	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
“CCCG Overseas Real Estate	CCCG Overseas Real Estate Pte. Ltd. (中交海外房地產有限公司), a company established in Singapore with limited liabilities and a subsidiary of CCCG
“Company”	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC, 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”	has the meaning ascribed to it under the Hong Kong Listing Rules

“CORE USA”	CORE (USA) Investment Holding LLC (中交海外地產(美國)投資控股有限公司), a company incorporated in the USA and which is a wholly-owned subsidiary of CCCG Overseas Real Estate prior to the Capital Increase
“Director(s)”	the director(s) of the Company
“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
“Shareholder(s)”	the shareholder(s) of the Company
“US\$”	the lawful currency of the United States of America
“Zhen Hua HK”	Zhen Hua Engineering Company Limited (振華工程有限公司), a wholly-owned 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\$7.8383. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in US\$ or HK\$ 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
ZHOU Changjiang
Company Secretary

Beijing, the PRC
19 October 2018

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

Independent non-executive Director of the Company

* *For identification purpose only*