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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)

**CONNECTED TRANSACTION
TOTAL RETURN SWAP ARRANGEMENT RELATING TO
SECURITIES ISSUED BY A CONNECTED PERSON**

On 21 December 2018, CCCI (a wholly-owned subsidiary of the Company), the Issuer, Greentown China, the Placing Agents and the Subscribers entered into the Subscription Agreement, pursuant to which, among other things, the Issuer agreed to issue and the Subscribers agreed to subscribe for securities in total principal amount of US\$500 million.

On the same date, as one of the conditions precedent of the Subscription Agreement, CCCI entered into Financial Contracts with each of the Subscribers, pursuant to which, among other things, each of the Subscribers shall pass through to CCCI full economic exposure to securities acquired by it under the Subscription Agreement.

As at the date of this announcement, CCCG is a controlling shareholder of the Company, holding approximately 59.91% interests in the Company. Greentown China is a non-wholly owned subsidiary of CCCG, and the Issuer is a wholly-owned subsidiary of Greentown China, therefore both Greentown China and the Issuer are connected persons of the Company under the Listing Rules. CCCI is a wholly-owned subsidiary of the Company, therefore the Subscription Agreement and the Total Return Swap Arrangement of securities issued by the Issuer under the Financial Contracts constitute a connected transaction of the Company.

As the highest applicable percentage ratio of the above connected transaction exceeds 0.1% but is less than 5%, therefore, the above connected transaction is subject to the announcement requirement but is exempted from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

INTRODUCTION

On 21 December 2018, CCCI (a wholly-owned subsidiary of the Company), the Issuer, Greentown China, the Placing Agents and the Subscribers entered into the Subscription Agreement, pursuant to which, among other things, the Issuer agreed to issue and the Subscribers agreed to subscribe for securities in total principal amount of US\$500 million.

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SUBSCRIPTION AGREEMENT

The principal terms and conditions of the Subscription Agreement are set out below:

Parties:	CCCI (as swap counterparty) Issuer Greentown China (as guarantor) Placing Agents Subscribers
Date:	21 December 2018
Issue price:	100% of principal amount of securities
Issue of securities:	Subject to certain conditions for completion, the Issuer shall issue securities in total principal amount of US\$500 million at the issue price of 100% of the principal amount of the securities. The securities will be guaranteed by Greentown China and will have the benefit of the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking to be provided by CCCG.
Distribution rate:	Subject to terms and conditions of the securities, the securities confer a right of receiving distributions (each a “ Distribution ”) semi-annually from the Issue Date. The initial distribution rate for the period from the Issue Date (including such date) to the First Call Date (excluding such date) shall be 10% per annum. For the Reset Distribution Period, the reset distribution rate will be determined by the prevailing three-year US Treasury rate plus the initial spread of 7.342% plus 500 basis points.

Provided, in each case, that in the event of the occurrence of a change of control triggering event, if the Issuer does not elect to redeem the securities within 30 days of a change of control triggering event in accordance with the terms and conditions of the securities, then the prevailing distribution rate applicable to the securities shall be increased by 5.00% per annum from the next payment date of Distribution (or, if the relevant event occurs on or after the date which is two business days prior to the next payment date of Distribution, the next following payment date of Distribution).

Redemption at the option of the Issuer:

The Issuer may at its option redeem the securities wholly (but not partially) on the First Call Date or any payment date of Distribution after the First Call Date (each being a “**Call Date**”).

Status of securities:

The securities constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves and at least pari passu with all other present and future unsecured, unconditional and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Status of guarantee:

The guarantee provided by Greentown China in respect of the securities constitutes a direct, unsecured, unconditional and unsubordinated obligation of the Greentown China which ranks at least pari passu with all other present and future unsecured, unconditional and unsubordinated obligations of the Greentown China, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Financial Contracts:

Subscribers shall only be under obligation to subscribe for securities and pay the subscription amount, if, among other things, each of the Subscribers has entered into a Financial Contract with CCCI respectively, pursuant to which, the Subscribers shall pass through to CCCI full economic exposure to securities acquired by it under the Subscription Agreement.

FINANCIAL CONTRACTS

The principal terms and conditions of the Financial Contracts are set out below:

Parties:	Each of the Subscribers CCCI
Trade Date:	21 December 2018
Effective date:	Closing Date
Expected Date of Termination:	Three business days after the First Call Date
Nominal amount:	An aggregate amount of US\$500 million (for the Subscribers), subject to further adjustments under the Financial Contracts
Reference obligation:	The securities described under “Issue of securities” above
Total Return Swap Arrangement:	CCCI shall pay a margin (“ Margin ”) equivalent to 25% of the nominal amount to each of the Subscribers before the effective date of the Financial Contract.

Each of the Subscribers shall pay CCCI semi-annually any amount of Distribution (“**Total Return Amount**”) according to the applicable nominal amount.

CCCI shall pay each of the Subscribers semi-annually an amount (“**Fixed Amount**”) calculated on an amount equal to the difference between the nominal amount and the applicable Margin and shall not exceed 6% per annum.

In the event that the Issuer redeems the securities on or before the Expected Date of Termination, then (i) each of the Subscribers shall pay to CCCI the gains from such redemption (if any), any due but unpaid Total Return Amount and applicable Margin; and (ii) CCCI shall pay to each of the Subscribers any loss from such redemption (if any), any accrued and unpaid Fixed Amount and any applicable costs.

In the event that the Issuer fails to redeem the securities on the Expected Date of Termination, the Subscribers shall strive to obtain the bid quotations for such securities, after that (i) each of the Subscribers shall pay CCCI the reference obligation value (determined by the highest quotation for the sale of the corresponding amount of reference obligation; if no quotation is available, then the value shall be zero), any due but unpaid Total Return Amount, applicable Margin and any gains (after deducting applicable expenses); and (ii) CCCI shall pay each of the Subscribers their respective nominal amount, any accrued and unpaid Fixed Amount and any applicable costs.

The Company will not have ownership or beneficial interest in the securities, and will treat such Financial Contracts as derivatives in its consolidated financial statements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT AND FINANCIAL CONTRACTS

On 31 March 2016, CCCI, Greentown China and the banks entered into the subscription agreement and financial contracts (“**Previous Total Return Swap Arrangement**”) in respect of the issuance of US dollar perpetual securities by the wholly-owned subsidiary of Greentown China with a total principal amount of US\$400 million, their terms were substantially the same as those in the current transaction. The Previous Total Return Swap Arrangement has brought annual gains, as of the date of this announcement, no event that triggers the requirement of additional margin or the mandatory suspension of transaction has occurred, and Greentown China has not triggered any default clauses.

According to the prevailing market environment and the gains from the Previous Total Return Swap Arrangement, the Company considers that the Total Return Swap Arrangement is a favourable investment opportunity. The Company considers that the Total Return Swap Arrangement under the Financial Contract will bring substantial investment gains to the Group. After considering that (i) CCCG has provided liquidity support undertaking; and (ii) Greentown China has provided guarantee for the securities, the Company is of the view that the investment risk under the Financial Contracts is relatively low.

CONFIRMATION FROM DIRECTORS

Mr. Liu Qitao and Mr. Song Hailiang, being the directors of the Company, are also the directors of CCCG, and therefore are deemed to have material interests in the Subscription Agreement and the Total Return Swap Arrangement of the securities issued by the Issuer under the Financial Contracts, and have abstained from voting on the relevant Board resolution. Save for the aforesaid Directors, none of the other directors of the Company has or is deemed to have a material interest in the above connected transaction.

Having made all reasonable and due enquiries, the Directors (including independent non-executive Directors) are of the view that the above connected transaction is fair and reasonable and conducted on normal commercial terms, although not carried out in the ordinary and usual course of business of the Company, it is in the interest of the Company and the shareholders as a whole.

IMPLICATIONS OF LISTING RULES

As at the date of this announcement, CCCG is a controlling shareholder of the Company, holding approximately 59.91% interests in the Company. Greentown China is a non-wholly owned subsidiary of CCCG, and the Issuer is a wholly-owned subsidiary of Greentown China, therefore both Greentown China and the Issuer are connected persons of the Company under the Listing Rules. CCCI is a wholly-owned subsidiary of the Company, therefore the Subscription Agreement and the Total Return Swap Arrangement of securities issued by the Issuer under the Financial Contracts constitute a connected transaction of the Company.

As the highest applicable percentage ratio of the above connected transaction exceeds 0.1% but is less than 5%, therefore, the above connected transaction is subject to the announcement requirement but is exempted from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

(1) The Company

The Company is a leading transportation infrastructure enterprise in the PRC with its core businesses in infrastructure construction, infrastructure design and dredging. It is primarily engaged in providing customers with integrated solution services for various stages of 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) CCCG

CCCG is a state-owned enterprise established under the laws of the PRC, and is the controlling shareholder of the Company, holding approximately 59.91% of 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, ship construction, ship leasing and maintenance, marine engineering, vessel and port ancillary equipment consulting and construction services, import and export businesses, investment and management in transportation industry and other business.

(3) Greentown China

Greentown China is a leading real estate developer in the PRC, which is primarily engaged in the development, sales, leasing, management and long-term holding of quality real estate properties, and supply of various types of high quality residential properties, such as villas, mansion houses, low-rise apartments and high-rise apartments, city complex, integrated communities as well as hotels and commercial properties.

(4) Subscribers

The Subscribers are professional financial institutions in the global financial markets.

As the conditions precedent for the completion of the Subscription Agreement and the Financial Contracts may or may not be fulfilled, and the Subscription Agreement and the Financial Contracts may be terminated upon the occurrence of certain events, shareholders of the Company and potential investors are advised to exercise caution when dealing in the H Shares of the Company.

DEFINITION

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

“Board”	the board of the directors of 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
“CCCI”	CCCC International Holding Limited (中交國際(香港)控股有限公司), a wholly-owned subsidiary of the Company
“Closing Date”	28 December 2018 or such other date not later than 31 January 2019 as may be agreed by the parties to the Subscription Agreement and in compliance with the terms of the Subscription Agreement
“Company”	China Communications Construction Company Limited (中國交通建設股份有限公司), a joint stock company incorporated in the PRC with limited liability, its H shares are listed on The Stock Exchange of Hong Kong Limited (stock code: 1800) and its A shares are listed on the Shanghai Stock Exchange (stock code: 601800)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Equity Interest Purchase Undertaking ”	the deed of equity interest purchase, investment and liquidity support undertaking in respect of the securities executed by the Issuer, Greentown China, CCCG and Trustee on or around the Closing Date
“Director(s)”	director(s) of the Company
“Expected Date of Termination”	three business days after the First Call Date
“Financial Contract(s)”	The arrangement(s) entered into between each of the Subscribers and CCCI, pursuant to which (i) CCCI shall provide an agreed amount of Margin to each of the Subscribers first before obtaining leverage on securities; and (ii) each of the Subscribers shall pass through to CCCI full economic exposure to securities, subject to the agreed terms between each of the Subscribers and CCCI
“First Call Date”	The third anniversary of the Closing Date, or, if such day is not a business day, the next following business day
“Greentown China”	Greentown China Holdings Limited, a company incorporated under the laws of Cayman Islands, its H shares are listed on The Stock Exchange of Hong Kong Limited (stock code: 3900)
“Group”	The Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issue Date”	Closing Date
“Issuer”	Twinkle Lights Holdings Limited (耀麗控股有限公司), a wholly-owned subsidiary of Greentown China
“Keepwell Deed”	The keepwell deed entered into by the Issuer, Greentown China, CCCG and the Trustee in respect of the securities on or around the Closing Date
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“nominal amount”	The nominal amount of the Financial Contracts, details are set out in the paragraph headed “Financial Contracts — Nominal amount” of this announcement
“payment date of Distribution”	28 June and 28 December in each year, starting on (and including) 28 June 2019
“percentage ratio”	Has the meaning ascribed to it under the Listing Rules
“Placing Agents”	Credit Suisse (Hong Kong) Limited and the Hongkong and Shanghai Banking Corporation Limited, each of them is a “Placing Agent”
“PRC”	The People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reset Date”	each of the First Call Date and each day falling every three years after the First Call Date
“Reset Distribution Period”	the period from the First Call Date (including such date) to the next following Reset Date (excluding such date), and each successive period from a Reset Date including such date) to the next succeeding Reset Date (excluding such date)
“securities” or “reference obligation”	Senior perpetual bonds with a total principal amount of US\$500 million to be issued by the Issuer
“Subscribers”	Credit Suisse AG, Singapore Branch and the Hongkong and Shanghai Banking Corporation Limited, each of them is a “Subscriber”
“Subscription Agreement”	The agreement dated 21 December 2018 entered into between the Issuer, Greentown China, Placing Agents, Subscribers and CCCI in respect of the issuance of securities
“Total Return Swap Arrangement”	The arrangement under the Financial Contracts, details are set out in “Financial Contracts — Total Return Swap Arrangement” of this announcement

“Trustee” DB Trustees (Hong Kong) Limited, the trustee of the securities
“US\$” US dollars, the lawful currency of the United States of America
“%” Per cent

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

Beijing, the PRC

21 December 2018

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

[#] Independent non-executive Directors of the Company