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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:  
DISPOSAL OF SHARES IN UNITED DEVELOPMENT**

On 27 December 2018, the Company and CCCG Real Estate entered into the Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to sell and CCCG Real Estate has conditionally agreed to acquire the entire shares in United Development at a consideration of RMB866,346,200 in cash.

Upon completion of the Proposed Disposal, the Company will no longer hold any share in United Development. Therefore, United Development will cease to be a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Company.

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

As the highest applicable percentage ratio of the Proposed Disposal exceeds 0.1% but is less than 5%, the Proposed Disposal is subject to the announcement requirement but is exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

## **BACKGROUND**

On 27 December 2018, the Company and CCCG Real Estate entered into the Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to sell and CCCG Real Estate has conditionally agreed to acquire the entire shares in United Development at a consideration of RMB866,346,200 in cash.

Upon completion of the Proposed Disposal, the Company will no longer hold any share in United Development. Therefore, United Development will cease to be a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Company.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

### **Date of the agreement**

27 December 2018

### **Parties**

- (1) Transferor:                      The Company; and
- (2) Transferee:                     CCCG Real Estate

### **Asset to be disposed of**

According to the terms and conditions of the Equity Transfer Agreement, the Company has agreed to sell and CCCG Real Estate has agreed to acquire the entire shares in United Development.

### **Consideration**

According to the Equity Transfer Agreement, the consideration for the Proposed Disposal is RMB866,346,200.

The consideration for the Proposed Disposal was determined after arm's length negotiations by reference to the appraised net assets value (i.e. RMB866,346,200) of United Development as at the Valuation Benchmark Date as set out in the asset valuation report prepared by a qualified independent PRC valuer using the asset-based approach.

## **Profit and loss during the transition period**

The profit generated by United Development during the period commencing from the Valuation Benchmark Date and ending on the completion date shall be enjoyed by CCCG Real Estate, while the loss incurred shall be borne by the Company and the consideration shall be adjusted accordingly. If the completion date falls in the first half of a month, the profit and loss during the transition period shall be calculated up to the end of the preceding month of the completion date; if the completion date falls in the second half of a month, the profit and loss during the transition period shall be calculated up to the end of the current month of the completion date.

## **Payment**

The consideration for the Proposed Disposal shall be paid by two instalments as follows:

- (1) CCCG Real Estate shall pay 90% of the consideration (i.e. RMB779,711,580) to the Company within ten business days after the Equity Transfer Agreement becomes effective; and
- (2) CCCG Real Estate shall pay the net amount to the Company equivalent to the remaining 10% of the consideration (i.e. RMB86,634,620) minus the audited loss during the transition period (if any) within ten business days after the completion date and the completion of audit for the transition period.

## **Completion**

The completion date is the date when the Equity Transfer Agreement becomes effective and CCCG Real Estate has completed the payment of 90% of the consideration to the Company. The change in the industrial and commercial registration for the equity transfer in United Development shall be completed by 31 January 2019.

## **REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL**

The Company is a global leading integrated service provider for super large-scale infrastructure, and its core business is providing various customers in all parts of the world with integrated solution services for transportation infrastructure projects in areas of investment, design, construction, operation and management. Currently, United Development is principally engaged in real estate related business with relatively large investment, which shares limited synergies with the Company's principal business of transportation infrastructure construction. Therefore, through the transfer of shares in United Development, the Company will be able to focus more on the development of its own principal business with more concentrated investment of resources to further enhance the core competitiveness of the Company, and its profitability will also be further enhanced.

The total gains from the Proposed Disposal (after taxation payable by the Company in relation to the Proposed Disposal and other expenses) is expected to be approximately RMB182,271,600, which is calculated with reference to the appraised net assets value of United Development as at the Valuation Benchmark Date and the net assets value of United Development as at 30 September 2018. In light of the specific circumstances of the Company, the gains from the Proposed Disposal is intended to be used flexibly to supplement its working capital, repay the bank loans and invest in the project.

## **INFORMATION ABOUT UNITED DEVELOPMENT**

United Development was incorporated in the PRC on 18 June 2002, and is principally engaged in property development, project investment, investment management, asset management, economic and trade consulting, corporate management consulting, corporate planning, technology promotion services, sales of self-developed commodity housing, building materials, etc.

According to the audited consolidated financial statements prepared by United Development in accordance with the China Accounting Standards for Business Enterprises, the net assets value of United Development as at 30 September 2018 was RMB623,317,300. The net profit/(loss) (before and after taxation and extraordinary items) attributable to United Development for the two preceding financial years according to the China Accounting Standards for Business Enterprises is set out below:

	<b>For the year ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
		<i>RMB</i>
Net profit/(loss) before taxation and extraordinary items	(29,834,900)	31,615,100
Net profit/(loss) after taxation and extraordinary items	(27,269,000)	22,267,500

## **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 Proposed Disposal, and have abstained from voting on the relevant Board resolution. Save for the aforesaid Directors, none of the other Directors has or is deemed to have a material interest in the above transaction.

The Directors (including independent non-executive Directors), having made all reasonable and due enquiries, are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms, and that the Proposed Disposal, although not conducted in the ordinary and usual course of business of the Company, is in the interest of the Company and the Shareholders as a whole.

## **IMPLICATIONS OF HONG KONG LISTING RULES**

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

As the highest applicable percentage ratio of the Proposed Disposal exceeds 0.1% but is less than 5%, the Proposed Disposal 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 in infrastructure construction, infrastructure design and dredging. It is primarily engaged in providing customers with integrated solution 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) CCCG Real Estate**

CCCG Real Estate is a joint stock company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of CCCG. It is primarily engaged in property development and operation business, industrial investment, property management, high-tech development, equipment leasing, sales of building materials and hardware, etc.

## **DEFINITIONS**

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

“Board”	the board of directors of the Company
“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 Real Estate”	CCCG Real Estate Corporation Limited (中交地產股份有限公司), a joint stock limited company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange, and a non-wholly owned subsidiary of CCCG as at the date of this announcement
“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 (Stock Code: 1800) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601800)
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 27 December 2018 entered into between the Company and CCCG Real Estate in respect of the Proposed Disposal
“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, for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Proposed Disposal”	the proposed disposal of all the shares of United Development held by the Company to CCCG Real Estate pursuant to the Equity Transfer Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“United Development”	Beijing United Development Co., Ltd. (北京聯合置業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement

“Valuation Benchmark      30 September 2018  
Date”

“%”                              per cent

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

Beijing, the PRC  
27 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<sup>#</sup>, ZHENG Changhong<sup>#</sup> and NGAI Wai Fung<sup>#</sup>.*

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