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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 WITH CCCG

- (1) REVISION OF THE EXISTING ANNUAL CAP UNDER THE MUTUAL PROJECT CONTRACTING FRAMEWORK AGREEMENT; AND**
(2) ENTERING INTO THE PROPERTY LEASING FRAMEWORK AGREEMENT

I. REVISION OF THE EXISTING ANNUAL CAP UNDER THE MUTUAL PROJECT CONTRACTING FRAMEWORK AGREEMENT

References are made to the announcement of the Company dated 29 August 2018 and the circular of the Company dated 28 September 2018 in relation to, among others, the continuing connected transactions under the Mutual Project Contracting Framework Agreement. On 29 August 2018, the Company and CCCG entered into the Mutual Project Contracting Framework Agreement, pursuant to which, for the three years from 1 January 2019 to 31 December 2021, 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.

The Board estimates that labour and subcontracting service fees payable to CCCG Group by the Group pursuant to the Mutual Project Contracting Framework Agreement will probably exceed the existing annual cap for the year ended 31 December 2019. Therefore, on 2 January 2019, the Company and CCCG entered into the supplemental agreement to the Mutual Project Contracting Framework Agreement to revise the existing annual cap for the labour and subcontracting service fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2019 from RMB115 million to RMB255 million.

II. ENTERING INTO THE PROPERTY LEASING FRAMEWORK AGREEMENT

On 2 January 2019, the Company and CCCG entered into the Property Leasing Framework Agreement, pursuant to which CCCG Group agreed to lease certain properties and auxiliary facilities owned by it to the Group from 2 January 2019 to 31 December 2019 for the Group's operation or as its offices.

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 59.91% 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 Project Contracting Framework Agreement and the Property Leasing Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the revised annual cap for labour and subcontracting service fees 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 revised annual cap are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual cap under the Property Leasing Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Property Leasing Framework Agreement and the proposed annual cap are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

I. REVISION OF THE EXISTING ANNUAL CAP UNDER THE MUTUAL PROJECT CONTRACTING FRAMEWORK AGREEMENT

1. Background

References are made to the announcement of the Company dated 29 August 2018 and the circular of the Company dated 28 September 2018 in relation to, among others, the continuing connected transactions under the Mutual Project Contracting Framework Agreement.

On 29 August 2018, the Company and CCCG entered into the Mutual Project Contracting Framework Agreement, pursuant to which, for the three years from 1 January 2019 to 31 December 2021, 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.

2. Revision of the Existing Annual Cap under the Mutual Project Contracting Framework Agreement

According to the business development of the Company, the Board estimates that labour and subcontracting service fees payable to CCCG Group by the Group pursuant to the Mutual Project Contracting Framework Agreement will probably exceed the existing annual cap for the year ended 31 December 2019. Therefore, on 2 January 2019, the Company and CCCG entered into the supplemental agreement to the Mutual Project Contracting Framework Agreement to revise the existing annual cap for the labour and subcontracting service fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2019 from RMB115 million to RMB255 million.

Details of the revision are set out as below:

Transaction	Actual amount for the six months ended 30 June 2018	Existing annual cap for the year ended 31 December 2019	Revised annual cap for the year ended 31 December 2019
			<i>RMB million</i>

Provision of labour

and subcontracting services

to the Group by CCCG

Group

11

115

255

The revised annual cap for the labour and subcontracting service fees payable to CCCG Group by the Group pursuant to the Mutual Project Contracting Framework Agreement is determined with reference to the following factors: (i) according to informatization and application requirement, the Group will accept a series of technical services from CCCG Group which exceeds the estimations made when determining the existing annual cap; (ii) the prevailing market price for comparable types of services in the same industry; and (iii) the Group's demand for labour services from China Communications Information Center. On 21 December 2018, CCCG made a capital contribution in cash of RMB318 million in China Communications Information Center, while the Group made a capital contribution in China Communications Information Center with its 58% equity interests in CCCC ZiGuang. As China Communications Information Center is a subsidiary of CCCG after the completion of the capital increase, it is a connected person of the Company under the Hong Kong Listing Rules. For details about the capital increase, please refer to the announcement of the Company dated 21 December 2018.

The Board further confirms that, as at the date of this announcement, both the existing service fee caps for provision of project contracting services by the Group to CCCG Group and provision of labour and subcontracting services by CCCG Group to the Group pursuant to the Mutual Project Contracting Framework Agreement for the period ended 31 December 2018 have not yet been exceeded.

Save as disclosed above, all the existing principal terms of the Mutual Project Contracting Framework Agreement remain unchanged.

3. Reasons and Benefits

China Communications Information Center has always been providing a series of technical services for the Group. Leveraging on the industry background and advantages of CCCG to maximize its brand value and strive to develop information industry business, the Company entered into the capital increase agreement with CCCG on 21 December 2018, pursuant to which, CCCG and the Group will respectively make a capital contribution in China Communications Information Center in cash of RMB318 million and with its 58% equity interests in CCCC ZiGuang. After the completion of the capital increase, China Communications Information Center will be the subsidiary of CCCG, and will therefore be a connected person of the Company under the Hong Kong Listing Rules. The capital increase will be conducive to extend the system and mechanism advantages of China Communications Information Center as the trial enterprise of the state-owned enterprise reform “Double Hundred Action” to the fullest, and participate in the reform and share its benefits, establish a comprehensive communication digital service provider worldwide to further enhance the Company’s revenue, which in turn is beneficial to the realization of the interests of the Company and its Shareholders as a whole. The Directors also consider that, by choosing CCCG Group (including China Communications Information Center) as its supplier of labour and subcontracting services, the Company can benefit from its relatively lower price quotations, its understanding of the Company’s business and its extensive experience and technology in the provision of such services.

II. ENTERING INTO THE PROPERTY LEASING FRAMEWORK AGREEMENT

1. Background

On 2 January 2019, the Company and CCCG entered into the Property Leasing Framework Agreement, pursuant to which CCCG Group agreed to lease certain properties and auxiliary facilities owned by it to the Group from 2 January 2019 to 31 December 2019 for the Group’s operation or as its offices.

2. Property Leasing Framework Agreement

The principal terms of the Property Leasing Framework Agreement are set out below:

Date

2 January 2019

Parties

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

Term

From 2 January 2019 to 31 December 2019

Description of the Transaction

CCCG Group agreed to lease certain properties and auxiliary facilities owned by it to the Group for the Group's operation or as its offices. Such properties and auxiliary facilities include but are not limited to the office building “中交大厦” and other properties and ancillary facilities situated at several locations.

Price Determination

The fees receivable by CCCG Group for leasing the properties and auxiliary facilities to the Group shall be determined at arm's length negotiation between the parties considering the factors set out below:

- (1) with reference to the prevailing market prices;
- (2) after taking comprehensive consideration of the relevant aspects of the properties, such as gross floor area, decoration facilities, geographical location, etc.;
- (3) price quotations for similar properties and auxiliary facilities offered by CCCG Group to independent third parties; and
- (4) the Group will seek price quotations for similar properties and auxiliary facilities from two independent third parties on an annual basis in the market or conduct market research on the rental prices of nearby properties in order to assess and review the fairness and reasonableness of the quotations proposed by CCCG Group with reference to items (1), (2) and (3) above.

Further, fees payable for the above leasing 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 such methods and procedures can ensure that the transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company or its Shareholders.

Separate Contracts

In respect of each lease, the Group and the relevant member of CCCG Group will enter into separate contract(s). The terms of each contract will be in line with the terms of the Property Leasing Framework Agreement and shall be enforceable if and only if the Property Leasing Framework Agreement continues to be effective.

3. Historical Amounts

Set out below are the historical amounts for the leasing of the properties and auxiliary facilities by CCCG Group to the Group during the two financial years ended 31 December 2017 and the six months ended 30 June 2018:

Transaction	Actual amount for the year ended 31 December 2016	Actual amount for the year ended 31 December 2017	Actual amount for the six months ended 30 June 2018
			<i>RMB million</i>
Leasing of the properties and auxiliary facilities by CCCG Group to the Group	100	99	70

4. Proposed Annual Cap and Its Basis for Determination

As International Financial Reporting Standard 16 “Leases” has become effective on 1 January 2019 and applied to financial years beginning on or after 1 January 2019, with respect to the continuing connected transactions in 2019 for which the Group as the lessee, the Group will be required to set annual cap on the total value of right-of-use assets relating to the leases which it entered into in accordance with the requirements of the Hong Kong Stock Exchange.

After taking account of the following factors, the Company estimates that the proposed annual cap for the year ended 31 December 2019 on the total value of right-of-use assets involved in the leasing of certain properties and auxiliary facilities from CCCG Group to the Group pursuant to the Property Leasing Framework Agreement will be RMB200 million: (i) the prevailing price of relevant properties and auxiliary facilities and the future growth of rent; (ii) the demand of the Group for leasing of certain properties and auxiliary facilities owned by CCCG Group; (iii) the historical amounts for the leasing of the properties and auxiliary facilities by CCCG Group to the Group during the two financial years ended 31 December 2017 and the six months ended 30 June 2018; and (iv) the value of right-of-use assets calculated by discounting the estimated total annual rents of the year ended 31 December 2019 using the incremental borrowing rate of the Group as the discount rate.

The Company confirms that, as at the date of this announcement, the actual fees paid by the Group to CCCG Group for the leasing of the properties and auxiliary facilities fall below the de minimis threshold for exemption as stipulated under the Hong Kong Listing Rules.

5. Reasons and Benefits

From 2008 onwards, the Company has been leasing the office building “中交大廈” owned by CCCG as its office. Further, from 2006 onwards, subsidiaries of the Company have been leasing other properties and ancillary facilities situated at several locations, which are also owned by CCCG, to carry out its operating activities. These transactions are necessary for the Group’s production and operation. Compared with independent third parties, CCCG has more understanding of the Company’s business requirement and the Company also can benefit from CCCG’s relatively competitive offers. In addition, the relocation of the Company’s current places of business and offices to other locations will also result in unnecessary costs.

III. HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 59.91% 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 Project Contracting Framework Agreement and the Property Leasing Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the revised annual cap for labour and subcontracting service fees 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 revised annual cap are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual cap under the Property Leasing Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Property Leasing Framework Agreement and the proposed annual cap are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

IV. CONFIRMATION BY THE BOARD

Mr. Liu Qitao and Mr. Song Hailiang, the Directors of the Company, are also directors of CCCG, and therefore are deemed to have a material interest in the abovementioned continuing connected transactions and have abstained from voting on the relevant Board resolutions. Save for the said Directors, none of the other Directors has or is deemed to have a material interest in the abovementioned transactions.

The Directors, including the independent non-executive Directors, having made all reasonable and due inquiries, are of the view that the Mutual Project Contracting Framework Agreement and the Property Leasing Framework Agreement are entered into on normal commercial terms in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests 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 terms and revised annual cap and proposed annual cap of the transactions under such agreements are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

V. 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.

CCCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 59.91% interest in the issued ordinary shares of the Company as at the date of this announcement. CCCC is primarily engaged in real estate development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, technical consultation services for ships and corollary equipment of harbours, import and export business, investment in and management of transportation industry, and other businesses.

VI. DEFINITIONS

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

“Board”	the board of directors of the Company
“CCCC ZiGuang”	CCCC ZiGuang Technology Co., Ltd. (北京中交紫光科技有限公司), a subsidiary of the Company owned as to 58% before the capital increase
“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/or its subsidiaries (excluding the Group)

“China Communications Information Center”	China Communications Information Center Co., Ltd. (中國交通信息中心有限公司), a non-wholly-owned subsidiary of CCCG upon completion of the capital increase
“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
“Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG on 29 August 2018, as amended by the supplemental agreement entered on 2 January 2019
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Property Leasing Framework Agreement”	the property leasing framework agreement entered into between the Company and CCCG on 2 January 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“%”	percent

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

Beijing, the PRC
2 January 2019

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*