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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 TRANSACTIONS: DISPOSALS OF EQUITY INTEREST IN SUBSIDIARIES TO CACC

On 3 June 2019, CFHCC and CACC entered into Equity Transfer Agreement I, pursuant to which CFHCC has conditionally agreed to sell and CACC has conditionally agreed to acquire 67% equity interest in No. 4 Engineering Company, at a consideration of RMB797.7439 million in cash. On the same date, the Company, CHEC, CHECC, CCCC-FHDI and CACC entered into Equity Transfer Agreement II, pursuant to which the Company, CHEC, CHECC and CCCC-FHDI have conditionally agreed to sell and CACC has conditionally agreed to acquire the entire equity interest in CCCC-AIDI, at a consideration of RMB123.3535 million in cash.

Upon completion of the Proposed Disposals, the Company will hold 33% equity interest in No. 4 Engineering Company and will no longer hold any equity interest in CCCC-AIDI. Therefore, both No. 4 Engineering Company and CCCC-AIDI will cease to be subsidiaries of the Company, and their financial results will not be consolidated into the consolidated financial statements of the Company.

As at the date of this announcement, CACC is a subsidiary of CCCG, which holds approximately 59.91% interests in the Company. CACC is thus a connected person of the Company. As such, the Proposed Disposals constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Meanwhile, the Proposed Disposals shall be aggregated under Rule 14A.81 of the Hong Kong Listing Rules.

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

BACKGROUND

On 3 June 2019, CFHCC and CACC entered into Equity Transfer Agreement I, pursuant to which CFHCC has conditionally agreed to sell and CACC has conditionally agreed to acquire 67% equity interest in No. 4 Engineering Company, at a consideration of RMB797.7439 million in cash. On the same date, the Company, CHEC, CHECC, CCCC-FHDI and CACC entered into Equity Transfer Agreement II, pursuant to which the Company, CHEC, CHECC and CCCC-FHDI have conditionally agreed to sell and CACC has conditionally agreed to acquire the entire equity interest in CCCC-AIDI, at a consideration of RMB123.3535 million in cash.

Upon completion of the Proposed Disposals, the Company will hold 33% equity interest in No. 4 Engineering Company and will no longer hold any equity interest in CCCC-AIDI. Therefore, both No. 4 Engineering Company and CCCC-AIDI will cease to be subsidiaries of the Company, and their financial results will not be consolidated into the consolidated financial statements of the Company.

EQUITY TRANSFER AGREEMENT I

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

Date of the agreement

3 June 2019

Parties

- (1) Transferor: CFHCC; and
- (2) Transferee: CACC

Asset to be disposed of

Pursuant to the terms and conditions of Equity Transfer Agreement I, CFHCC agreed to sell and CACC agreed to acquire 67% equity interest in No. 4 Engineering Company.

Consideration

Pursuant to Equity Transfer Agreement I, the consideration for the Proposed Disposal of No. 4 Engineering Company is RMB797.7439 million.

The consideration for the Proposed Disposal of No. 4 Engineering Company was determined after arm's length negotiations by the parties with reference to the appraised value of the entire equity interest (i.e. RMB1,190.6626 million) of No. 4 Engineering Company as at the Valuation Benchmark Date as set out in the assets valuation report prepared by China United Assets using the income approach.

Payment

The consideration for the Proposed Disposal of No. 4 Engineering Company shall be paid by CACC in one lump sum to the bank account designated by CFHCC on the completion date by way of cash.

Conditions precedent

Equity Transfer Agreement I shall become effective upon fulfillment of the following conditions:

- (1) Equity Transfer Agreement I has been duly signed by CFHCC and CACC; and
- (2) Equity Transfer Agreement I has obtained all necessary consents or approvals, including but not limited to the approval of CCCG, the controlling Shareholder of the Company, the filing of the assets valuation report on No. 4 Engineering Company, the approval of the internal competent authorities of CFHCC, and the approval by the general meeting of CACC.

As at the date of this announcement, the abovementioned condition (2) has been fulfilled. Therefore, Equity Transfer Agreement I will become effective on the date when CFHCC and CACC have duly signed such agreement.

Completion

The completion date shall be the last day of the month when Equity Transfer Agreement I takes effect. The procedures for the change of industrial and commercial registration for the equity transfer of No. 4 Engineering Company shall be completed within 30 working days after the completion date.

Profit and loss during the transition period

The increase in net assets of No. 4 Engineering Company during the period commencing from the Valuation Benchmark Date to the completion date due to realization of profits and other reasons, or the decrease in net assets due to operating losses and other reasons, shall be enjoyed or borne by CACC at a proportion of 67%.

EQUITY TRANSFER AGREEMENT II

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

Date of the agreement

3 June 2019

Parties

- (1) the Company (as transferor);
- (2) CHEC (as transferor);
- (3) CHECC (as transferor);
- (4) CCCC-FHDI (as transferor); and
- (5) CACC (as transferee)

Asset to be disposed of

Pursuant to the terms and conditions of Equity Transfer Agreement II, the Company has agreed to sell and CACC has agreed to acquire 51% equity interest in CCCC-AIDI; CHEC has agreed to sell and CACC has agreed to acquire 19.6% equity interest in CCCC-AIDI; CHECC has agreed to sell and CACC has agreed to acquire 14.7% equity interest in CCCC-AIDI; and CCCC-FHDI has agreed to sell and CACC has agreed to acquire 14.7% equity interest in CCCC-AIDI.

Consideration

Pursuant to Equity Transfer Agreement II, the consideration for the Proposed Disposal of CCCC-AIDI is RMB123.3535 million, among which the consideration for the disposal of 51% equity interest in CCCC-AIDI held by the Company is RMB62.9102 million, the consideration for the disposal of 19.6% equity interest in CCCC-AIDI held by CHEC is RMB24.1773 million, the consideration for the disposal of 14.7% equity interest in CCCC-AIDI held by CHECC is RMB18.1330 million, and the consideration for the disposal of 14.7% equity interest in CCCC-AIDI held by CCCC-FHDI is RMB18.1330 million.

The consideration for the Proposed Disposal of CCCC-AIDI was determined after arm's length negotiations by the parties with reference to the appraised value of the entire equity interest (i.e. RMB123.3535 million) of CCCC-AIDI as at the Valuation Benchmark Date as set out in the assets valuation report prepared by China United Assets using the income approach.

Payment

The consideration for the Proposed Disposal of CCCC-AIDI shall be paid by CACC in one lump sum to the bank accounts designated by the Company, CHEC, CHECC and CCCC-FHDI, respectively, on the completion date by way of cash.

Conditions precedent

Equity Transfer Agreement II shall become effective upon fulfillment of the following conditions:

- (1) Equity Transfer Agreement II has been duly signed by the Company, CHEC, CHECC, CCCC-FHDI and CACC; and
- (2) Equity Transfer Agreement II has obtained all necessary consents or approvals, including but not limited to the approval of CCCG, the controlling Shareholder of the Company, the filing of the assets valuation report on CCCC-AIDI, the approvals of the internal competent authorities of the Company, CHEC, CHECC and CCCC-FHDI, and the approval by the general meeting of CACC.

As of the date of this announcement, the abovementioned condition (2) has been fulfilled. Therefore, Equity Transfer Agreement II will become effective on the date when the Company, CHEC, CHECC, CCCC-FHDI and CACC have duly signed such agreement.

Completion

The completion date shall be the last day of the month when Equity Transfer Agreement II takes effect. The procedures for the change of industrial and commercial registration for the equity transfer of CCCC-AIDI shall be completed within 30 working days after the completion date.

Profit and loss during the transition period

The increase in net assets of CCCC-AIDI during the period commencing from the Valuation Benchmark Date to the completion date due to realization of profits and other reasons, or the decrease in net assets due to operating losses and other reasons, shall be enjoyed or borne by CACC entirely.

Profit Forecasts Regarding the Valuation Method

Since the aforementioned assets valuation reports were prepared by China United Assets using the income approach, the calculations of equity interest valuation of No. 4 Engineering Company and CCCC-AIDI as set out in the assets valuation reports are deemed as profit forecasts under Rule 14.61 of the Hong Kong Listing Rules. As such, the Company discloses details of the valuations in accordance with Rule 14.62 of the Hong Kong Listing Rules as follows.

Set out below are details of the principal assumptions (including commercial assumptions on which the profit forecasts of the equity interests of No. 4 Engineering Company and CCCC-AIDI are based):

Principal assumptions of the equity interest of No. 4 Engineering Company provided by the valuer are as follows:

(I) General assumptions

1. Transaction assumption

Transaction assumption assumes that all assets to be valued are in the process of transaction, and the valuer will conduct the valuation with reference to a simulated market based on the transaction conditions of assets to be valued. The transaction assumption is a fundamental prerequisite for the further implementation of the asset valuation.

2. Open market assumption

Open market assumption assumes that with respect to the asset traded or to be traded in the market, the transaction parties are equal and have opportunity and time to access enough market information so as to make a rational judgment on the function, intended purpose and transaction price of the assets. The open market assumption is made on the basis that the assets are available for trading openly in the market.

3. *Assumption on continuing operation of assets*

Assumption on continuing operation of assets assumes that the assets to be valued will be used continuously based on the current intended purpose, way, scale, frequency and environmental conditions, etc., or will be used on the abovementioned bases with minimal changes. In this case, the valuation method, parameters and basis shall be determined accordingly.

(II) *Special assumptions*

1. It is assumed that the external economic environment remains unchanged and there is no significant change in the prevailing national macroeconomics as at the Valuation Benchmark Date;
2. It is assumed that there is no significant change in the social and economic environment and in the prevailing policies regarding taxation and tax rates, etc. of the place where the enterprise operates;
3. It is assumed that the management team of the enterprise will fulfill their duties and continue to maintain the existing management model in the future;
4. It is assumed that the appraisal is conducted only based on existing business capacity on the Valuation Benchmark Date, without taking into consideration the potential expansion of business capacity as a result of various conditions in the future, including management, business strategies and additional investment;
5. It is assumed that all assets under valuation are based on the actual inventories as at the Valuation Benchmark Date, and the domestic effective prices as at the Valuation Benchmark Date are used as the basis for the present market prices of assets;
6. It is assumed that all basic information and financial information provided by the client and the evaluated entities are true, accurate and complete;
7. It is assumed that the scope of valuation shall be subject to the valuation request provided by the client and the evaluated entities without considering any possible contingent assets and contingent liabilities out of the lists provided by the client and the evaluated entities;
8. It is assumed that all parameters used for valuation purpose do not include inflation.

Principal assumptions of the equity interest of CCCC-AIDI provided by the valuer are as follows:

(I) General assumptions

1. *Transaction assumption*

Transaction assumption assumes that all assets to be valued are in the process of transaction, and the valuer will conduct the valuation with reference to a simulated market based on the transaction conditions of assets to be valued. The transaction assumption is a fundamental prerequisite for the further implementation of the asset valuation.

2. *Open market assumption*

Open market assumption assumes that with respect to the asset traded or to be traded in the market, the transaction parties are equal and have opportunity and time to access enough market information so as to make a rational judgment on the function, intended purpose and transaction price of the assets. The open market assumption is made on the basis that the assets are available for trading openly in the market.

3. *Assumption on continuing operation of assets*

Assumption on continuing operation of assets assumes that the assets to be valued will be used continuously based on the current intended purpose, way, scale, frequency and environmental conditions, etc., or will be used on the abovementioned bases with minimal changes. In this case, the valuation method, parameters and basis shall be determined accordingly.

(II) Special assumptions

1. It is assumed that the external economic environment remains unchanged and there is no significant change in the prevailing national macroeconomics as at the Valuation Benchmark Date;
2. It is assumed that there is no significant change in the social and economic environment and in the prevailing policies regarding taxation and tax rates, etc. of the place where the enterprise operates; due to the uncertainty in obtaining the qualification of advanced technology service enterprise by the enterprise in 2019, prudent consideration shall be taken in the future, and the future income tax rate will be estimated at 25%;
3. It is assumed that the management team of the enterprise will fulfill their duties and continue to maintain the existing management model in the future;

4. It is assumed that the appraisal is conducted only based on existing business capacity on the Valuation Benchmark Date, without taking into consideration the potential expansion of business capacity as a result of various conditions in the future, including management, business strategies and additional investment;
5. It is assumed that the enterprise will continue to lease the office of Guangzhou Shenghua Industrial Development Co., Ltd. as its domicile of business operation;
6. It is assumed that all assets under valuation are based on the actual inventories as at the Valuation Benchmark Date, and the domestic effective prices as at the Valuation Benchmark Date are used as the basis for the present market prices of assets;
7. It is assumed that all basic information and financial information provided by the client and the evaluated entities are true, accurate and complete;
8. It is assumed that the scope of valuation shall be subject to the valuation request provided by the client and the evaluated entities without considering any possible contingent assets and contingent liabilities out of the lists provided by the client and the evaluated entities;
9. It is assumed that all parameters used for valuation purpose do not include inflation.

Ernst & Young, the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations for the relevant forecasts under the income approach, which do not involve the adoption of accounting policies and the appropriateness of the assumptions, for the valuation. The Board has confirmed that the profit forecasts for the equity interests in No. 4 Engineering Company and CCCC-AIDI as set out in the valuation reports have been made after due and careful enquiry by the Board. The letters issued by Ernst & Young and the Board are set out in Appendix I and Appendix II to this announcement, respectively. The qualification of the expert who has given its conclusion or opinion included in this announcement is set out below:

Name	Qualification	Date of conclusion or opinion
Ernst & Young	Certified Public Accountant	3 June 2019

As at the date of this announcement, as far as the Directors are aware, the aforesaid expert was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate others to subscribe for any shares, convertible securities, warrants, options or derivative securities which carry voting rights in any member of the Group.

The aforesaid expert has given and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its letter and/or references to its name in the text.

INFORMATION ABOUT NO. 4 ENGINEERING COMPANY AND CCCC-AIDI

(1) No. 4 Engineering Company

No. 4 Engineering Company was incorporated in the PRC on 19 December 1980, and possesses the first-grade qualification of professional contractor for airport runway engineering and other qualification certificates. The airport business mainly focuses on airport runway and earthwork.

According to the audited consolidated financial statements prepared by No. 4 Engineering Company in accordance with China Accounting Standards for Business Enterprises, the net assets value of No. 4 Engineering Company as at 31 December 2018 was RMB510.2199 million. The net profit/(loss) (before and after taxation and extraordinary items) attributable to No. 4 Engineering Company for the two preceding financial years according to China Accounting Standards for Business Enterprises is set out below:

	For the year ended	
	31 December	
	2018	2017
	<i>RMB0'000</i>	
Net profit/(loss) before taxation and extraordinary items	10,201.10	4,147.31
Net profit/(loss) after taxation and extraordinary items	8,300.75	3,208.97

(2) CCCC-AIDI

CCCC-AIDI was incorporated in the PRC on 6 November 2013, and is primarily engaged in the survey, design, consultation and engineering management of airport projects, which focuses on overseas markets.

According to the audited consolidated financial statements prepared by CCCC-AIDI in accordance with China Accounting Standards for Business Enterprises, the net assets value of CCCC-AIDI as at 31 December 2018 was RMB50.1629 million. The net profit/(loss) (before and after taxation and extraordinary items) attributable to CCCC-AIDI for the two preceding financial years according to China Accounting Standards for Business Enterprises is set out below:

	For the year ended	
	31 December	
	2018	2017
		<i>RMB0'000</i>
Net profit/(loss) before taxation and extraordinary items	148.99	(3,041.96)
Net profit/(loss) after taxation and extraordinary items	149.42	(3,041.96)

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSALS

In December 2018, the reorganization of CACC was duly initiated. As of February 2019, CCCG, the controlling Shareholder of the Company, became the largest shareholder of CACC. With airport construction as the core business after reorganization, CACC will promote and optimize its traditional businesses in design and consultation, construction and installation, and engineering supervision, continuing to improve the value-added capability of industry investment and asset management.

In the recent three years, the Company has successfully participated in certain airport construction projects. According to statistics, the average annual revenue from these projects accounted for less than 2% of the latest audited revenue of the Company. According to the reorganization plan, the Company will transfer 67% equity interest of No. 4 Engineering Company and 100% equity interest of CCCC-AIDI to CACC through non-public agreements to avoid horizontal competition, thereby achieving further integration of industry chain of CACC. Meanwhile, the Company will be able to focus more on the development of its own principal business.

The total gains from the Proposed Disposal of No. 4 Engineering Company (after taxation and other expenses payable by the Company in relation to the Proposed Disposal of No. 4 Engineering Company) is expected to be approximately RMB590.5921 million, which is calculated with reference to the appraised equity value of No. 4 Engineering Company as at the Valuation Benchmark Date, the net assets value of No. 4 Engineering Company as at 31 December 2018, etc.

The total gains from the Proposed Disposal of CCCC-AIDI (after taxation and other expenses payable by the Company in relation to the Proposed Disposal of CCCC-AIDI) is expected to be approximately RMB67.3759 million, which is calculated with reference to the appraised equity value of CCCC-AIDI as at the Valuation Benchmark Date, the net assets value of CCCC-AIDI as at 31 December 2018, etc.

The total gains expected to be incurred by the Company from the aforesaid Proposed Disposals are unaudited, and shall be subject to the information disclosed in the annual report of the Company. In light of the specific circumstances of the Company, the gains from the Proposed Disposals are intended to be used flexibly to supplement its working capital, repay the bank loans and invest in the projects, etc.

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 Disposals, and have abstained from voting on the relevant Board resolutions. Save for the aforesaid Directors, none of the other Directors has or is deemed to have a material interest in the above transactions.

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 Agreements are fair and reasonable and on normal commercial terms, and that the Proposed Disposals, although not conducted in the ordinary and usual course of business of the Company, are 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, CACC is a subsidiary of CCCG, which holds approximately 59.91% interests in the Company. CACC is thus a connected person of the Company. As such, the Proposed Disposals constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Meanwhile, the Proposed Disposals shall be aggregated under Rule 14A.81 of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the Proposed Disposals when aggregated exceed 0.1% but is less than 5%, the Proposed Disposals are subject to the announcement requirement but are 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. It is 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) CFHCC

CFHCC is a wholly-owned subsidiary of the Company incorporated in the PRC and is primarily engaged in the survey and construction of port engineering, industrial civil engineering, hydraulic engineering and municipal engineering, installation of large-scale complete sets of equipment, and scientific research and experiment on building materials, etc.

(3) CHEC

CHEC is a wholly-owned subsidiary of the Company incorporated in the PRC and is primarily engaged in the construction of domestic and overseas infrastructures, including the construction engineering consultation, survey and construction general contracting of ports, terminals, airports, railways, highways, bridges, and other projects, as well as the manufacturing and procurement of special ships and equipment.

(4) CHECC

CHECC is a wholly-owned subsidiary of the Company incorporated in the PRC and is primarily engaged in labour dispatching, the survey and design, planning and consultation, construction general contracting for domestic and overseas highways, traffic engineering, railways, bridges, tunnels, municipal engineering and water transportation, as well as technical inspection, engineering and technology research and experimental development.

(5) CCCC-FHDI

CCCC-FHDI is a wholly-owned subsidiary of the Company incorporated in the PRC and is primarily engaged in engineering survey, design, consultation, management, construction general contracting and other businesses.

(6) CACC

CACC is a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of CCG. It is primarily engaged in the overall planning, pre-feasibility study, survey, design, project management, construction general contracting, investment, development, construction, operation and maintenance of the infrastructure of domestic and international airport and airport area as well as the investment, development, construction, operation, maintenance services and asset management of airport area related industries.

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
“CACC”	China Airport Construction Group Company Limited (中國民航機場建設集團有限公司), a company incorporated in the PRC with limited liability, and a non wholly-owned subsidiary of CCCG as at the date of this announcement
“CCCC-AIDI”	CCCC Airport Investigation and Design Institute Co., Ltd. (中交機場勘察設計院有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“CFHCC”	CCCC First Harbor Engineering Co., Ltd. (中交第一航務工程局有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“CCCC-FHDI”	CCCC-FHDI Engineering Co., Ltd. (中交第四航務工程勘察設計院有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“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
“CHEC”	China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“CHECC”	China Highway Engineering Consultants Co., Ltd. (中國公路工程諮詢集團有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“China United Assets”	China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), a qualified independent appraiser in the PRC

“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 I”	the equity transfer agreement dated 3 June 2019 entered into between CFHCC and CACC in respect of the Proposed Disposal of No. 4 Engineering Company
“Equity Transfer Agreement II”	the equity transfer agreement dated 3 June 2019 entered into among the Company, CHEC, CHECC, CCCC-FHDI and CACC in respect of the Proposed Disposal of CCCC-AIDI
“Equity Transfer Agreements”	Equity Transfer Agreement I and Equity Transfer Agreement II
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“No. 4 Engineering Company”	No. 4 Engineering Co., Ltd. of CCCC First Harbor Engineering Co., Ltd. (中交一航局第四工程有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“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 of CCCC-AIDI”	the proposed disposal of the entire equity interest in CCCC-AIDI held by the Company, CHEC, CHECC and CCCC-FHDI to CACC under Equity Transfer Agreement II

“Proposed Disposal of No. 4 Engineering Company”	the proposed disposal of 67% equity interest in No.4 Engineering Company held by CFHCC to CACC under Equity Transfer Agreement I
“Proposed Disposals”	the Proposed Disposal of No. 4 Engineering Company and the Proposed Disposal of CCCC-AIDI
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Valuation Benchmark Date”	31 July 2018
“%”	per cent

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

Beijing, the PRC
3 June 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*

APPENDIX I – LETTER FROM ERNST & YOUNG

The following is the text of the letter dated 3 June 2019 from Ernst & Young, the Certified Public Accountants, which was prepared for inclusion in this announcement.



Ernst & Young
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1 Tim Mei Avenue
Central, Hong Kong

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To the Directors of China Communications Construction Company Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecasts (the “**Forecasts**”) on which the valuation reports dated 30 November 2018 prepared by China United Assets Appraisal Group Co., Ltd. (“中聯資產評估集團有限公司”) in respect of the equity interests of No. 4 Engineering Co., Ltd. of CCCC First Harbor Engineering Co., Ltd. (“中交一航局第四工程有限公司”) and CCCC Airport Investigation and Design Institute Co., Ltd. (“中交機場勘察設計院有限公司”) (collectively the “**Targets**”) as at 31 July 2018 is based. The valuation of the Targets is set out in the announcement of China Communications Construction Company Limited (the “**Company**”) dated 3 June 2019 (the “**Announcement**”) in connection with the disposal of equity interest in Targets to China Airport Construction Group Company Limited (“中國民航機場建設集團有限公司”). The valuation of the Targets based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecasts. Each of the Forecasts has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed “Profit Forecasts Regarding The Valuation Method” of the Announcement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecasts based on our work. The Forecasts do not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecasts in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecasts prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecasts are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Targets. The Assumptions used in the preparation of the Forecasts include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecasts and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecasts is concerned, the Forecasts have been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully,

Ernst & Young
Certified Public Accountants, Hong Kong
3 June 2019

APPENDIX II – LETTER FROM THE BOARD

The following is the text of the letter dated 3 June 2019 from the Board, which was prepared for inclusion in this announcement.

Listing Division
The Stock Exchange of Hong Kong Limited
12F, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sir/Madam,

Company: China Communications Construction Company Limited (the “**Company**”)

Re: Profit forecasts – Confirmation letter under the requirements of Rule 14.62(3) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”)

Reference is made to the announcement of the Company dated 3 June 2019 in relation to, among other things, the valuation reports dated 30 November 2018 of No. 4 Engineering Co., Ltd. of CCCC First Harbor Engineering Co., Ltd. (中交一航局第四工程有限公司) and CCCC Airport Investigation and Design Institute Co., Ltd. (中交機場勘察設計院有限公司) which were prepared by China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司) (the “**Valuer**”) using the income approach (the “**Valuation Reports**”).

The Board of the Company has reviewed and discussed with the Valuer and Ernst & Young, the reporting accountant of the Company (the “**Reporting Accountant**”) on the basis and assumptions of the valuations. The Board of the Company has also considered the confirmation letter issued by the Reporting Accountant on 3 June 2019 in relation to the calculations of the profit forecasts in the Valuation Reports.

Pursuant to the requirements of Rule 14.62(3) of the Hong Kong Listing Rules, the Board of the Company confirmed that the profit forecasts used in the Valuation Reports have been made after due and careful enquiry.

The Board of
China Communications Construction Company Limited

3 June 2019