

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 EQUITY INTEREST IN CHINA COMMUNICATIONS
PROPERTY SERVICE

The Board announces that, in accordance with the resolution passed at the fortieth meeting of the fifth session of the Board, on 1 November 2024, CCCG, China Communications Real Estate, CCCG Real Estate (both being subsidiaries of CCCG), CCCC Investment and CFHEC (both being subsidiaries of the Company) entered into the Equity Transfer Agreement, pursuant to which, CCCG, China Communications Real Estate, CCCC Investment and CFHEC have conditionally agreed to sell and CCCG Real Estate has conditionally agreed to acquire 10%, 51%, 15% and 24% equity interests in China Communications Property Service at a consideration of RMB69,994,840, RMB356,973,684, RMB104,992,260 and RMB167,987,616, respectively.

As at the date of this announcement, both China Communications Real Estate and CCCG Real Estate are subsidiaries of CCCG, the controlling Shareholder which holds approximately 59.42% equity interest in the issued ordinary shares of the Company. CCCG, China Communications Real Estate and CCCG Real Estate are thus connected persons of the Company under the Hong Kong Listing Rules. As such, the Disposal under the Equity Transfer 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 Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the announcement requirement but exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

BACKGROUND

The Board announces that, in accordance with the resolution passed at the fortieth meeting of the fifth session of the Board, on 1 November 2024, CCCG, China Communications Real Estate, CCCG Real Estate (both being subsidiaries of CCCG), CCCC Investment and CFHEC (both being subsidiaries of the Company) entered into the Equity Transfer Agreement, pursuant to which, CCCG, China Communications Real Estate, CCCC Investment and CFHEC have conditionally agreed to sell and CCCG Real Estate has conditionally agreed to acquire 10%, 51%, 15% and 24% equity interests in China Communications Property Service at a consideration of RMB69,994,840, RMB356,973,684, RMB104,992,260 and RMB167,987,616, respectively.

EQUITY TRANSFER AGREEMENT

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

Date: 1 November 2024

Parties: (1) CCCG;

(2) China Communications Real Estate;

(3) CCCG Real Estate;

(4) CCCC Investment; and

(5) CFHEC.

Subject matter: Pursuant to the Equity Transfer Agreement, CCCG, China Communications Real Estate, CCCC Investment and CFHEC have conditionally agreed to sell their respective 10%, 51%, 15% and 24% equity interests in China Communications Property Service to CCCG Real Estate and CCCG Real Estate has conditionally agreed to acquire the aforesaid equity interests at a consideration of RMB69,994,840, RMB356,973,684, RMB104,992,260 and RMB167,987,616, respectively.

| | |
|--|---|
| Basis of determination of the consideration: | <p>The considerations under the Equity Transfer Agreement were determined after arm’s length negotiations between the parties with reference to the appraised value of all shareholders’ equity of China Communications Property Service (i.e., RMB699.9484 million) as of 30 June 2024 (the “Valuation Benchmark Date”) as set out in the asset valuation report (the “Valuation Report”) prepared by China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), an independent and qualified valuer (the “Valuer”), using the income approach.</p> <p>The above appraised value is subject to the final filed valuation report, and the Company will fulfill its further disclosure obligation in accordance with the applicable requirements under the Hong Kong Listing Rules in due course (if necessary).</p> |
| Payment: | <p>CCCG Real Estate shall pay the consideration in one lump sum in RMB to the bank account designated by each of the Transferors within 15 days from the effective date of the Equity Transfer Agreement.</p> |
| Closing: | <p>The closing of the Disposal will take place on the date on which CCCG Real Estate has paid the entire equity transfer amount. Within 15 days from the effective date of the Equity Transfer Agreement, the Transferors shall procure China Communications Property Service to complete the registration procedures for changes related to the equity transfer and CCCG Real Estate shall provide necessary assistance.</p> |
| Conditions precedent: | <p>The Equity Transfer Agreement will become effective on the date when all of the following conditions are satisfied:</p> <ol style="list-style-type: none"> <li data-bbox="528 1410 1449 1491">(1) Each of the parties has completed the internal decision-making procedures in respect of the Equity Transfer Agreement; <li data-bbox="528 1538 1449 1661">(2) The transaction under the Equity Transfer Agreement has been approved by the competent state-owned assets supervision authorities; and <li data-bbox="528 1708 1449 1785">(3) The Valuation Report has been filed to the competent state-owned assets supervision authorities. |

Transitional gains and losses:

Profits generated by China Communications Property Service during the period from the Valuation Benchmark Date to the closing date shall be enjoyed by CCCG Real Estate, and losses incurred during the transition period shall be fully compensated by the Transferors to China Communications Property Service in cash in accordance with the proportion of their shareholdings prior to the equity transfer.

Performance commitment and compensation mechanism:

(1) The Transferors undertook that the net profit achieved by China Communications Property Service during the three fiscal years from 2025 to 2027 (the “**Profit Compensation Period**”) (which refers to the amount of all net profit attributable to the shareholders of the parent company after deducting extraordinary profit or loss of China Communications Property Service audited by an accounting firm which is qualified to engage in securities and futures) shall not be less than RMB231,007,100 in aggregate; and undertook to compensate CCCG Real Estate for the portion of the committed net profit amount not achieved by China Communications Property Service in the manner stipulated in the Equity Transfer Agreement.

(2) If, upon expiry of the Profit Compensation Period, the aggregate net profit for the period failed to meet the aforesaid performance target, the Transferors shall compensate CCCG Real Estate in cash, with the amount of cash compensation = (cumulative committed net profit - the actual net profit for the Profit Compensation Period of China Communications Property Service)/cumulative committed net profit * the consideration for total shareholders’ equity of China Communications Property Service, which was to be apportioned among the Transferors in accordance with the proportion of their shareholdings in China Communications Property Service sold in this transaction, and each of the Transferors shall not assume any joint and several liability for compensation.

- (3) After the end of each accounting year during the Profit Compensation Period, CCCG Real Estate shall engage an accounting firm qualified in securities to issue an audit report (at the expense of China Communications Property Service). After the end of the last fiscal year of the Profit Compensation Period, in the event that compensation should be made as stipulated in the Equity Transfer Agreement, CCCG Real Estate shall have the right to require the Transferors to fulfil their obligation to make compensation within 15 days from the date of the written notice from CCCG Real Estate by paying cash compensation to CCCG Real Estate.

The Company will fulfill its further disclosure obligation in accordance with the applicable requirements under the Hong Kong Listing Rules in due course (if necessary).

Valuation Assumptions

Set out below are details of assumptions adopted by the Valuer in the Valuation Report:

1. It is assumed that there are no material changes in the relevant prevailing state laws, regulations and policies as well as the macro economy of the state, and there are no material changes in the political, economic and social environments of regions where the parties to the transaction are located;
2. It is assumed that China Communications Property Service continues to operate in view of the actual situation of assets as at the Valuation Benchmark Date;
3. It is assumed that there are no significant changes in the interest rates, exchanges rates, taxation bases and tax rates, as well as government levies related to China Communications Property Service after the Valuation Benchmark Date;
4. It is assumed that the management of China Communications Property Service is responsible and stable, and is competent in discharging its duties after the Valuation Benchmark Date;
5. It is assumed that China Communications Property Service is in full compliance with all relevant laws and regulations;
6. It is assumed that there are no force majeure or unforeseeable factors that may give rise to material adverse impact on China Communications Property Service after the Valuation Benchmark Date;

7. It is assumed that the accounting policies to be adopted by China Communications Property Service after the Valuation Benchmark Date are in all material aspects consistent with the accounting policies adopted in the preparation of the Valuation Report;
8. It is assumed that the business scope and mode of China Communications Property Service after the Valuation Benchmark Date are consistent with the current situation on the basis of the existing management approaches and level; and
9. It is assumed that the cash inflow of China Communications Property Service after the Valuation Benchmark Date is the average inflow and the cash outflow is the average outflow.

DESCRIPTION OF THE VALUATION

The Valuation Report will be valid until 29 June 2025. In the Valuation Report, the Valuer conducted the valuation of total shareholders' equity of China Communications Property Service using the income approach and asset-based approach, and selected the income approach as the final valuation conclusion. The difference of the results between such two valuation approaches is shown in the table below:

Unit: RMB0'000

| Valuation method | Carrying amount | Valuation amount | Appreciation amount | Appreciation rate |
|-------------------------|------------------------|-------------------------|----------------------------|--------------------------|
| Income approach | 17,398.47 | 69,994.84 | 52,596.37 | 302.30% |
| Asset-based approach | | 69,268.54 | 51,870.07 | 298.13% |
| Difference | / | 726.30 | / | 1.05% |

The methodology adopted for the preparation of the Valuation Report is the income approach. The Valuer is of the view that, compared with the asset-based approach, the income approach is the most appropriate valuation approach for the valuation of China Communications Property Service for the following reasons:

The asset-based approach, based on the premise of going concern and the assumption of replacing all factors of production, considers the specific conditions of the factor assets and applies appropriate methods to assess and estimate the value of each factor asset of the enterprise and sum them up, then deduct the assessed value of related liabilities, and arrive at the appraised value of total shareholders' equity under the asset-based approach, which reflects the replacement value of an enterprise based on its current assets.

The income approach is a method of calculating the appraised value on the basis of forecast of the enterprise's future income. It takes into account not only the impact of factors such as whether the sub-assets are reasonably and fully utilised in the enterprise, and whether, when grouped together, they are able to make their due contribution on the value of the total shareholders' equity of the enterprise, but also the impact of factors that cannot be considered under the asset-based approach such as the various preferential policies that the enterprise enjoys, its operating quality, its competitiveness in the industry, the level of the management of the company, its human resources, and its research and development capabilities on the value of the total shareholders' equity.

The asset-based approach is considered from the re-acquisition of assets, which reflects the replacement value of the enterprise's current assets. As China Communications Property Service is a light-asset company of property service management, the income generated from services and management cannot be truly and reasonably reflected through the asset-based approach. However, the valuation result under the income approach focuses on the future overall profitability of China Communications Property Service and the long-term equity investment held by it, reflecting the company's actual value by discounting expected cash flows. Such valuation result not only reflects the value of the book assets of China Communications Property Service, but also includes the value of its intangible assets that are not reflected in the financial statements.

The Board has discussed and reviewed the Valuation Report with the Valuer and fully considered the valuation methodology adopted by the Valuer and the applicable valuation assumptions, and has been advised that the key assumptions used in the Valuation Report are generally used in valuing similar companies. The Directors are not aware of any irregularities in the quantitative inputs used in the valuation. As such, the Directors (including independent non-executive Directors) believe that the key assumptions, quantitative inputs and methods used in the valuation are fair and reasonable.

Given the above, the Directors (including independent non-executive Directors) consider that the consideration for the Disposal is fair and reasonable.

INFORMATION ABOUT CHINA COMMUNICATIONS PROPERTY SERVICE

China Communications Property Service was established on 13 December 2022. It is mainly engaged in the business of property management; municipal facilities management; urban parks management; urban greening management; amusement parks management; hotel management; food and beverage management; parking services; park management services; project management services; business management consultancy; real estate brokerage; and real estate consultancy. As at the date of this announcement, the Company holds 24% and 15% of the equity interests in China Communications Property Service through its subsidiaries CFHEC and CCCG Investment, respectively. CCCG directly holds 10% of the equity interests in China Communications Property Service and holds 51% equity interests therein through its subsidiary CCCG Real Estate. Upon completion of the Disposal, CCCG will hold 100% equity interests in China Communications Property Service through CCCG Real Estate.

Based on the audited consolidated financial statements prepared by China Communications Property Service in accordance with China Accounting Standards for Business Enterprises, as at 30 June 2024, the total assets and net assets of China Communications Property Service amounted to RMB753.6320 million and RMB269.4055 million, respectively. The table below sets out the audited net profit/(loss) attributable to China Communications Property Service (before and after tax and extraordinary items) for the two financial years ended 31 December 2023:

| | For the year ended 31 December 2022 | For the year ended 31 December 2023 |
|---|--|--|
| | <i>RMB0'000</i> | <i>RMB0'000</i> |
| Net profit before tax and extraordinary items | 4,362.06 | 8,936.32 |
| Net profit after tax and extraordinary items | 3,334.57 | 6,952.27 |

Reasons for and Benefits of the Transaction

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. China Communications Property Service is principally engaged in property management, which shares limited synergies with the Company's principal business. Through the Disposal, 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, its profitability will also be further enhanced, and therefore is helpful to the realisation of the interests of the Company and its Shareholders as a whole.

The Company expects that the total gains from the Disposal are RMB155.98 million, which is calculated based on factors such as the total equity value of China Communications Property Service, the book value of net assets of China Communications Property Service as at 30 June 2024, and the proportion of shareholdings in China Communications Property Service held by the Group.

The Company expects that the gains from the Disposal are unaudited, subject to the final information to be disclosed in the annual report of the Company. Taking into account the specific circumstances of the Company, the gains from the Disposal are intended to be used flexibly in the Group's daily production and operation activities.

CONFIRMATION FROM DIRECTORS

Mr. Wang Tongzhou, Mr. Wang Haihuai and Mr. Liu Xiang, the Directors, are also directors or senior management of CCCG, and therefore are deemed to have a material interest in the transaction under the Equity Transfer Agreement, and have abstained from voting on the relevant Board resolution. Save for the above Directors, none of the other Directors has or is deemed to have a material interest in the above connected transaction.

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

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, both China Communications Real Estate and CCCG Real Estate are subsidiaries of CCCG, the controlling Shareholder which holds approximately 59.42% equity interest in the issued ordinary shares of the Company. CCCG, China Communications Real Estate and CCCG Real Estate are thus connected persons of the Company under the Hong Kong Listing Rules. As such, the Disposal under the Equity Transfer 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 Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the announcement requirement but 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 focusing on “big transportation” and “big city” and its core businesses are infrastructure construction, infrastructure design and dredging. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, land reclamation, river basin, road and bridge, railway, urban rail transit, municipal infrastructure, construction and environmental protection at home and abroad. The Company is 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 decades.

(2) CCCG

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder holding approximately 59.42% equity interests in 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, 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.

(3) China Communications Real Estate

China Communications Real Estate is a wholly-owned subsidiary of CCCG incorporated in the PRC and is principally engaged in real estate development, property management, construction engineering project management, sale of self-developed commercial buildings, lease of commercial buildings, lease of office buildings, project investment, investment management, asset management and investment consulting, etc.

(4) 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. Its A shares are listed on the Shenzhen Stock Exchange under stock code 000736 and is primarily engaged in real estate development and operation business and property management.

(5) CCCC Investment

CCCC Investment is a wholly-owned subsidiary of the Company incorporated in the PRC and is primarily engaged in investments in infrastructure including foreign and domestic traffic, environmental protection and reclamation projects, and areas such as logistics and finance, as well as leasing office and commercial buildings.

(6) CFHEC

CFHEC is a subsidiary of the Company incorporated in the PRC, which is ultimately owned as to approximately 76.97% by the Company without any other shareholder holding 10% or more of the equity interests. It is primarily engaged in the engineering design, consultation, construction and general contracting business in the field of transportation infrastructure construction.

DEFINITION

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

| | |
|------------------------------------|---|
| “Board” | the board of directors of the Company |
| “China Communications Real Estate” | China Communications Real Estate Group Co., Ltd.* (中交房地產集團有限公司), a wholly-owned subsidiary of CCCG as at the date of this announcement |
| “CCCG Real Estate” | CCCG Real Estate Corporation Limited* (中交地產股份有限公司), a non-wholly-owned subsidiary of CCCG as at the date of this announcement, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000736) |
| “CCCG” | China Communications Construction Group (Limited), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company |
| “CCCC Investment” | CCCC Investment Co., Ltd.* (中交投資有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement |

| | |
|---|--|
| “CFHEC” | CCCC First Highway Engineering Group Co., Ltd.* (中交一公局集團有限公司), a non-wholly-owned subsidiary of the Company as at the date of this announcement |
| “China Communications Property Service” | China Communications Property Service Group Co., Ltd.* (中交物業服務集團有限公司), a non-wholly-owned subsidiary of China Communications Real Estate as at the date of this announcement |
| “Company” | China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, 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(s)” | has the meaning ascribed to it under the Hong Kong Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Disposal” | CCCC Investment and CFHEC disposed 15% and 24% equity interest in China Communications Property Service to CCCG Real Estate, respectively, pursuant to the Equity Transfer Agreement |
| “Equity Transfer Agreement” | the equity transfer agreement entered into by CCCG, China Communications Real Estate, CCCC Investment and CFHEC in respect of disposal of the equity interest in China Communications Property Service held by them respectively to CCCG Real Estate on 1 November 2024 |
| “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 Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |

“Shareholder(s)” the shareholder(s) of the Company

“Transferor(s)” CCCG, China Communications Real Estate, CCCC Investment and/or CFHEC (as the case may be)

“%” percent

By Order of the Board
China Communications Construction Company Limited
LIU Zhengchang **YU Jingjing**
Board Secretary *Company Secretary*

Beijing, the PRC
1 November 2024

As at the date of this announcement, the Directors of the Company are WANG Tongzhou, WANG Haihuai, LIU Xiang, LIU Hui[#], CHAN Wing Tak Kevin[#], WU Guangqi[#] and ZHOU Xiaowen[#].

[#] *Independent non-executive Director*

^{*} *For identification purpose only*