



HD Leighton sells John Holland to **China** SoE

BY Jamie Smyth in Sydney and Tom Mitchell in Beijing

WC 538 words

PD 12 December 2014

ET 13:31

SN Financial Times (FT.Com)

SC FTCOM

LA English

CY Copyright 2014 The Financial Times Ltd. All rights reserved. Please do not cut and paste FT articles and redistribute by email or post to the web.

LP **China** Communications Construction **Company** is buying John Holland, one of Australia's biggest builders, in a deal that gives the state-owned enterprise a foothold in a country spending tens of **billions** of dollars building new road and rail projects.

A subsidiary of CCCC has agreed a deal with Leighton Holdings, the parent **company** of John Holland, to buy the building and engineering **company** for an enterprise value of A\$1.15bn (\$950m).

TD "Following a comprehensive and extensive global **sale** process we have achieved a fair value for John Holland that reflects its position as one of the country's leading engineering and construction companies," said Leighton.

CCCC is the fourth-largest construction **company** in the world with a market capitalisation of A\$23.5bn, and is traded on the **Hong Kong** and Shanghai stock exchanges.

Its proposed takeover of John Holland is conditional on approval by Australia's Foreign Investment Review Board, and would represent the biggest investment by a **Chinese** construction **company** in Australia to date.

Last month Australia and **China** announced plans to sign a bilateral trade agreement between the countries in a sign of ever closer economic ties.

Joe Hockey, Australia's treasurer, has said the country was open to **Chinese** investment as it prepared to sell A\$100bn in state assets to fund a A\$50bn state programme to build new roads, rail and ports over six years.

Until now most **Chinese** investment in Australia has been directed towards the **mining** and resources sector but there is growing interest from **Chinese** companies in other sectors such as **energy**, agriculture and property.

"It is likely that acquiring John Holland would provide CCCC with new technology and skills," said Jeffrey Wilson, a fellow at the Asian research centre at Murdoch University. "It would also help to have a local subsidiary when they tender for Australian government contracts.

China's investment in Australia has increased tenfold since 2005 and totals \$57.2bn annually, making it the largest destination for **Chinese** investment after the US.

But with Australia's **mining** investment boom tapering off, the value of **Chinese** investment in the country fell 10 per cent to \$9.15bn last year, even as overall overseas investment from **China** increased by 16 per cent to \$90.1bn, according to KPMG.

CCCC said the deal represented "significant progress" in its international development strategy. "There is a strong pipeline of social infrastructure projects planned in Australia and [CCCC] intends to support [Leighton], financially and technically, to bid for and deliver world-class infrastructure projects," it said.

Last month President Xi Jinping predicted that **Chinese** offshore investment would reach \$1.25tn over the next decade. Beijing has prioritised building investment and infrastructure links across central Asia and the Asia-Pacific region.

Leighton said the deal would reduce its gearing by 10 percentage points and cut annual revenues by A\$3.7bn and work in hand by A\$5.4bn.

About 4,100 John Holland employees will transfer to CCCC International Holding Limited, a subsidiary of CCCC. John Holland is the third-biggest division of Leighton and made revenues of A\$4.75bn in 2013.

CO charb : China Communications Construction Co., Ltd. | leiho : Leighton Holdings Ltd | jhgpl : John Holland Group Pty Ltd | hocht : Hochtief AG | ocisa : ACS Actividades de Construcciones y Servicios SA

IN i502 : Heavy Construction | iconst : Construction | icre : Real Estate/Construction

NS c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

RE china : China | austr : Australia | neth : Netherlands | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | benluxz : Benelux Countries | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcosz : Developing Economies | easiaz : Eastern Asia | eecz : European Union Countries | eurz : Europe | weurz : Western Europe

IPC CN | GN | GN07

IPD Company News | Government News | Government Spending

PUB The Financial Times Limited (AAIW/EIW)

AN Document FTCOM00020141212eacc0008d

Search Summary

Text	((chin* or hong kong)) and (((residential or site or commercial) and (project) and (casino resort or island or hotel or apartment or park or estate or property) and (group or firm or company or board or assets) and (transaction* or purchase* or sale or sold or buy)) or ((uranium or wind or gold or solar or ore or copper or energy or alumina or iron or lead or coal or oil) and (bonds or acquisition or merge or purchase or sale or stake or equity) and (million* or billion* or B or M) and (operations or mining or firm or company)) or ((dairy or cheese or butter or milk or bread or wine) and (sold or buy or sale or equity or stake or merge or acquire) and (brand or company or business or group or firm or board) and (million* or billion* or B or M))) not (terrorism or war or navy or stock market or share market or Wall St or Wall Street or Forex or Stock Exchange or rst=asxtex) and re=austr
Date	08/12/2014 to 14/12/2014
Source	All Sources
Author	All Authors
Company	All Companies
Subject	All Subjects
Industry	All Industries
Region	All Regions
Language	English
Results Found	121
Timestamp	21 June 2017 20:33

© 2017 Factiva, Inc. All rights reserved.