THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular or as to what action to take in relation to this circular, you should consult appropriate independent advisers to obtain independent professional advice.

If you have sold or transferred all your shares in China Communications Construction Company Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS DISPOSALS OF SHARES IN ZPMC AND NOTICE OF 2017 FIRST EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

BOCI ASIA LIMITED

中银国际 证券有限责任公司
BOC INTERNATIONAL (CHINA) LIMITED

中信证券股份有限公司
CITIC Securities Company Limited

Transaction Coordinator to CCCG

中信证券股份有限公司
CITIC Securities Company Limited

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from Somerley, the independent financial adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 41 of this circular.

A notice convening the EGM of the Company to be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on Tuesday, 26 September 2017 is set out on pages 45 to 46 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon. If you intend to attend the EGM, you are required to complete and return the reply slip to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, on or before Tuesday, 5 September 2017.

Completion and return of the form of proxy will not preclude you as a Shareholder from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

11 August 2017

CONTENTS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"A Share(s)"	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange under the stock code 601800 and traded in RMB
"Board"	the board of directors of the Company
"CCCC Disposal Shares"	552,686,146 ZPMC A Shares held by the Company, representing 12.59% of the total issued share capital of ZPMC as at the Latest Practicable Date
"CCCC Equity Transfer Agreement"	the conditional equity transfer agreement dated 18 July 2017 entered into between the Company and CCCG in respect of the CCCC Proposed Disposal
"CCCC Proposed Disposal"	the proposed disposal of the CCCC Disposal Shares by the Company to CCCG pursuant to the CCCC Equity Transfer Agreement
"CCCG"	China Communications Construction Group (Limited), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company
"CCCG intended subsidiary"	the wholly-owned subsidiary intended to be set up overseas by CCCG in respect of the Zhen Hua HK Proposed Disposal and the Zhen Hwa Macao Proposed Disposal
"Company"or "CCCC"	China Communications Construction Company Limited, a joint stock limited company duly incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange under the stock code 1800 and the A Shares of which are listed on the Main Board of the Shanghai Stock Exchange under the 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

"Disposal Shares"	the CCCC Disposal Shares, the Zhen Hua HK Disposal Shares and the Zhen Hwa Macao Disposal Shares
"EGM"	the 2017 first extraordinary general meeting of the Company scheduled to be convened for the purpose of considering and, if thought fit, approving, among other matters, the Proposed Disposals
"Equity Transfer Agreements"	the CCCC Equity Transfer Agreement, the Zhen Hua HK Equity Transfer Agreement and the Zhen Hwa Macao Equity Transfer Agreement
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas-listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars"	the lawful currency of Hong Kong
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	the committee of Directors consisting of Mr. LIU Zhangmin, Mr. LEUNG Chong Shun and Mr. HUANG Long who are independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Proposed Disposals
"Independent Shareholders"	the Shareholders, other than CCCG and its associates who will abstain from voting on the relevant resolutions in relation to the Proposed Disposals at the EGM
"Latest Practicable Date"	4 August 2017, being the latest practicable date for ascertaining certain information included herein before the printing of this circular
"Macao"	the Macao Special Administrative Region of the PRC

"PRC"	the People's Republic of China and for the purpose of this circular, excluding Hong Kong, Macao and Taiwan
"Proposed Disposals"	the CCCC Proposed Disposal, the Zhen Hua HK Proposed Disposal and the Zhen Hwa Macao Proposed Disposal
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	the shareholder(s) of the Company
"Somerley"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Proposed Disposals
"Supervisor(s)"	the supervisor(s) of the Company
"Zhen Hua HK"	Zhen Hua Engineering Company Limited (振華工程有限公司), a wholly-owned subsidiary of the Company
"Zhen Hua HK Disposal Shares"	749,677,500 ZPMC B Shares held by Zhen Hua HK, representing 17.08% of the total issued share capital of ZPMC as at the Latest Practicable Date
"Zhen Hua HK Equity Transfer Agreement"	the conditional equity transfer agreement dated 18 July 2017 entered into between Zhen Hua HK and CCCG (on behalf of the CCCG intended subsidiary) in respect of the Zhen Hua HK Proposed Disposal
"Zhen Hua HK Proposed Disposal"	the proposed disposal of the Zhen Hua HK Disposal Shares by the Company to the CCCG intended subsidiary pursuant to the Zhen Hua HK Equity Transfer Agreement
"Zhen Hwa Macao"	Zhen Hwa Harbour Construction Co. Ltd. (振華海灣工程有限公司), a non-wholly owned subsidiary of the Company

"Zhen Hwa Macao Disposal Shares"	14,285,700 ZPMC B Shares held by Zhen Hwa Macao, representing 0.33% of the total issued share capital of ZPMC as at the date of Latest Practicable Date
"Zhen Hwa Macao Equity Transfer Agreement"	the conditional equity transfer agreement dated 18 July 2017 entered into between Zhen Hwa Macao and CCCG (on behalf of the CCCG intended subsidiary) in respect of the Zhen Hwa Macao Proposed Disposal
"Zhen Hwa Macao Proposed Disposal"	the proposed disposal of the Zhen Hwa Macao Disposal Shares by the Company to the CCCG intended subsidiary pursuant to the Zhen Hwa Macao Equity Transfer Agreement
"ZPMC"	Shanghai Zhenhua Heavy Industries Co. Ltd., a company incorporated in the PRC on 14 February 1992, the shares of which are listed on the Shanghai Stock Exchange with a controlling equity interest of approximately 46.23% directly and indirectly held by the Company
"ZPMC A Shares"	domestic shares in the ordinary share capital of ZPMC with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange under the stock code 600320 and traded in RMB
"ZPMC B Shares"	domestically-listed foreign invested shares in the ordinary share capital of ZPMC with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange under the stock code 900947 and traded in foreign currency
"%"	per cent

The difference between the aggregated percentage of the Disposal Shares and the sum of percentages of each Disposal Shares in the total issued share capital of ZPMC mentioned above as at the Latest Practicable Date is due to rounding.

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)

Executive Directors
LIU Qitao
CHEN Fenjian
FU Junyuan

Non-executive Directors
LIU Maoxun

Independent non-executive Directors
LIU Zhangmin
LEUNG Chong Shun
HUANG Long

Registered Office:
85 De Sheng Men Wai Street
Xicheng District
Beijing 100088
the PRC

Principal Place of Business in Hong Kong:
Room 2805, 28th Floor
Convention Plaza Office Tower
1 Harbour Road, Wanchai
Hong Kong

11 August 2017

To the Shareholders,

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS
DISPOSALS OF SHARES IN ZPMC
AND
NOTICE OF 2017 FIRST EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 18 July 2017 in relation to the Proposed Disposals.

On 18 July 2017, the Company entered into the CCCC Equity Transfer Agreement with CCCG, pursuant to which the Company has conditionally agreed to sell and CCCG has conditionally agreed to acquire the CCCC Disposal Shares, representing 12.59% of the total issued share capital of ZPMC as at the Latest Practicable Date. On the same date, Zhen Hua HK and Zhen Hwa Macao entered into the Zhen Hua HK Equity Transfer Agreement and the Zhen Hwa Macao Equity Transfer Agreement, respectively, with CCCG (on behalf of the CCCG intended subsidiary), pursuant to which Zhen Hua HK and Zhen Hwa Macao have conditionally agreed to sell, and the CCCG intended subsidiary has conditionally agreed to acquire, respectively, the Zhen Hua HK Disposal Shares and the Zhen Hwa Macao Disposal Shares, representing 17.08% and 0.33% of the total issued share capital of ZPMC as at the Latest Practicable Date, respectively. The Disposal Shares in aggregate represent 29.99% of the total issued share capital of ZPMC as at the Latest Practicable Date.

Upon the completion of the Proposed Disposals, Zhen Hua HK and Zhen Hwa Macao will no longer hold any shares in ZPMC and the shares in ZPMC to be held by the Company will represent 16.24% of the issued share capital of ZPMC (assuming that there has been no change in the total share capital of ZPMC from the Latest Practicable Date and up to the completion of the Proposed Disposals), while ZPMC will cease to be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Company.

The purpose of this circular is to provide Shareholders with the following information, so that the Shareholders can make properly informed decisions on such resolutions at the EGM:

(i) details of the Proposed Disposals under the Equity Transfer Agreements;

(ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders in relation to the Proposed Disposals;

(iii) a letter from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Disposals; and

(iv) a notice of the EGM at which resolutions will be proposed to consider and, if thought fit, approve the Proposed Disposals.

CCCC EQUITY TRANSFER AGREEMENT

The principal terms of the CCCC Equity Transfer Agreement are summarized as follows:

Date of the Agreement

18 July 2017

Parties

(1) Transferor: the Company; and

(2) Transferee: CCCG

CCCC Disposal Shares

Pursuant to the terms and conditions of the CCCC Equity Transfer Agreement, the Company has agreed to sell and CCCG has agreed to acquire the CCCC Disposal Shares, comprising 552,686,146 ZPMC A Shares and representing 12.59% of the total issued share capital of ZPMC as at the Latest Practicable Date.

Consideration

Pursuant to the CCCC Equity Transfer Agreement, the consideration for the CCCC Proposed Disposal shall be approximately RMB2,912,655,989.42, determined by reference to the arithmetic mean of the daily weighted average price of ZPMC A Shares for the 30 trading days preceding the signing of the agreement (being RMB5.27 per share) and after arm's length negotiations to be 100% of the said price.

Payment

30% of the consideration shall be paid by CCCG to the designated bank account of the Company as guarantee deposit before the application to the state-owned assets supervision and administration authorities for approval of the CCCC Proposed Disposal. The amount of the consideration with the guarantee deposit deducted shall be paid by CCCG as per instructions of the Company on a timely basis following the coming into effect of the agreement.

Conditions Precedent

The CCCC Equity Transfer Agreement shall be concluded upon the signing and sealing by all parties and shall become effective upon fulfilment of the following conditions:

(1) the Company has performed all necessary compliance procedures in respect of the CCCC Proposed Disposal according to laws and regulations in relation to securities supervision and listing rules of places where the Company was listed and relevant regulations in the articles of association, including but not limited to Board approval, announcement and independent Shareholders' approval;

(2) CCCG has performed all internal decision-making procedures in respect of the CCCC Proposed Disposal; and

(3) approval from the state-owned assets supervision and administration authorities has been obtained for the CCCC Proposed Disposal.

Completion

The Company and CCCG shall submit all necessary application materials for the transfer and registration of the CCCC Disposal Shares to China Securities Depository and Clearing Corporation Limited Shanghai Branch within 10 business days following the completion of the payment of consideration by CCCG. The CCCC Proposed Disposal shall be completed on the date when the transfer of the CCCC Disposal Shares is completed at China Securities Depository and Clearing Corporation Limited Shanghai Branch and the CCCC Disposal Shares are registered under the name of CCCG.

ZHEN HUA HK EQUITY TRANSFER AGREEMENT

The principal terms of the Zhen Hua HK Equity Transfer Agreement are summarized as follows:

Date of the Agreement

18 July 2017

Parties

(1) Transferor: Zhen Hua HK; and

(2) Transferee: CCCG intended subsidiary

Zhen Hua HK Disposal Shares

Pursuant to the terms and conditions of the Zhen Hua HK Equity Transfer Agreement, Zhen Hua HK has agreed to sell and the CCCG intended subsidiary has agreed to acquire the Zhen Hua HK Disposal Shares, comprising 749,677,500 ZPMC B Shares and representing 17.08% of the total issued share capital of ZPMC as at the Latest Practicable Date.

Consideration

Pursuant to the Zhen Hua HK Equity Transfer Agreement, the consideration for the Zhen Hua HK Proposed Disposal shall be approximately RMB2,751,316,425, determined by reference to the net assets per share of ZPMC as at 31 March 2017 with a 5% premium (being RMB3.67 per share) and after arm's length negotiations.

Payment

30% of the consideration shall be paid by the CCCG intended subsidiary to the designated bank account of Zhen Hua HK as guarantee deposit before the application to the state-owned assets supervision and administration authorities for approval of the Zhen Hua HK Proposed Disposal. The amount of the consideration with the guarantee deposit deducted shall be paid by the CCCG intended subsidiary as per instructions of Zhen Hua HK on a timely basis following the coming into effect of the agreement.

Conditions Precedent

The Zhen Hua HK Equity Transfer Agreement shall be concluded upon the signing and sealing by all parties and shall become effective upon fulfilment of the following conditions:

(1) the Company (being the controlling shareholder of Zhen Hua HK) has performed all necessary compliance procedures in respect of the Zhen Hua HK Proposed Disposal according to laws and regulations in relation to securities supervision and listing rules of places where the Company was listed and relevant regulations in the articles of association, including but not limited to Board approval, announcement and independent Shareholders' approval;

(2) the CCCG intended subsidiary has performed all internal decision-making procedures in respect of the Zhen Hua HK Proposed Disposal; and

(3) approval from the state-owned assets supervision and administration authorities has been obtained for the Zhen Hua HK Proposed Disposal.

Completion

Zhen Hua HK and the CCCG intended subsidiary shall submit all necessary application materials for the transfer and registration of the Zhen Hua HK Disposal Shares to China Securities Depository and Clearing Corporation Limited Shanghai Branch within 10 business days following the completion of the payment of consideration by the CCCG intended subsidiary. The Zhen Hua HK Proposed Disposal shall be completed on the date when the transfer of the Zhen Hua HK Disposal Shares is completed at China Securities Depository and Clearing Corporation Limited Shanghai Branch and the Zhen Hua HK Disposal Shares are registered under the name of the CCCG intended subsidiary.

ZHEN HWA MACAO EQUITY TRANSFER AGREEMENT

The principal terms of the Zhen Hwa Macao Equity Transfer Agreement are summarized as follows:

Date of the Agreement

18 July 2017

Parties

(1) Transferor: Zhen Hwa Macao; and

(2) Transferee: CCCG intended subsidiary

Zhen Hwa Macao Disposal Shares

Pursuant to the terms and conditions of the Zhen Hwa Macao Equity Transfer Agreement, Zhen Hwa Macao has agreed to sell and the CCCG intended subsidiary has agreed to acquire the Zhen Hwa Macao Disposal Shares, comprising 14,285,700 ZPMC B Shares and representing 0.33% of the total issued share capital of ZPMC as at the Latest Practicable Date.

Consideration

Pursuant to the Zhen Hwa Macao Equity Transfer Agreement, the consideration for the Zhen Hwa Macao Proposed Disposal shall be approximately RMB52,428,519, determined by reference to the net assets per share of ZPMC as at 31 March 2017 with a 5% premium (being RMB3.67 per share) and after arm's length negotiations.

Payment

30% of the consideration shall be paid by the CCCG intended subsidiary to the designated bank account of Zhen Hwa Macao as guarantee deposit before the application to the state-owned assets supervision and administration authorities for approval of the Zhen Hwa

Macao Proposed Disposal. The amount of the consideration with the guarantee deposit deducted shall be paid by the CCCG intended subsidiary as per instructions of Zhen Hwa Macao on a timely basis following the coming into effect of the agreement.

Conditions Precedent

The Zhen Hwa Macao Equity Transfer Agreement shall be concluded upon the signing and sealing by all parties and shall become effective upon fulfilment of the following conditions:

(1) the Company (being the controlling shareholder of Zhen Hwa Macao) has performed all necessary compliance procedures in respect of the Zhen Hwa Macao Proposed Disposal according to laws and regulations in relation to securities supervision and listing rules of places where the Company was listed and relevant regulations in the articles of association, including but not limited to Board approval, announcement and independent Shareholders' approval;

(2) the CCCG intended subsidiary has performed all internal decision-making procedures in respect of the Zhen Hwa Macao Proposed Disposal; and

(3) approval from the state-owned assets supervision and administration authorities has been obtained for the Zhen Hwa Macao Proposed Disposal.

Completion

Zhen Hwa Macao and the CCCG intended subsidiary shall submit all necessary application materials for the transfer and registration of Zhen Hwa Macao Disposal Shares to China Securities Depository and Clearing Corporation Limited Shanghai Branch within 10 business days following the completion of the payment of consideration by the CCCG intended subsidiary. The Zhen Hwa Macao Proposed Disposal shall be completed on the date when the transfer of Zhen Hwa Macao Disposal Shares is completed at China Securities Depository and Clearing Corporation Limited Shanghai Branch and the Zhen Hwa Macao Disposal Shares are registered under the name of the CCCG intended subsidiary.

GENERAL INFORMATION

(1) The Company

The Company is a leading transportation infrastructure group in the PRC, primarily engaged in providing various customers in all parts of the world with integrated solutions services for transportation infrastructure projects in the areas of investment, design, construction, operation and management.

(2) Zhen Hua HK

Zhen Hua HK is a wholly-owned subsidiary of the Company established under the laws of Hong Kong. Zhen Hua HK is primarily engaged in civil engineering and construction of ports, roads and bridges.

(3) Zhen Hwa Macao

Zhen Hwa Macao is a non-wholly owned subsidiary of the Company established under the laws of Macao. Zhen Hwa Macao is primarily engaged in civil engineering and construction of ports, roads and bridges.

(4) CCCG

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company, holding approximately 63.84% interest in the Company as at the Latest Practicable Date. CCCG is primarily engaged in real estate development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, technique consulting services for ships and corollary equipment of harbours, import and export business, investment in and management of transportation industry, and other businesses.

(5) CCCG intended subsidiary

The CCCG intended subsidiary will be a wholly-owned subsidiary of CCCG which will be established under the laws of Hong Kong. The CCCG intended subsidiary will be primarily engaged in investment holding.

(6) ZPMC

ZPMC is an enterprise established under the laws of the PRC and a non-wholly owned subsidiary of the Company. ZPMC is primarily engaged in design, construction, installation and contracting of large port handling systems and equipment, heavy marine equipment, construction machinery, engineering ships, and large metal structures, their parts and accessories, ship repair, self-produced crane rental business, selling self-made products, engaged in international maritime shipping using special transport ships for shipping whole-machinery, steel structure engineering professional contracting, power engineering construction and mechanical and electrical installation engineering construction.

As at 31 December 2016, the audited net assets value of ZPMC was RMB16,487,149,950. The audited net profits of ZPMC before and after taxation for the year ended 31 December 2016 were RMB368,861,144 and RMB307,344,236, respectively. The audited net profits of ZPMC before and after taxation for the year ended 31 December 2015 were RMB271,735,564 and RMB194,205,688, respectively.

The financial data in relation to ZPMC as disclosed in this circular was prepared in accordance with the Chinese Accounting Standards.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSALS

The Company is a leading integrated service provider for ultra-large infrastructure in the global market, and its core business is providing various customers in all parts of the world with integrated solution services for transportation infrastructure projects in the areas of investment, design, construction, operation and management. Meanwhile, ZPMC is primarily engaged in research and development and manufacture of products such as container cranes, loading and unloading machinery, marine engineering equipment, heavy-duty steel structure, road construction machinery, and etc., which share limited synergies with the Company's business of transportation infrastructure. The transfer of the Company's controlling interest in ZPMC may therefore allow it to better concentrate on and make more centralized investment in its core business of infrastructure and further strengthen its core competitiveness. In addition, the Company's principal business has been rapidly growing, and the application of the proceeds from the transfer to the Company's principal business would also help further enhance its profitability.

The Directors (including the independent non-executive Directors) 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 Company's ordinary and usual course of business, are in the interests of the Company and the Shareholders as a whole.

The total gain from the Proposed Disposals (before taxation payable in relation to the Proposed Disposals and other expenses) is expected to be RMB2.438 billion, which has been calculated with reference to the consideration for the transactions under the Proposed Disposals, the fair value of the remaining shares held by the Company following the Proposed Disposals and the book value of net assets attributable to shareholders of ZPMC as at 31 December 2016. Shareholders are reminded that the actual proceeds to be recognized following the completion of the Proposed Disposals shall be determined with reference to various factors such as the consolidated net assets of ZPMC attributable to the parent company following the completion and the fair value of the remaining shares held by the Company, which may be different from this amount.

The Company intends to use the proceeds from the Proposed Disposals for replenishing its working capital, repayment of bank loans and investments in projects in light of its actual condition.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

CCCG is the controlling Shareholder of the Company, holding approximately 63.84% interest in the Company as at the Latest Practicable Date. Accordingly, it is a connected person of the Company under the Hong Kong Listing Rules. The Proposed Disposals therefore constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Meanwhile, the Proposed Disposals shall be aggregated under Rule 14.22 and Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the Proposed Disposals when aggregated exceeds 5% but is less than 25%, the Proposed Disposals constitute discloseable transactions and connected transactions of the Company and are subject to the reporting, announcement and independent Shareholders' approval requirements under the Hong Kong Listing Rules.

Mr. Liu Qitao and Mr. Chen Fenjian are directors of CCCG, and are deemed to have material interests in the above-mentioned Proposed Disposals and have abstained from voting on the relevant Board resolutions. Other than the Directors mentioned above, none of the Directors has or is deemed to have a material interest in the above-mentioned transactions.

CCCG, which holds approximately 63.84% interest in the Company, shall abstain from voting on the resolution approving the Proposed Disposals at the EGM. Saved as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the Proposed Disposals and therefore will be required to abstain from voting on the resolution approving the Proposed Disposals at the EGM. According to the Hong Kong Listing Rules, the resolutions approving the Proposed Disposals shall be passed as an ordinary resolution and the voting shall be taken by way of poll.

RECOMMENDATION

Based on the relevant information disclosed herein, the Directors, including the independent non-executive Directors, are of the view that the terms of the Equity Transfer Agreements are on normal commercial terms and fair and reasonable, and that the Proposed Disposals although not conducted in the Company's ordinary or usual course of business due to the nature of such transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders vote in favor of the resolution at the EGM.

THE EGM

A notice convening the EGM of the Company to be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on Tuesday, 26 September 2017 is set out on pages 45 to 46 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon. If you intend to attend the EGM, you are required to complete and return the reply slip to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, on or before Tuesday, 5 September 2017. Completion and return of the form of proxy will not preclude you as a Shareholder from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

Any vote of the Shareholders at the EGM shall be taken by poll unless otherwise required by the Hong Kong Listing Rules. For purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 28 August 2017 to Tuesday, 26 September 2017 (both days inclusive), during which time no share transfers will be registered. Instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 25 August 2017. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Tuesday, 26 September 2017 are entitled to attend the EGM.

ADDITIONAL INFORMATION

The Independent Board Committee comprising all independent non-executive Directors has been formed by the Company to advise the independent Shareholders on the Proposed Disposals. Somerley, the independent financial adviser, has been appointed in accordance with the Hong Kong Listing Rules to advise the Independent Board Committee and the independent Shareholders on the Proposed Disposals. Your attention is also drawn to the letter from the Independent Board Committee set out in pages 15 to 16, the letter from Somerley set out in pages 17 to 41 and the other information set out in the appendix to this circular.

By order of the Board
China Communications Construction Company Limited
Liu Wensheng
Company Secretary

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)

11 August 2017

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS DISPOSALS OF SHARES IN ZPMC

Reference is made to the circular of the Company dated 11 August 2017 (the "**Circular**"). Unless the content otherwise requires, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee for the purpose of providing you with our opinion as to whether the Equity Transfer Agreements and the Proposed Disposals are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Somerley has been appointed by the Company as the Independent Financial Advisor to advise you and us in this respect. Details of its recommendation, together with the principal factors and reasons it has taken into consideration in arriving at its recommendation are set out in the letter from Somerley set out on pages 17 to 41 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 14 of the Circular. Having taken into consideration the information contained in the letter from the Board, the interests of Independent Shareholders and the advice and recommendation of Somerley, we consider that the Equity Transfer Agreements are on normal commercial terms, which are fair and reasonable, and the Proposed Disposals contemplated thereunder are on normal or better commercial terms, although not conducted in the ordinary or usual course of business of the Company due to the nature of such transactions, are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favor of the resolution in relation to the Equity Transfer Agreements and the Proposed Disposals at the EGM.

Yours faithfully
For and on behalf of
the Independent Board Committee of
China Communications Construction Company Limited

LIU Zhangmin	**LEUNG Chong Shun**	**HUANG Long**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

Set out below is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Disposals, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

11 August 2017

To: The Independent Board Committee and the Independent Shareholders of China Communications Construction Company Limited

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
DISPOSALS OF SHARES IN ZPMC**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Disposals. Details of the Proposed Disposals are set out in the circular issued by the Company to the Shareholders dated 11 August 2017 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 18 July 2017, the Company and CCCG entered into the CCCC Equity Transfer Agreement pursuant to which the Company has conditionally agreed to sell and CCCG has conditionally agreed to acquire the CCCC Disposal Shares, representing 12.59% of the total issued share capital of ZPMC as at the Latest Practicable Date, at consideration of RMB5.27 per ZPMC A Share. On the same date, Zhen Hua HK and Zhen Hwa Macao entered the Zhen Hua HK Equity Transfer Agreement and the Zhen Hwa Macao Equity Transfer Agreement, respectively, with CCCG (on behalf of the CCCG intended subsidiary), pursuant to which Zhen Hua HK and Zhen Hwa Macao have conditionally agreed to sell, and the CCCG intended subsidiary has conditionally agreed to acquire, the Zhen Hua HK Disposal Shares and the Zhen Hwa Macao Disposal Shares at consideration of RMB3.67 per ZPMC B Share, respectively, representing 17.08% and 0.33% of the total issued share capital of ZPMC as at the Latest Practicable Date. The Disposal Shares in aggregate represent 29.99% of the total issued share capital of ZPMC as at the Latest Practicable Date.

CCCG is the controlling shareholder of the Company, holding approximately 63.84% interest in the Company as at the Latest Practicable Date. It is therefore a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. In addition, the Proposed

Disposals shall be aggregated under Rule 14.22 and Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the Proposed Disposals when aggregated exceeds 5% but is less than 25%, the Proposed Disposals constitute discloseable and connected transactions for the Company and are subject to the reporting, announcement and independent Shareholders' approval requirements under the Hong Kong Listing Rules.

CCCG is considered to have material interests under the Equity Transfer Agreements and the transactions contemplated thereunder. CCCG, together with its associates, is required to abstain from voting on the resolutions to be proposed at the EGM to approve the Proposed Disposals.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Liu Zhangmin, Mr. Leung Chong Shun and Mr. Huang Long, has been established to advise the Independent Shareholders on the terms of the Proposed Disposals and to make a recommendation as to voting. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Zhen Hua HK, Zhen Hwa Macao, CCCG, the CCCG intended subsidiary, ZPMC or their respective core connected persons, close associates or associates and accordingly are considered eligible to give independent advice on the above matters. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Zhen Hua HK, Zhen Hwa Macao, CCCG, the CCCG intended subsidiary, ZPMC or their respective core connected persons, close associates or associates.

In formulating our opinion, we have reviewed, among other things, the Equity Transfer Agreements, the annual reports of the Company for the years ended 31 December 2015 and 31 December 2016, the annual reports of ZPMC for the years ended 31 December 2015 (the "**ZPMC 2015 Annual Report**") and 31 December 2016 (the "**ZPMC 2016 Annual Report**"), the first quarterly report of ZPMC for the three months ended 31 March 2017 (the "**ZPMC 2017 1Q Report**"), the announcement of the Company in relation to the Proposed Disposals dated 18 July 2017 (the "**Announcement**") and the information as set out in the Circular. We have also discussed with the management of the Group regarding the future prospects of the remaining business of the Group after completion of the Proposed Disposals (the "**Completion**").

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group or ZPMC, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation, we have considered the principal factors and reasons set out below:

1. Information of the Group

(a) Business

The Company was incorporated on 8 October 2006 and was initiated and founded by CCCG. The Company's H shares (stock code: 1800) were listed on the Main Board of the Hong Kong Stock Exchange on 15 December 2006. The Company was one of the earliest ultra large state-owned transportation infrastructure groups entering the overseas capital market. The Company's A shares (stock code: 601800) were listed on the Shanghai Stock Exchange on 9 March 2012. The Group's principal business includes primarily infrastructure construction, infrastructure design, dredging, manufacturing of heavy machinery and other business.

The Group has five segments, namely construction, design, dredging, heavy machinery and other operations. The construction operation is the major contributor to the Group's revenue and profits. The construction operation includes infrastructure construction of ports, roads, bridges and railways in the PRC and other regions (including countries in Africa, South East Asia, Australia and Middle East). The construction operation is the core business segment of the Group, accounting for more than 80% of the total revenue of the Group for the year ended 31 December 2016. The design operation represents infrastructure design of ports, roads and bridges. The dredging operation includes capital dredging, maintenance dredging, environmental dredging and reclamation and related supporting projects. The heavy machinery operation, represented by ZPMC, comprises research and development and manufacture of products such as container cranes, loading/unloading machinery, marine engineering equipment, heavy-duty steel structure and road construction machinery.

(b) Financial information

Set out in the table below is a summary of the Group's financial performance for the three years ended 31 December 2016, 2015 and 2014.

	For the year ended 31 December		
	2016	**2015**	**2014**
	(RMB million)	*(RMB million)*	*(RMB million)*
Revenue			
Construction	357,158	345,475	298,986
Design	26,328	24,483	21,086
Dredging	30,282	33,515	28,020
Heavy machinery	26,006	24,104	26,733
Others	5,897	4,323	4,192
Eliminations *(Note 1)*	(15,699)	(28,284)	(12,975)
	429,972	403,616	366,042
Segment results			
Construction	23,604	18,259	15,605
Design	3,203	2,923	2,591
Dredging	2,740	3,752	2,676
Heavy machinery	1,773	1,491	1,843
Others	485	(69)	9
Eliminations *(Note 1)*	(729)	(447)	(43)
	31,076	25,909	22,681
Unallocated income (expenses)	48	(111)	1,104
Operating profit	31,124	25,798	23,785
Net interest expenses	(8,392)	(6,511)	(6,520)
Share of profits and losses of joint ventures and associates	190	384	339
Taxation	(5,233)	(3,758)	(3,721)
Non-controlling interests	(479)	(85)	102
Profit attributable to the Shareholders	17,210	15,828	13,985
Net profit margin *(Note 2)*	***4.0%***	***3.9%***	***3.8%***
Return on equity *(Note 3)*	***10.8%***	***10.8%***	***12.0%***

Notes:

1. The eliminations represent the eliminations of intra-group and intra-segment transactions.

2. The net profit margin is equal to the profit attributable to the Shareholders divided by the total revenue of Group in the respective year.

3. The return on equity is equal to the net profit attributable to the Shareholders divided by the equity attributable to the Shareholders as at the respective year end date.

For the year ended 31 December 2015, the revenue from the Group's construction segment increased by approximately 15.5% from approximately RMB298,986 million to approximately RMB345,475 million, mainly attributable to the increase in revenue from investment projects, overseas projects as well as some other projects. The decrease in revenue of the heavy machinery segment was mainly due to the persistent downturn of the international oil prices, which in turn affected the marine engineering equipment business. The contribution of revenue from the heavy machinery segment to total revenue of the Group reduced from approximately 7.3% for the year ended 31 December 2014 to approximately 6.0% for the year ended 31 December 2015. Profit attributable to the Shareholders for the year ended 31 December 2015 amounted to approximately RMB15,828 million, representing an increase of approximately 13.2% from the prior year. The construction segment continued to be the major contributor of the Group's profit, accounting for approximately 70.5% of the total segment profit, whereas the heavy machinery segment contributed approximately 5.8% of total segment profit.

For the year ended 31 December 2016, the revenue from the Group's construction segment increased slightly by approximately 3.4% over the last year of approximately RMB345,475 million. Such increase was mainly attributable to the increase in revenue from overseas projects, Public-Private-Partnership projects and domestic road and bridge construction projects. The value of new contracts entered into for the infrastructure construction business recorded a year-on-year increase of approximately 13.5%. The heavy machinery segment, whilst recording a year-on-year increase in revenue of approximately 7.9%, still only accounted for approximately 6.0% of the total revenue for the year. Profit attributable to the Shareholders amounted to approximately RMB17,210 million, up approximately 8.7% over the prior year. The construction segment accounted for approximately 76.0% of the total segment profit of the Group, while the heavy machinery segment decreased slightly to approximately 5.7% of the total segment profit of the Group.

As set out in the above, while the Group recorded growth in revenue and profit during the period under review, the heavy machinery segment became less significant to the Group in terms of the revenue and segment results contribution.

Set out below is a summary of the financial positions of the Group as at 31 December 2016, 2015 and 2014.

	As at 31 December		
	2016	**2015**	**2014**
	(RMB million)	*(RMB million)*	*(RMB million)*
ASSETS			
Non-current assets			
Intangible assets	143,380	141,345	90,378
Property, plant and equipment	66,775	67,973	63,377
Trade and other receivables	95,558	77,816	75,902
Others	58,223	51,441	45,594
	363,936	338,575	275,251

	As at 31 December		
	2016	**2015**	**2014**
	(RMB million)	*(RMB million)*	*(RMB million)*
Current assets			
Trade and other receivables	190,485	167,914	150,734
Cash and cash equivalents	108,720	94,960	71,823
Others	137,941	129,864	132,372
	437,146	392,738	354,929
Total assets	801,082	731,313	630,180
LIABILITIES			
Current liabilities			
Trade and other payables	292,990	257,379	224,617
Bank and other borrowings	99,484	86,605	91,034
Others	31,480	29,096	23,645
	423,954	373,080	339,296
Net current assets	13,192	19,658	15,633
Non-current liabilities			
Bank and other borrowings	173,996	168,578	137,801
Others	16,562	20,649	21,471
	190,558	189,227	159,272
Net assets	186,570	169,006	131,612
EQUITY			
Capital and reserves attributable to the Shareholders	159,323	146,724	116,531
Non-controlling interests	27,247	22,282	15,081
	186,570	169,006	131,612

As at 31 December 2016, total assets of the Group were approximately RMB801,082 million, representing an increase of approximately 9.5% from that as at 31 December 2015. The Group had a significant portion, around 17.9%, of its total assets as at 31 December 2016 represented by intangible assets, which represented substantially the assets under "Build-Operate-Transfer" service concession arrangements of toll roads in Mainland China.

The Group was largely financed by bank and other borrowings and shareholders' equity. As at 31 December 2016, the total bank and other borrowings (excluding finance lease liabilities) were approximately RMB271,964 million, of which approximately RMB99,068 million were due within one year. The short-term interest rates the Group were approximately 1.90% to 4.82% during 2016.

Net asset value ("**NAV**") attributable to the Shareholders was approximately RMB159,323 million as at 31 December 2016, representing an increase of approximately 8.6% from that as at 31 December 2015. As at 31 December 2016, the Group was in a net current asset position of approximately RMB13,192 million with a current ratio of approximately 1.03.

2. Information on ZPMC

(a) Business

ZPMC is a state-owned listed company incorporated in the PRC, the A shares (stock code: 600320) and B shares (stock code: 900947) of which are listed on the Shanghai Stock Exchange. ZPMC and its subsidiaries (the "**ZPMC Group**") are principally engaged in the design, construction, installation and contracting of large port handling systems and equipment, heavy marine equipment, construction machinery, engineering ships and large metal structures, their parts and accessories, ship repair, self-produced crane rental business, selling self-made products, engaged in international maritime shipping using special transport ships for shipping whole-machinery, steel structure engineering professional contracting, power engineering construction and mechanical and electrical installation engineering construction.

According to the ZPMC 2016 Annual Report, ZPMC has been in the first place in global container crane order ranking since 1998. ZPMC excels its existence worldwide by selling its products in 97 countries and regions in the world. In addition, ZPMC accounts for more than 80% of the market shares of quay cranes in global market.

(b) Financial information

Set out below are certain key financial data and financial indicators of the ZPMC Group for the two years ended 31 December 2015 and 2016 and the three months ended 31 March 2017 as extracted and calculated from the ZPMC 2016 Annual Report and the ZPMC 2017 1Q Report respectively.

	For the three months ended 31 March	For the year ended 31 December	
Income statement items	**2017**	**2016**	**2015**
	(RMB million)	*(RMB million)*	*(RMB million)*
Revenue *(Note 1)*			
– Container cranes		17,082.4	14,994.5
– Bulk-cargo machinery		3,155.0	2,013.4
– Heavy equipment		1,284.9	3,985.4
– Others		2,825.8	2,279.1
	4,223.2	24,348.1	23,272.4

Income statement items	For the three months ended 31 March 2017 (RMB million)	For the year ended 31 December 2016 (RMB million)	2015 (RMB million)
Gross profit *(Note 1)*			
– Container cranes		4,014.6	2,954.5
– Bulk-cargo machinery		100.2	151.0
– Heavy equipment		5.1	35.3
– Others		500.5	414.3
		4,620.4	3,555.1
Operating profit	48.0	316.0	206.7
Profit before income tax expense	63.3	368.8	271.7
Income tax expense	(19.3)	(61.5)	(77.5)
Profit for the year	44.0	307.3	194.2
Net profit attributable to shareholders of ZPMC	66.4	212.4	212.4
Net profit/(loss) attributable to shareholders of ZPMC after deduction of non-recurring gain or loss	65.4	157.4	(214.4)
Basic earnings/(loss) per share attributable to shareholders of ZPMC (RMB) *(Note 2)*	0.015	0.036	(0.049)
Net profit margin *(Note 3)*	***1.5%***	***0.6%***	***(0.9)%***
Return on equity *(Note 4)*	***0.4%***	***1.0%***	***(1.4)%***

Notes:

1. The gross profit of each segment is equal to the revenue less the operating cost of the relevant segment as set out in the ZPMC 2016 Annual Report. The segment revenue and results for the three months ended 31 March 2017 were not available in the ZPMC 2017 1Q Report.

2. For avoidance of doubt, the basic earnings/(loss) per share attributable to shareholders of ZPMC is equal to the net profit/(loss) attributable to the shareholders of ZPMC after deduction of non-recurring gain or loss divided by the total number of issued ZPMC shares.

3. The net profit margin is equal to the net profit/(loss) attributable to shareholders of ZPMC after deduction of non-recurring gain or loss in the respective year/period divided by the total revenue of ZPMC in the respective year/period.

4. The return on equity is equal to the net profit/(loss) attributable to shareholders of ZPMC after deduction of non-recurring gain or loss in the respective year/period as set out above divided by the equity attributable to the shareholders of ZPMC as at the relevant year or period end date.

Assets and liabilities items	As at 31 March 2017 (RMB million)	As at 31 December 2016 (RMB million)	2015 (RMB million)
ASSETS			
Non-current assets			
Fixed assets	14,749.7	15,022.8	15,655.5
Construction-in-progress	4,170.9	4,025.4	3,577.4
Intangible assets	3,754.1	3,744.4	3,819.4
Other non-current assets	8,609.0	8,445.2	7,295.9
	31,283.7	31,237.8	30,348.2
Current assets			
Amounts due from contract customers	11,132.0	11,105.8	11,217.6
Inventories	6,812.2	6,776.1	5,785.7
Cash and cash equivalents	4,016.9	3,597.0	2,458.3
Other current assets	7,068.7	8,107.1	9,211.0
	29,029.8	29,586.0	28,672.6
Total assets	60,313.5	60,823.8	59,020.8
LIABILITIES			
Current liabilities			
Short-term borrowings	20,573.8	21,485.9	18,216.9
Trade and other payables	5,593.9	6,328.2	7,075.7
Amounts due to contract customers	2,549.9	2,393.4	2,866.4
Notes payables	1,511.9	1,905.1	1,785.2
Other current liabilities	5,745.2	5,776.0	10,112.5
	35,974.7	37,888.6	40,056.7
Non-current liabilities			
Long-term borrowings	5,072.3	3,925.3	1,761.9
Other payables	1,649.7	1,618.4	719.9
Other non-current liabilities	965.8	904.4	695.6
	7,687.8	6,448.1	3,177.4
Total liabilities	43,662.5	44,336.7	43,234.1
Net current liabilities	6,944.9	8,302.6	11,384.1
Net assets	16,651.0	16,487.1	15,786.7
EQUITY			
Equity attributable to shareholders of ZPMC	15,353.6	15,196.7	14,869.6
Non-controlling interests	1,297.4	1,290.4	917.1
	16,651.0	16,487.1	15,786.7

	As at 31 March	As at 31 December	
	2017	2016	2015
NAV per share attributable to shareholders of ZPMC (RMB)	3.50	3.46	3.39

As set out in the first table above, during 2016, the ZPMC Group's revenue amounted to approximately RMB24,348.1 million (2015: RMB23,272.4 million), representing a year-on-year increase of approximately 4.6%. Container cranes segment is the ZPMC Group's major segment, accounting for more than 70% of the total revenue of the ZPMC Group for the year ended 31 December 2016. The ZPMC Group recorded an increase in operating profit of approximately 52.9% to approximately RMB316.0 million and the net profit attributable to shareholders of ZPMC (after deduction of non-recurring gain or loss) also improved from a loss for the year ended 31 December 2015 to approximately RMB157.4 million for the year ended 31 December 2016. The enhancement in the results was mainly attributable to the improved gross profit margin.

For the first quarter of 2017, the ZPMC Group recorded decrease in revenue compared with the corresponding period in 2016 by approximately 8.9%. The profitability of the ZPMC Group, however, showed improvement for the first quarter of 2017 and the net profit attributable to the shareholders (after deduction of non-recurring gain or loss) of ZPMC reached approximately RMB65.4 million, representing the enhancement of approximately 95.2% as compared to the corresponding period in 2016 of approximately RMB33.5 million. The improvement was also mainly attributable to the improved gross profit margin.

As at 31 March 2017, majority of the assets held by the ZPMC Group comprised property, plant and equipment and construction-in-progress due to its asset-oriented nature of business. With the relatively large asset base, the return on equity of the ZPMC Group was, however, not satisfactory. The return on equity of the ZPMC Group for the year ended 31 December 2016 was approximately 1.0%. Even taking into account the enhancement of net profit attributable to the shareholders in the first quarter of 2017, the return on equity for the three months ended was 0.4%, which was still significantly lower than the annual return on equity achieved by the Group for the year ended 31 December 2016.

The liquidity position of the ZPMC Group was not particularly satisfactory. The ZPMC Group consistently maintained net current liability positions as at 31 December 2015, 31 December 2016 and 31 March 2017. The operation of the ZPMC Group was mainly financed by the short-term and long-term borrowings and shareholders' equity. The interest rates of the abovementioned borrowings ranged from approximately 0.8% to approximately 6.9% during 2016. The operating profit will be deteriorated should there be any increase in interest rate.

(c) Outlook

As discussed in the ZPMC 2016 Annual Report, the world economic and trading conditions were in downturns, Britain exiting from the European Union ("**EU**") might trigger other EU's member nations following suit, creating uncertainty to the world's economic recovery and trading conditions. The global shipping industry, according to the management of ZPMC, was also in dilemma. Major market participants were in financial distress or in need of reorganisation. For example, the Hanjin Shipping Co., Ltd, the South Korea's largest container line and one of the world's top ten container carriers in terms of capacity, declared bankruptcy in February 2017. The MAERSK Group, one of the largest container ship and supply vessel operator in the world, was also under financial distress and in need of reorganisation. The financial pressure facing by major market players in shipping industries would inevitably affect the demand for port machinery.

According to an analysis of port machinery market as mentioned in the ZPMC 2016 Annual Report, ZPMC reached the peak in terms of purchase orders in 2015. With the declining demand from the Europe and Australia sector and weakened global marine demand in the last two years, ZPMC is facing huge difficulties in manufacturing ships, financing and making new orders.

In general, the world's marine equipment market remain weak and ZPMC's management expected that the weak recovery would continue for a relatively long period of time. Delay, suspension or cancellation of projects shall be anticipated as the "new normal" for the industry.

3. Reasons for and benefits of the Proposed Disposal

As stated in the letter from the Board in the Circular, the Company is of the view that the principal business activities of ZPMC share limited synergies with the Company's business of transportation infrastructure. The transfer of the Company's controlling interest in ZPMC may therefore allow it to concentrate more on and make more centralised investment in its core business of infrastructure and further strengthen its core competitiveness. In addition, the Company's principal business has been rapidly growing, and the application of the proceeds from the transfer to the Company's principal business would also help further enhance its profitability.

The one-off total gain from the Proposed Disposals (before taxation payable in relation to the Proposed Disposals and other expenses) is expected to be RMB2,438 million, which has been calculated with reference to the consideration for the Proposed Disposals (the "**Consideration**"), the fair value of the remaining shares held by the Company following the Proposed Disposals and the book value of net assets attributable to shareholders of ZPMC as at 31 December 2016. The Company intends to use the proceeds from the Proposed Disposals for replenishing its working capital, repayment of bank loans and investments in projects in light of its actual condition.

Among the existing principal activities of the Group, the construction, design and dredging segments are more related to the provision of engineering services while the heavy machinery segment (i.e. ZPMC) is related to manufacturing of equipment. The synergy between the heavy machinery segment and the rest of the principal businesses are comparatively less. Furthermore, the revenue and profit contributions from the heavy machinery segment have generally become less and less in the recent years. In 2016, the heavy machinery segment only provided approximately 6.0% and 5.7% of revenue and segment profit to those of the Group respectively. More importantly, the heavy machinery segment was a segment with lower profitability of the Group. The net profit margin and return on equity of the Group (inclusive of the heavy machinery segment) were considerably higher than those of the ZPMC Group respectively during the period under review. Given it is the intention of the Company to use part of the net proceeds from the Proposed Disposals for repayment of bank borrowings and investment in its core business, it is expected that the profitability of the Group will be further enhanced. Having considered the above and the challenging outlook of industry that ZPMC engages in, we concur with the view of the Company and consider that the Proposed Disposals will also benefit the Company by allowing the Directors and the management of the Group to focus on the Group's main business.

4. Principal terms of the Equity Transfer Agreements

Set out below is the summary of the principal terms of each of the Equity Transfer Agreements.

(a) Date

18 July 2017

(b) Parties and subject matter of the Equity Transfer Agreements:

	The CCCC Equity Transfer Agreement	**The Zhen Hua HK Equity Transfer Agreement**	**The Zhen Hwa Macao Equity Transfer Agreement**
Transferor	The Company	Zhen Hua HK	Zhen Hwa Macao
Transferee	CCCG	CCCG intended subsidiary	CCCG intended subsidiary
Shares to be acquired/ disposed of	CCCC Disposal Shares, comprising 552,686,146 ZPMC A Shares	Zhen Hua HK Disposal Shares, comprising 749,677,500 ZPMC B Shares	Zhen Hwa Macao Disposal Shares, comprising 14,285,700 ZPMC B Shares

	The CCCC Equity Transfer Agreement	The Zhen Hua HK Equity Transfer Agreement	The Zhen Hwa Macao Equity Transfer Agreement
Percentage of shares to be acquired/ disposed of to the total issued share capital of ZPMC as at the Latest Practicable Date	12.59%	17.08%	0.33%
Consideration	RMB2,912,655,989.42 (equivalent to RMB5.27 per ZPMC A Share)	RMB2,751,316,425 (equivalent to RMB3.67 per ZPMC B Share)	RMB52,428,519 (equivalent to RMB3.67 per ZPMC B Shares)
Basis of the consideration	The arithmetic mean of the daily weighted average price of ZPMC A Shares for the 30 trading days preceding the signing of the agreement (being RMB5.27 per share) and after arm's length negotiations to be 100% of the said price	The net assets per share of ZPMC as at 31 March 2017 with a 5% premium (being RMB3.67 per share) and after arm's length negotiations	The net assets per share of ZPMC as at 31 March 2017 with a 5% premium (being RMB3.67 per share) and after arm's length negotiations

(c) Payment

30% of the consideration shall be paid by the transferee to the transferor as guarantee deposit before the application to the state-owned assets supervision and administration authorities for approval of the relevant Proposed Disposals. The amount of the consideration with the guarantee deposit deducted shall be paid by the transferee on a timely basis following the coming into effect of the agreement.

(d) Conditions Precedent

The Equity Transfer Agreements shall be concluded upon the signing and sealing by all parties and shall become effective upon fulfilment of the following conditions:

(i) the Company has performed all necessary compliance procedures in respect of the relevant Proposed Disposals according to laws and regulations in relation to securities supervision and listing rules of places where the Company was listed and relevant regulations in the articles of association, including but not limited to Board approval, announcement and independent Shareholders' approval;

(ii) the transferee has performed all internal decision-making procedures in respect of the relevant Proposed Disposals; and

(iii) approval from the state-owned assets supervision and administration authorities has been obtained for the relevant Proposed Disposals.

For the avoidance of doubt, the Equity Transfer Agreements are not inter-conditional with each other.

(e) Profit or loss during the period from the signing of the Equity Transfer Agreements to Completion

The profit or loss of the Disposal Shares from the date of the signing of the Equity Transfer Agreements to the date of Completion shall be taken up or borne by the transferee.

(f) Completion

The transferor and the transferee shall submit all necessary application materials for the transfer and registration of the relevant Disposal Shares to China Securities Depository and Clearing Corporation Limited Shanghai Branch within 10 business days following the completion of the payment of consideration by the transferee. The relevant Proposed Disposals shall be completed on the date when the transfer of the relevant Disposal Shares is completed at China Securities Depository and Clearing Corporation Limited Shanghai Branch and the relevant Disposal Shares are registered under the name of transferee.

5. Evaluation of the consideration for the Proposed Disposals

(a) Comparisons of the market prices of the ZPMC A shares and the ZPMC B Shares

The consideration for the ZPMC A Share of RMB5.27 per ZPMC Share (the "**ZPMC A-Share Consideration**") represents:

(i) a premium of approximately 0.6% over the closing price of RMB5.24 per ZPMC A Share on the date of the Equity Transfer Agreements (the "**Last Trading Day**");

(ii) a discount of approximately 0.2% to the average closing price of RMB5.28 per ZPMC A Share for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;

(iii) the average closing price of approximately RMB5.27 per ZPMC A Share for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;

(iv) the average closing price of approximately RMB5.27 per ZPMC A Share for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 2.8% to the average closing price of approximately RMB5.42 per ZPMC A Share for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;

(vi) a premium of approximately 0.2% over the average closing price of approximately RMB5.26 per ZPMC A Share for the last 180 consecutive trading days immediately prior to and including the Last Trading Day;

(vii) a discount of approximately 5.6% to the closing price of RMB5.58 per ZPMC A Share on the Latest Practicable Date; and

(viii) a premium of approximately 50.6% over the NAV per share of ZPMC of approximately RMB3.50 based on the NAV attributable to the shareholders of ZPMC of approximately RMB15,353.6 million as at 31 March 2017 divided by 4,390,294,600 shares of ZPMC in issue as at the Latest Practicable Date.

The consideration for the ZPMC B Shares of RMB3.67 (equivalent to approximately US$0.54 based on the exchange rate of RMB6.8 per US$) per ZPMC B Share (the "**ZPMC B-Share Consideration**", together with the ZPMC A-Share Consideration, the "**Consideration**") represents:

(i) a premium of approximately 5.9% over the closing price of US$0.510 per ZPMC B Share on the Last Trading Day;

(ii) a premium of approximately 5.5% over the average closing price of approximately US$0.512 per ZPMC B Share for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 5.1% over the average closing price of approximately US$0.514 per ZPMC B Share for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 5.1% over the average closing price of approximately US$0.514 per ZPMC B Share for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 4.9% over the average closing price of approximately US$0.515 per ZPMC B Share for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;

(vi) a premium of approximately 6.1% over the average closing price of approximately US$0.509 per ZPMC B Share for the last 180 consecutive trading days immediately prior to and including the Last Trading Day;

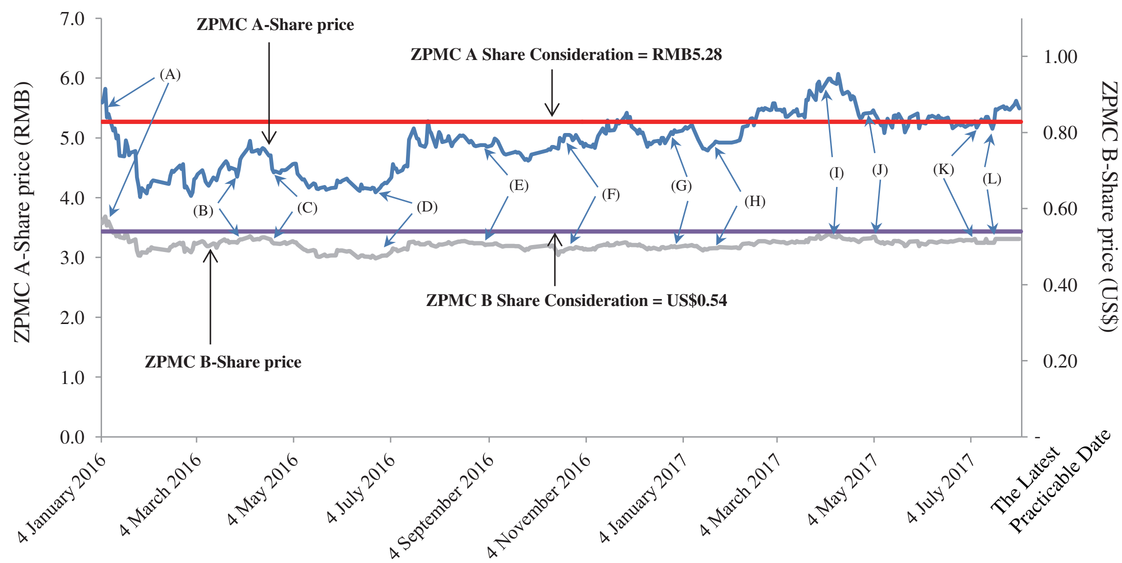
(vii) a premium of approximately 4.2% over the closing price of US$0.518 per ZPMC B Share on the Latest Practicable Date; and

(viii) a premium of approximately 5% over the NAV per share of ZPMC of approximately RMB3.50 based on the NAV attributable to the shareholders of ZPMC of approximately RMB15,353.6 million as at 31 March 2017 divided by 4,390,294,600 shares of ZPMC in issue as at the Latest Practicable Date.

As set out above, the ZPMC A-Share Consideration is generally close to the long-term market price of the ZPMC A Shares but is significantly above the NAV per share of ZPMC of approximately RMB3.50. The ZPMC B-Share Consideration is generally above the long-term market price of the ZPMC B Shares and the NAV per share of ZPMC of approximately RMB3.50.

(b) Historical price performances of the ZPMC A Shares and the ZPMC B Shares

Set out below are the share price performances of the ZPMC A Shares and the ZPMC B Shares since the beginning of 2016 to the Latest Practicable Date (the "**Review Period**").



Source: Bloomberg

As set out in the discussion below, ZPMC announced a number of developments during the Review Period which we consider to be crucial in shaping the market price of the ZPMC A Shares and the ZPMC B Shares.

Event	Date of announcement	Details of the event
(A)	9 January 2016	Major contract of Singapore dollar 240 million awarded by a Singaporean container port operator
(B)	29 March 2016	Publication of annual results for the year ended 31 December 2015
(C)	27 April 2016	Publication of first quarterly results for the three months ended 31 March 2016
(D)	2 July 2016	Award of two infrastructure projects in the PRC together with certain related parties with aggregate investment amount of approximately RMB9.9 billion

Event	Date of announcement	Details of the event
(E)	31 August 2016	Publication of interim results for the six months ended 30 June 2016
(F)	31 October 2016	Publication of third quarterly results for the nine months ended 30 September 2016
(G)	27 December 2016	Award of a road project in the PRC together with certain related parties with investment amount of approximately RMB2.0 billion
(H)	24 January 2017	Award of an infrastructure project in the PRC together with certain related parties with investment amount of approximately RMB2.7 billion
(I)	29 March 2017	Publication of annual results for the year ended 31 December 2016
(J)	28 April 2017	Publication of first quarterly results for the three months ended 31 March 2017
(K)	13 July 2017	Award of a construction project in Abu-Dhabi with investment amount of approximately US$170 million
(L)	18 July 2017	The Announcement

Source: The announcements published by ZPMC and the website of the Stock Exchange

Since the beginning of 2016, the closing prices of the ZPMC A Shares trended downwards and reached a trough at RMB4.01 in late January 2016. Since then, the share prices were mostly closed below the ZPMC A Share Consideration till the end of 2016, during the period of which ZPMC issued first quarterly, interim and third quarterly results. Starting from the beginning of 2017, the ZPMC A Shares price started to climb following the announcement of a number of major tenders won by ZPMC. The share price of the ZPMC A Shares reached its peak at RMB6.07 in early April 2017 after the release of the annual results of ZPMC for the year ended 31 December 2016. After that, the share price per ZPMC A Share closed around the ZPMC A Share Consideration until the Last Trading Day. During the review period and up to the Last Trading Day, the market prices of the ZPMC A shares ranged from RMB4.01 to RMB6.07 apiece with an average and a median of approximately RMB4.92 and approximately RMB4.95. Out of a total of 375 trading days, there were 287 trading days when the price of the ZPMC A shares closed at or below the ZPMC A-Share Consideration.

The ZPMC B Share price followed a similar trend as that of the ZPMC A Shares throughout the Review Period. During the Review Period and up to the Last Trading Day, the market prices of the ZPMC B shares ranged from US$0.47 to US$0.58 apiece with an average and a median of both approximately US$0.51. Out of a total of 375 trading days, there were 370 trading days when the price of the ZPMC B Shares closed at or below the ZPMC B-Share Consideration.

(c) Liquidity of the ZPMC A Shares and the ZPMC B Shares

Set out in the table below are (i) the respective monthly total trading volume of the ZPMC A Shares and the ZPMC B Shares; (ii) the respective percentage of such monthly total trading volume to the total issued ZPMC A Shares and the total issued ZPMC B Shares; and (iii) the respective percentage of such monthly total trading volume to the public float of the ZPMC A Shares and the public float of the ZPMC B Shares during the Review Period.

	Monthly total trading volume of the ZPMC A shares	**Percentage of the monthly total trading volume of the ZPMC A Shares to**		**Monthly total trading volume of the ZPMC B Shares**	**Percentage of the monthly total trading volume of the ZPMC B Shares to**	
		total issued ZPMC A Shares *(Note 1)*	**public float** *(Note 2)*		**total issued ZPMC B Shares** *(Note 3)*	**public float** *(Note 4)*
2016						
January	320,147,403	11.6%	21.3%	98,559,841	6.1%	11.5%
February	232,542,399	8.4%	15.5%	40,344,940	2.5%	4.7%
March	377,900,140	13.7%	25.1%	55,591,071	3.4%	6.5%
April	345,616,915	12.5%	23.0%	36,370,117	2.2%	4.2%
May	152,899,391	5.5%	10.2%	30,342,136	1.9%	3.5%
June	148,582,085	5.4%	9.9%	26,071,006	1.6%	3.0%
July	742,819,722	26.8%	49.4%	62,651,334	3.9%	7.3%
August	351,514,088	12.7%	23.4%	32,787,583	2.0%	3.8%
September	160,965,172	5.8%	10.7%	23,167,576	1.4%	2.7%
October	247,516,815	8.9%	16.5%	38,484,815	2.4%	4.5%
November	536,789,353	19.4%	35.7%	51,079,540	3.1%	6.0%
December	303,854,353	11.0%	20.2%	25,566,278	1.6%	3.0%
2017						
January	188,338,104	6.8%	12.5%	16,323,658	1.0%	1.9%
February	430,937,145	15.6%	28.7%	41,742,447	2.6%	4.9%
March	661,643,489	23.9%	44.0%	76,670,858	4.7%	8.9%
April	391,177,327	14.1%	26.0%	37,297,683	2.3%	4.3%
May	278,283,354	10.1%	18.5%	30,649,074	1.9%	3.6%
June	256,328,578	9.3%	17.1%	18,197,159	1.1%	2.1%
July	371,914,588	13.4%	24.7%	31,115,349	1.9%	3.6%
From 1 August to the Latest Practicable Date	88,920,924	3.2%	5.9%	7,293,045	0.4%	0.9%

Source: Bloomberg and the ZPMC 2016 Annual Report.

Notes:

1. The calculation is based on the monthly trading volume of the ZPMC A Shares divided by the number of the ZPMC A Shares in issue as shown in the ZPMC 2016 Annual Report, being 2,768,331,400 ZPMC A Shares.

2. The calculation is based on the monthly trading volume of the ZPMC A Shares divided by (a) the number of the ZPMC A Shares in issue as set out in note 1 above; less (b) the 1,265,637,849 ZPMC A Shares held by the Company.

3. The calculation is based on the monthly trading volume of the ZPMC B Shares divided by the number of the ZPMC B Shares in issue as shown in the ZPMC 2016 Annual Report, being 1,621,963,200 ZPMC B Shares.

4. The calculation is based on the monthly trading volume of the ZPMC B Shares divided by (a) the number of the ZPMC B Shares in issue as set out in note 3 above; less (b) the 763,963,200 ZPMC B Shares held indirectly by the Company.

The trading market of the ZPMC A Shares was generally active during the period under review. The monthly trading volume of the ZPMC A Shares (excluding August 2017) ranged from 5.4% to 26.8% of the total ZPMC A Shares in issue and was in double-digit in all months, except for June 2016, of the public float. Based on the above, we are of the view that the market prices of the ZPMC A Shares serve as a fair proxy for the valuation on the intrinsic value of ZPMC from the market over the Review Period.

On the other hand, however, the monthly trading volume of the ZPMC B Shares (excluding August 2017) ranged from 1.0% to 6.1% of the total issued ZPMC B Shares and 1.9% to 11.5% of the total public float. The lower trading liquidity of the ZPMC B Shares seems reasonable given fewer number of investors in B shares in the PRC due to tight restrictions to B shares investors and hence general trading activities are less frequent.

(d) Comparable Companies

The ZPMC Group are primarily engaged in the design, construction, installation and contracting of large port handling systems and equipment, heavy marine equipment, construction machinery, engineering ships and large metal structures, their parts and accessories, ship repair, self-produced crane rental business, selling self-made products, engaged in international maritime shipping using special transport ships for shipping whole-machinery, steel structure engineering professional contracting, power engineering construction and mechanical and electrical installation engineering construction. The container cranes segment accounted for more than 80% of the total revenue of the ZPMC Group for the year ended 31 December 2016.

In assessing the fairness and reasonableness of the Consideration, we compared the price-to-earnings multiples (the "**P/E Multiples**") represented by the Consideration against the market valuation of companies (i) listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange; (ii) with principal activities of manufacturing and sale of industrial machinery in the PRC; and (iii) with the majority of turnover and segment profit derived from the aforesaid principal activities in the latest financial year (the "**Comparable Companies**").

Company name	Stock code	Listing location	Principal business activities	Latest financial reporting date	Market capitalisation as at the Latest Practicable Date *(RMB million)*	P/E Multiple *(Note 1)* *(times)*
ZPMC	600320	Shanghai	ZPMC is principally engaged in the design, construction, installation and contracting of large port handling systems and equipment, heavy marine equipment, construction machinery, engineering ships and large metal structures, their parts and accessories, ship repair, self-produced crane rental business, selling self-made products, engaged in international maritime shipping using special transport ships for shipping whole-machinery, steel structure engineering professional contracting, power engineering construction and mechanical and electrical installation engineering construction.	31 March 2017	20,131.0 *(Note 2)*	106.3 *(Note 2)*
Hangcha Group Company Limited ("**Hangcha**")	603298	Shanghai	Hangcha operates in the manufacturing industry. It designs, produces, and sells forklift trucks, tractors, and other logistics equipment around the world.	31 March 2017	11,572.6	30.9
Xuzhou Handler Special Vehicle Company Limited ("**Xuzhou**")	300201	Shenzhen	Xuzhou develops and manufactures specialised vehicles and provides aerial work design, technical support and maintenance services. Its main products include aerial work platforms, power supply vehicles, maintenance service vehicles, military maintenance service vehicles, and other specialised vehicles.	31 March 2017	8,948.5	89.7

Company name	Stock code	Listing location	Principal business activities	Latest financial reporting date	Market capitalisation as at the Latest Practicable Date (RMB million)	P/E Multiple (Note 1) (times)
Anhui Heli Company Limited ("**Anhui Heli**")	600761	Shanghai	Anhui Heli is a China-based company principally engaged in the research and development, manufacture and distribution of forklift trucks and related components. It is also engaged in industrial vehicle post market businesses, including the manufacture of loading machines, the provision of parts, vehicle leasing and reproduction business, among others. Its products are mainly applied in the loading and unloading, stacking, handling and traction of finished goods and materials, covering manufacturing sector, transportation sector and warehousing and storage sector.	31 March 2017	6,587.6	19.3
Zhuzhou Tianqiao Crane Company Limited ("**Zhuzhou Tianqiao**")	002523	Shenzhen	Zhuzhou Tianqiao researches, develops, produces and sells bridge and gantry crane lifting equipment. It sells its products in China and exports abroad to Germany, Oman, Russia, Vietnam and Zambia etc..	31 March 2017	5,413.6	51.3
Eurocrane China Company Limited ("**Eurocrane**")	603966	Shanghai	Eurocrane manufactures industrial machinery. It designs, produces, and sells cranes, electric hoists, material handling, and other related equipment. Eurocrane serves customers worldwide.	31 March 2017	2,940.8	48.3

Company name	Stock code	Listing location	Principal business activities	Latest financial reporting date	Market capitalisation as at the Latest Practicable Date	P/E Multiple
						(Note 1)
					(RMB million)	*(times)*
					Average	57.6
					Median	49.8
					Maximum	106.3
					Minimum	19.3
The Proposed Disposals						
– ZPMC A Shares						122.4 *(Note 3)*
– ZPMC B Shares						85.1 *(Note 3)*

Source: Bloomberg and the respective companies' annual reports and quarterly reports

Notes:

1. Except for ZPMC, the P/E Multiples of the Comparable Companies are calculated based on the market capitalisation of the Comparable Companies as at the Latest Practicable Date divided by the trailing twelve months profit attributable to the shareholders of the Comparable Companies after deduction of non-recurring gain or loss as shown in their respective annual reports or quarterly reports. Except for ZPMC, none of the Comparable Companies have B-shares as at the Latest Practicable Date.

2. The market capitalisation of ZPMC was the market capitalisation of ZPMC as at the Last Trading Day. The P/E Multiple of ZPMC is calculated based on the market capitalisation of ZPMC as at the Last Trading Day divided by the trailing twelve months profits attributable to the shareholders of ZPMC after deduction of non-recurring gain or loss as shown in the ZPMC 2016 Annual Report and the ZPMC 2017 1Q Report.

3. The implied P/E Multiples of the Proposed Disposals of approximately 122.4 times and approximately 85.1 times in respect of the ZPMC A Shares and the ZPMC B Shares are calculated based on the ZPMC A Share Consideration and the ZPMC B Share Consideration of RMB5.27 and RMB3.67, divided by the trailing twelve months net profit attributable to ZPMC after deduction of non-recurring gain or loss of approximately RMB0.043 per ZPMC share respectively.

The P/E Multiples of the Comparable Companies ranged from approximately 19.3 times to approximately 106.3 times with an average and a median of approximately 57.6 times and 49.8 times respectively. The implied P/E Multiple of the ZPMC A Shares under the Proposed Disposals is higher than the range of that of the Comparable Companies and the implied P/E Multiple of the ZPMC B Shares under the Proposed Disposals is well above the mean and median of that of the Comparable Companies.

6. Financial effects of the Proposed Disposals on the Group

(a) Earnings

Upon Completion, the Group will hold approximately 16.24% of the equity interest in ZPMC. ZPMC will cease to be a subsidiary of the Group and will become an associate of the Company. The financial results of ZPMC will therefore no longer be consolidated into the financial statements of the Group. For the year ended 31 December 2016, the consolidated net profit of the Company (including those attributable to non-controlling interests) was approximately RMB17,689 million, of which approximately RMB212 million was contributed by ZPMC.

Furthermore, upon Completion, an one-off gain on the Proposed Disposals of approximately RMB2,438 million (before taxation payable in relation to the Proposed Disposals and other expenses), which was calculated with reference to the aggregate Consideration, the fair value of the remaining shares held by the Company following the Proposed Disposals and the book value of net assets attributable to shareholders of ZPMC as at 31 December 2016.

Shareholders are reminded that the actual gain to be recognised following Completion shall be determined with reference to various factors such as the consolidated net assets of ZPMC attributable to the parent company following Completion and the fair value of the remaining shares held by the Company, which may be different from the abovementioned gain.

(b) NAV

Upon Completion, ZPMC will cease to be a subsidiary of the Company and become an associate of the Company. Accordingly, the consolidated balance sheet of ZPMC will no longer be consolidated into the consolidated statement of financial position of the Company but the interest in ZPMC will be equity accounted for and recognised as investments in associates in the consolidated statement of financial position of the Company. As at 31 December 2016, the consolidated NAV of the Company was approximately RMB186,570 million, of which approximately RMB15,197 million was attributable to ZPMC.

Upon Completion, the NAV of the Group will be enhanced by the one-off gain on the Proposed Disposals of approximately RMB2,438 million as set out in paragraph (a) above.

(c) Liquidity

As at 31 December 2016, the Group had cash and bank balances of approximately RMB108,720 million and net current assets (i.e. total current assets less total current liabilities) of approximately RMB13,192 million. Based on the cash balance of approximately RMB4,017 million and the net current liability position of ZPMC of approximately RMB6,945 million as at 31 March 2017 and given the Consideration will be solely satisfied in cash of approximately RMB5,716 million, both the cash and the net current asset positions of the Group are anticipated to improve upon Completion.

(d) Gearing

As at 31 December 2016, the Group's gearing ratio, being net debt (i.e. total borrowings of approximately RMB273,480 million less cash and cash equivalents of approximately RMB108,720 million) divided by total capital (i.e. total equity of approximately RMB186,570 million plus net debt of approximately RMB164,760 million), was approximately 46.9%. Based on the net debt of ZPMC of approximately RMB21,629 million as at 31 March 2017 and the Consideration of approximately RMB5,716 million in cash and the expected gain on the Proposed Disposals, it is expected that the Group's gearing ratio will be reduced upon Completion.

DISCUSSION AND ANALYSIS

The Group's principal business includes primarily infrastructure construction, infrastructure design, dredging, manufacturing of heavy machinery and other business. Among the existing principal activities of the Group, the construction, design and dredging segments are more related to the provision of engineering services while the heavy machinery segment (i.e. ZPMC) is related to manufacturing of equipment. The synergy between the heavy machinery and the rest of the principal businesses are comparatively less. Furthermore, the revenue and profit contributions were substantially come from the construction segment and the contributions from the heavy machinery segment have become insignificant in the recent years. More importantly, the heavy machinery segment was a segment with lower profitability of the Group. The net profit margin and return on equity of the Group (inclusive of the heavy machinery segment) were considerably higher than that of the ZPMC Group during the period under review.

The world's marine equipment market remain weak and ZPMC's management expected that the weak recovery would continue for a relatively long period of time. The short-term outlook of the industry that ZPMC engages in therefore is challenging.

The ZPMC A-Share Consideration of RMB5.27 is generally close to the long-term market price of the ZPMC A Shares prior to the Announcement and has a significant premium of around 50% over the NAV attributable of ZPMC shareholders per ZPMC share. The ZPMC B-Share Consideration of RMB3.67 has single-digit premiums over the long-term market price of the ZPMC B Shares prior to the Announcement and the NAV attributable of ZPMC shareholders per ZPMC share. Since the beginning of 2016 and up to the Last Trading Day, the average market prices of the ZPMC A Shares and the ZPMC B Shares were approximately RMB4.92 and US$0.51 (equivalent to approximately RMB3.47) respectively. Out of a total of 375 trading days in such period, there were 287 trading days and 370 trading days when the prices of the ZPMC A Shares and the ZPMC B Shares were closed at or below the ZPMC A-Share Consideration and the ZPMC B-Share Consideration respectively.

The trading liquidity of the ZPMC A Shares was generally high while that of the ZPMC B Shares were much lower. The market prices of the ZPMC A Shares therefore is considered a fair proxy for the valuation on the intrinsic value of ZPMC A shares from the market.

The P/E Multiples of the Comparable Companies ranged from approximately 19.3 times to approximately 106.3 times with an average and a median of approximately 57.6 times and 49.8 times respectively. The implied P/E Multiple of the ZPMC A Shares under the Proposed Disposals of 122.4 times is higher than the range of that of the Comparable Companies and the implied P/E Multiple of the ZPMC B Shares under the Proposed Disposals of 85.1 times is also well above the mean and median of that of the Comparable Companies.

The financial effects of the Proposed Disposals on the Group are expected to be positive. It is expected that there will be a gain on the Proposed Disposals and with enhancement to the NAV of the Group. Also, both the working capital and gearing of the Group are expected to improve upon Completion as the consideration for the Proposed Disposals will be entirely satisfied in cash.

OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Proposed Disposals, though not in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole and the terms of the Equity Transfer Agreements are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Proposed Disposals.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Danny Cheng
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and Short Positions of Directors, Supervisors and Chief Executives

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executives of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which any such Director, Supervisor, chief executive or member of senior management was taken or deemed to have under such provisions of the SFO); (b) required to be recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO; or (c) otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Hong Kong Listing Rules in force as at the Latest Practicable Date.

Mr. Liu Qitao and Mr. Chen Fenjian act as the Directors of the Company. Mr. Liu Qitao concurrently acts as the chairman of the board of directors of CCCG and Mr. Chen Fenjian concurrently acts as the vice chairman of the board of directors and the general manager of CCCG. Mr. Zhen Shaohua acts as the chairman of the supervisory committee of the Company, and he concurrently serves as the deputy general manager of CCCG. Mr. Wang Yongbin acts as a Supervisor and the general manager of the auditing department of the Company, and he concurrently serves as a staff representative supervisor of CCCG.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates (as defined in the Hong Kong Listing Rules) was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Hong Kong Listing Rules as if each of them were a controlling Shareholder).

4. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest in any assets which have been, since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

5. CONSENT AND QUALIFICATION OF EXPERT

(a) The following is the qualification of the expert who has given an opinion or advice which is contained in this circular:

Name	**Qualification**
Somerley	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

(b) As at the Latest Practicable Date, the above expert did not have any shareholding directly or indirectly in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and it had no interest, either directly or indirectly, in any assets which have been, since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

(c) On the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and reference to its name and letter, where applicable, in the form and context in which it appears.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within a year without payment of any compensation (other than statutory compensation)).

7. MATERIAL ADVERSE CHANGE

As the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 2805, 28th Floor Convention Plaza Office Tower 1 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of the EGM:

(a) the letter from the Independent Board Committee, the text of which is set out in this circular;

(b) the letter from Somerley, the text of which is set out in this circular;

(c) the written consent of Somerley as referred to in this appendix; and

(d) the Equity Transfer Agreements.

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)

NOTICE OF 2017 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Communications Construction Company Limited (the "**Company**") will be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on Tuesday, 26 September 2017 for the purpose of considering and, if thought fit, passing the following resolution:

As Ordinary Resolution

1. To consider and approve the transactions in relation to the proposed disposals of shares in Shanghai Zhenhua Heavy Industries Co., Ltd. ("**ZPMC**") by the Company to China Communications Construction Group (Limited) ("**CCCG**"), by Zhen Hua Engineering Company Limited ("**Zhen Hua HK**") to the wholly-owned subsidiary intended to be set up overseas by CCCG (the "**CCCG intended subsidiary**"), and by Zhen Hwa Harbour Construction Company Limited ("**Zhen Hwa Macao**") to the CCCG intended subsidiary, respectively, details of which are described in the circular of the Company dated 11 August 2017:

   "**THAT** the equity transfer agreements dated 18 July 2017 entered into by the Company with CCCG, by Zhen Hua HK with the CCCG intended subsidiary, and by Zhen Hwa Macao with the CCCG intended subsidiary, respectively, be and are hereby authorised, approved and ratified; the disposals of shares in ZPMC by the Company to CCCG, by Zhen Hua HK to the CCCG intended subsidiary, and by Zhen Hwa Macao to the CCCG intended subsidiary, respectively, under such equity transfer agreements be and are hereby authorised and approved; and the board of directors of the Company (the "**Board**") be and is hereby authorised to exercise all the powers of the Company to deal with all things, including but not limited to, signing, amending, supplementing, submitting, reporting and organizing the execution of all agreements and documents in connection with the proposed disposals; and such authorization to the Board be and is hereby further granted to and exercised by Mr. LIU Qitao, chairman of the Board, with effect from the date on which such granting was considered and approved at the EGM."

By Order of the Board
China Communications Construction Company Limited
Liu Wensheng
Company Secretary

Beijing, the PRC

11 August 2017

As at the date of this notice, the Directors are LIU Qitao, CHEN Fenjian, FU Junyuan, LIU Maoxun, LIU Zhangmin#, LEUNG Chong Shun# and HUANG Long#.

\# *Independent non-executive Director*

Notes:

1. CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY FOR ATTENDING THE EGM

For purpose of ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 28 August 2017 to Tuesday, 26 September 2017 (both days inclusive), during which time no share transfers will be registered. Instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 25 August 2017. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Tuesday, 26 September 2017 are entitled to attend the EGM.

2. NOTICE OF ATTENDANCE

Holders of H shares who intend to attend the EGM should complete and lodge the accompanying reply slip and return it to the Company's H share registrar on or before Tuesday, 5 September 2017. The reply slip may be delivered by hand, by post or by fax to the Company's H share registrar. Completion and return of the reply slip will not affect the right of a shareholder to attend the EGM. However, the failure to return the reply slip may result in an adjournment of the EGM, if the number of shares carrying the right to vote represented by the shareholders proposing to attend the EGM by the reply slip does not reach more than half of the total number of shares of the Company carrying the right to vote at the EGM.

3. PROXY

Every shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether or not they are members of the Company, to attend and vote on his behalf at the EGM.

A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H share registrar. Return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the EGM if he so wishes.

If more than one proxy is appointed, such proxies shall only be entitled to vote by poll.

Shareholders or their proxies are required to produce their identification documents when attending the EGM.

4. OTHERS

The EGM is expected to last for around one hour. Shareholders and their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses.