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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about any of the contents of this supplemental circular or as to what action to take in relation to this supplemental 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 supplemental 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.

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**中國交通建設股份有限公司**  
**CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1800)**

**SUPPLEMENTAL CIRCULAR FOR EXTRAORDINARY GENERAL MEETING:**

- (1) DISCLOSEABLE TRANSACTIONS AND CONTINUING  
CONNECTED TRANSACTIONS:  
PROPOSED ENTERING INTO THE FINANCE LEASE AND  
COMMERCIAL FACTORING FRAMEWORK AGREEMENT;**
- (2) THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS;**
- (3) REPORT ON THE USE OF THE PREVIOUSLY RAISED PROCEEDS; AND  
SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

 **SOMERLEY CAPITAL LIMITED**

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This supplemental circular should be read together with the circular and notice of the EGM dated 28 September 2018. A letter from the Board is set out on pages 3 to 14 of this supplemental circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this supplemental 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 28 of this supplemental circular.

The EGM of the Company will be held as originally scheduled at CCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on 20 November 2018. The supplemental notice of the EGM is set out on pages 29 to 30 of this supplemental circular.

A supplemental form of proxy for the EGM is enclosed with this supplemental circular. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed supplemental form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof (i.e. before 2:00 p.m. on Monday, 19 November 2018). Completion and return of the supplemental 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.

19 October 2018

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## DEFINITIONS

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

“Board”	the board of directors of the Company
“CCCC Financial Leasing”	CCCC Financial Leasing Co., Ltd. (中交建融租賃有限公司), a limited liability company incorporated under the laws of the PRC and a connected subsidiary of the Company
“CCCCG”	China Communications Construction Group (Limited), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company
“CCCCG Group”	CCCCG and its subsidiaries, excluding the Group
“Company”	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 Shanghai Stock Exchange under the stock code 601800
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting 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 20 November 2018
“Finance Lease and Commercial Factoring Framework Agreement”	the finance lease and commercial factoring framework agreement entered into between the Company and CCCC Financial Leasing on 29 August 2018
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

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## DEFINITIONS

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“Independent Board Committee”	the committee of Directors consisting of Mr. HUANG Long, Mr. ZHENG Changhong and Mr. NGAI Wai Fung who are independent non-executive Directors, formed to advise the Independent Shareholders on the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder
“Independent Shareholders”	the Shareholders, other than CCCG and its associates who will abstain from voting on the relevant resolution in relation to the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder at the EGM
“Latest Practicable Date”	12 October 2018, being the latest practicable date for ascertaining certain information included herein before the printing of this supplemental circular
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China and for the purpose of this supplemental circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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
“Somerville” or “Independent Financial Adviser”	Somerville 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 on the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent

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## LETTER FROM THE BOARD

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中國交通建設股份有限公司  
**CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED**  
*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1800)**

***Executive Directors***

LIU Qitao  
CHEN Yun

***Non-executive Directors***

LIU Maoxun  
QI Xiaofei

***Independent non-executive Directors***

HUANG Long  
ZHENG Changhong  
NGAI Wai Fung

***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

19 October 2018

*To the Shareholders,*

Dear Sir or Madam,

**SUPPLEMENTAL CIRCULAR FOR EXTRAORDINARY GENERAL MEETING:**

- (1) DISCLOSEABLE TRANSACTIONS AND CONTINUING  
CONNECTED TRANSACTIONS:  
PROPOSED ENTERING INTO THE FINANCE LEASE AND  
COMMERCIAL FACTORING FRAMEWORK AGREEMENT;**
- (2) THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS;**
- (3) REPORT ON THE USE OF THE PREVIOUSLY RAISED PROCEEDS; AND  
SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING**

**A. INTRODUCTION**

Reference is made to the announcement of the Company dated 29 August 2018 in relation to the discloseable transactions and continuing connected transactions under the Finance Lease and Commercial Factoring Framework Agreement entered into between the Company and CCCC Financial Leasing. Reference is also made to the circular of the Company and the notice of the EGM dated 28 September 2018.

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## LETTER FROM THE BOARD

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The purpose of this supplemental circular is to provide you with, among other things, (i) details of the Finance Lease and Commercial Factoring Framework Agreement, the Management Measures for Connected Transactions and the report on the use of the previously raised proceeds; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the Finance Lease and Commercial Factoring Framework Agreement and its proposed annual caps; and (iii) a letter from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders on the Finance Lease and Commercial Factoring Framework Agreement and its proposed annual caps, in order to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

### **B. FINANCE LEASE AND COMMERCIAL FACTORING FRAMEWORK AGREEMENT**

In order to regulate the finance lease services and commercial factoring services provided by CCCC Financial Leasing to the Group, on 29 August 2018, the Company and CCCC Financial Leasing entered into the Finance Lease and Commercial Factoring Framework Agreement for a term of three years from 1 January 2019 to 31 December 2021.

#### **1. Finance Lease and Commercial Factoring Framework Agreement**

The principal terms of the Finance Lease and Commercial Factoring Framework Agreement are set out as follows:

##### **Date**

29 August 2018

##### **Parties**

- (1) the Company; and
- (2) CCCC Financial Leasing

##### **Term**

Three years from 1 January 2019 to 31 December 2021

##### **Finance Lease**

Pursuant to the Finance Lease and Commercial Factoring Framework Agreement, CCCC Financial Leasing shall provide finance lease services to the Group in respect of the leased assets through direct leasing or sale and leaseback arrangements.

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## LETTER FROM THE BOARD

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(i) **Types of Finance Lease**

(a) *Direct Leasing*

CCCC Financial Leasing shall purchase the designated assets from designated suppliers as notified by the Group and then lease the subject assets to the Group in consideration of rental fees and other miscellaneous fees on a periodic basis. CCCC Financial Leasing shall have the ownership of such subject assets during the lease period. Upon expiry of the lease period, the Group may choose to renew, return or purchase the leased assets at a nominal consideration, subject to the commercial negotiation with CCCC Financial Leasing.

(b) *Sale and Leaseback*

CCCC Financial Leasing shall purchase the subject assets from the Group and then lease such subject assets back to the Group in consideration of rental fees and other miscellaneous fees on a periodic basis. The ownership of such subject assets shall be transferred to CCCC Financial Leasing after acquiring the same from the Group and during the lease period. Upon expiry of the lease period, CCCC Financial Leasing shall transfer the ownership of the subject assets back to the Group at a nominal consideration.

(ii) **Leased Assets**

The leased assets are for the business operations of the Company, including but not limited to infrastructure, engineering equipment and ships, etc.

(iii) **Rental fees and other miscellaneous fees**

The rental fees and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to the finance lease services shall be determined following arm's length negotiation between the parties with reference to the prevailing market prices for comparable finance lease services, after taking into account various factors, such as finance costs, value of the leased assets, lease period, etc.

The Group will refer to the quotations for similar services offered by at least two independent third parties, so as to ensure that the fees payable by the Group shall not be higher than the fees for comparable finance lease services available from other financial leasing companies in the PRC.

### **Commercial Factoring**

Pursuant to the Finance Lease and Commercial Factoring Framework Agreement, CCCC Financial Leasing will provide commercial factoring services to the Group in respect of receivables through factoring or reverse factoring arrangement.

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## LETTER FROM THE BOARD

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(i) **Types of Commercial Factoring**

(a) ***Factoring***

The Group shall transfer the ownership of the receivables to CCCC Financial Leasing, and then CCCC Financial Leasing shall provide commercial factoring services to the Group, such as factoring finance, management or collection of receivables, in consideration of the factoring fees and other miscellaneous fees from the Group on a periodic basis.

(b) ***Reverse Factoring***

CCCC Financial Leasing shall grant credit to the Group in respect of its payables, and then the creditors of the Group in respect of the payables will transfer their rights under such payables to CCCC Financial Leasing in line of such credit. CCCC Financial Leasing will also provide the commercial factoring services to the creditors of the Group, such as factoring finance, management or collection of the payables of the Group and the Group will pay the finance interest and other miscellaneous fees on a periodic basis.

(ii) **Finance interest and other miscellaneous fees**

The finance interest and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to commercial factoring services shall be determined following arm's length negotiation between the parties with reference to the prevailing market prices for comparable commercial factoring services, after taking into account various factors, such as the benchmark lending rate for loans of relevant grade announced and implemented by the PBOC, finance costs, factoring period, the ownership of the right of recourse, etc.

The Group will refer to the quotations for similar services offered by at least two independent third parties, so as to ensure that such fees payable by the Group shall not be higher than the fees for comparable commercial factoring services available from other commercial factoring companies in the PRC.

### **Individual Contracts**

In respect of each finance lease or commercial factoring, CCCC Financial Leasing and the relevant member of the Group will enter into individual contract(s). The terms of the individual contract will be in line with the terms of the Finance Lease and Commercial Factoring Framework Agreement. Each individual contract shall be subject to and conditional upon the Finance Lease and Commercial Factoring Framework Agreement continuing to be in force.



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## LETTER FROM THE BOARD

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### 2. Historical Amounts for the Two Years Ended 31 December 2017 and the Six Months Ended 30 June 2018

The historical amounts of the finance lease services and commercial factoring services provided by CCCC Financial Leasing to the Group for the two years ended 31 December 2017 and the six months ended 30 June 2018 are set out as follows:

	<b>Actual amount for the year ended 31 December 2016</b>	<b>Actual amount for the year ended 31 December 2017</b>	<i>RMB' million</i> <b>Actual amount for the six months ended 30 June 2018</b>
<b>Transactions</b>			
Aggregate amount of the finance lease services provided by CCCC Financial Leasing to the Group <sup>Note 1</sup>	4,042	2,280	755
Aggregate amount of the commercial factoring services provided by CCCC Financial Leasing to the Group <sup>Note 2</sup>	11,588	11,150	3,516

*Notes:*

1. The aggregate amount of the finance lease services provided by CCCC Financial Leasing to the Group for each of the year ended 31 December 2016 and 2017 and the six months ended 30 June 2018 is the sum of the rental fees and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to the finance lease services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCC Financial Leasing during each of the year ended 31 December 2016 and 2017 and the six months ended 30 June 2018, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.
  
2. The aggregate amount of the commercial factoring services provided by CCCC Financial Leasing to the Group for each of the year ended 31 December 2016 and 2017 and the six months ended 30 June 2018 is the sum of the principal, the finance interest and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCCC Financial Leasing during each of the year ended 31 December 2016 and 2017 and the six months ended 30 June 2018, respectively.

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## LETTER FROM THE BOARD

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### 3. Proposed Annual Caps

#### (1) Proposed Annual Caps for the Three Financial Years Ending 31 December 2021

Based on the factors set out in paragraph (2) under this section below, the Board estimated the annual caps for continuing connected transactions under the Finance Lease and Commercial Factoring Framework Agreement for the three financial years ending 31 December 2021:

	<i>RMB' million</i>		
<b>Finance Lease and Commercial Factoring Framework Agreement</b>	<b>Annual cap for the year ending 31 December 2019</b>	<b>Annual cap for the year ending 31 December 2020</b>	<b>Annual cap for the year ending 31 December 2021</b>
Aggregate amount of the finance lease services provided by CCCC Financial Leasing to the Group <sup>Note 1</sup>	17,500	23,250	26,000
Aggregate amount of the commercial factoring services provided by CCCC Financial Leasing to the Group <sup>Note 2</sup>	17,500	23,250	26,000

*Notes:*

1. The aggregate amount of the finance lease services provided by CCCC Financial Leasing to the Group for each of the year ending 31 December 2019, 2020 and 2021 is the sum of the rental fees and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to the finance lease services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCCC Financial Leasing during each of the year ending 31 December 2019, 2020 and 2021, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.
2. The aggregate amount of the commercial factoring services provided by CCCC Financial Leasing to the Group for each of the year ending 31 December 2019, 2020 and 2021 is the sum of the principal, the finance interest and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCCC Financial Leasing during each of the year ending 31 December 2019, 2020 and 2021, respectively.

#### (2) Basis of Determination for the Above Proposed Annual Caps

In estimating the aggregate amount of finance lease services provided by CCCC Financial Leasing under the Finance Lease and Commercial Factoring Framework Agreement, the Company has principally considered the following factors:

- (i) the historical aggregate amount of finance lease services provided by CCCC Financial Leasing to the Group set out in section 2 above. The decrease in the amount of finance lease services for the year ended 31 December 2017 was mainly due to the decrease in the Company's demand for finance lease services as a result from the adjustment in the

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## LETTER FROM THE BOARD

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infrastructure construction industry and the shrink of its principal business. However, it is expected that there will be an increase in the amount of finance lease services provided by CCCC Financial Leasing due to the planned investment set out in paragraph (iii) below and the overall requirements of deleveraging and debt-reducing of the Group;

- (ii) the value, nature and expected life of the leased assets, which primarily include infrastructure, engineering equipment and ships, etc.;
- (iii) the development plan of the Group and its demand for the finance lease services provided by CCCC Financial Leasing. The Company has published a circular dated 3 November 2017 in relation to the proposed issuance of A share convertible bonds. As disclosed in the circular, the Group needs to finance the investment in six infrastructure investment projects and the purchases of various engineering mechanical equipment and engineering ships with an aggregate amount of approximately RMB46,595 million. Wherein, the six infrastructure investment projects have the construction periods of two to four years with an average of approximately three years, and the investment in engineering mechanical equipment and engineering ships will be spent across around three years. In addition, as disclosed in the section headed “Business Overview” in the 2017 annual report of the Company dated 30 April 2018, the Group had many other infrastructure projects on hand and these projects might also require the finance lease services; and
- (iv) the capability and flexibility of CCCC Financial Leasing in providing finance lease services to the Group.

In estimating the aggregate amount of commercial factoring services provided by CCCC Financial Leasing to the Group under the Finance Lease and Commercial Factoring Framework Agreement, the Company has principally considered the following factors:

- (i) the historical aggregate amount of commercial factoring services provided by CCCC Financial Leasing to the Group set out in section 2 above;
- (ii) the historical revenue and the settlement of receivables and payables of the Group for the two years ended 31 December 2017, respectively;
- (iii) the amounts of receivables and payables reported in the financial statements of the Group for the six months ended 30 June 2018;
- (iv) the development plan of the Group mentioned above and its demand for the commercial factoring services provided by CCCC Financial Leasing; and
- (v) the capability and flexibility of CCCC Financial Leasing in providing commercial factoring services to the Group.

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## LETTER FROM THE BOARD

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### 4. Internal Control and Corporate Governance Measures

To safeguard the rights and interests of the Shareholders, the Company has adopted the following internal control procedures and corporate governance measures in relation to the continuing connected transactions under the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder:

- (i) The Company has formulated certain internal rules and policies in relation to the management and control of connected transactions, such as the Management Measures of Connected Transactions for the Company to be approved by the Board and Shareholders at the EGM, respectively;
- (ii) The Company will refer to the quotations for similar services offered by at least two independent third parties, so as to ensure that the fees payable by the Group shall not be higher than the fees for comparable finance lease or commercial factoring services available from other companies in the PRC;
- (iii) The Company has established a systematic corporate governance structure to ensure effective internal control, including implementation of the general manager accountability system under the leadership of its board of directors, establishment of its institutional structure based on the decision-making, execution and monitoring systems, and formulation of different work procedures and risk control systems based on different job duties;
- (iv) The finance and treasure department of the Company will prudently review the financial statements submitted by CCCC Financial Leasing on a monthly basis, the financial reports on the provision of finance lease services and commercial factoring services on a quarterly basis, and copies of its regulatory reports submitted to the China Banking and Insurance Regulatory Commission in a timely manner;
- (v) The audit and internal control committee of the Company will conduct internal assessments on the internal control measures of the Company on an annual basis to ensure that the internal control measures in respect of continuing connected transactions remain complete and effective, and review the annual report and financial report which consist of the implementation of and opinions on the continuing connected transactions during the relevant period in respect of the fairness of the continuing connected transactions and whether the actual transaction amount incurred are within the annual caps; and
- (vi) The independent non-executive Directors and auditors of the Company will also conduct annual review of the continuing connected transactions.

The Board believes that the internal control procedures and corporate governance measures above are appropriate and can give the Shareholders an adequate assurance that the continuing connected transactions under the Finance Lease and Commercial Factoring Framework Agreement will be under the proper supervision of the Company.

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## LETTER FROM THE BOARD

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### 5. Reasons and Benefits

To provide finance lease services and commercial factoring services to the Group, CCCC Financial Leasing was established in 2014 as a wholly-owned subsidiary of the Company, being owned as to 70% by the Group and 30% by ZPMC (the then subsidiary of the Company, of which an aggregate of 29.99% equity interest was transferred to CCCG Group in the end of 2017, please refer to the announcement of the Company dated 18 July 2017 and the circular of the Company dated 11 August 2017 for details), respectively. CCCC Financial Leasing is a non-banking financial institution and primarily engaged in the finance lease services in relation to infrastructure, engineering equipment, ships and other assets and relevant consulting services, guarantee and factoring business. It has been providing finance lease services and commercial factoring services to the Group, since its establishment, which provides strong financial support for the business development of the Group.

In particular, these services are of great importance and benefits for the subsidiaries of the Company as they not only enable the subsidiaries to reduce their leverage and broaden their financing channels for upgrading credit rating level, raising low-cost funds, but also provide them with more flexible and convenient financing tools to enhance their fund management level and thus promote their business development and smooth operation, which further benefits the Company in its improvement of revenue and business operation and are therefore conducive to the interests of the Company and the Shareholders as a whole.

### 6. Implications under the Hong Kong Listing Rules

CCCC Financial Leasing is a subsidiary of the Company. As at the date of Latest Practicable Date, ZPMC, a connected person of the Company, by virtue of being a subsidiary of CCCG (the controlling shareholder of the Company), holds 30% interests in CCCC Financial Leasing. Therefore, CCCC Financial Leasing is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the Finance Lease and Commercial Factoring Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Finance Lease and Commercial Factoring Framework Agreement exceeds 5%, the transactions contemplated thereunder and the proposed annual caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Finance Lease and Commercial Factoring Framework Agreement exceeds 5% but is less than 25%, such agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### 7. General Information

The Company is a leading transportation infrastructure enterprise in the PRC with its core businesses of infrastructure construction, infrastructure design and dredging. It is primarily engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the past six decades.

CCCC Financial Leasing is a subsidiary of the Company incorporated in the PRC and is primarily engaged in provision of finance lease services in relation to infrastructure, engineering equipment, ships and other assets and relevant consulting services, guarantee and factoring business.

### C. THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS

To strengthen the management of the connected transactions of the Company and protect the interests of the Company and the Shareholders, the Company formulated the Management Measures for Connected Transactions in accordance with the requirements of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and Hong Kong Listing Rules. The full text of the Management Measures for Connected Transactions is set out in **Appendix I** to this supplemental circular.

An ordinary resolution will be proposed at the EGM to approve the Management Measures for Connected Transactions.

### D. REPORT ON THE USE OF THE PREVIOUSLY RAISED PROCEEDS

References are made to the circulars of the Company dated 3 November 2017 and 30 April 2018 as well as the announcements of the Company dated 22 November 2017 and 20 June 2018 in relation to, among others, the report on the use of the previously raised proceeds. The Shareholders considered and approved at the 2017 second extraordinary general meeting held on 22 November 2017 and the 2017 annual general meeting held on 20 June 2018 in respect of the report on the use of the previously raised proceeds as of 30 September 2017 and 31 December 2017, respectively.

Pursuant to the relevant PRC regulatory requirements, such as the Administrative Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》) and the Rules Concerning the Report on the Use of Proceeds from Previous Fundraising Activities (《關於前次募集資金使用情況報告的規定》) issued by CSRC, the Company updated the report on the use of the previously raised proceeds based on its actual use of the previously raised proceeds for the period from 1 January 2018 to 30 June 2018. Ernst & Young Hua Ming LLP verified such report and issued the Assurance Report on the Use of the Previously Raised Proceeds of China Communications Construction Company Limited (Ernst & Young Hua Ming 2018 Zhuan Zi No. 60900316\_A12), according to which the report on the use of the previously raised proceeds of the Company was in compliance with the requirements under the Rules Concerning the Report on the Use of Proceeds from Previous Fundraising Activities (《關於前次募集資金使用情況報告的規定》) issued by CSRC in all material aspects and reflected the Company's actual use of the previously raised proceeds as of 30 June 2018. The full text of the report on the use of the previously raised proceeds is set out in **Appendix II** to this supplemental circular.

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## LETTER FROM THE BOARD

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An ordinary resolution will be proposed at the EGM to approve the report on the use of the previously raised proceeds.

### **E. RECOMMENDATION**

The Board has passed the relevant resolutions to be submitted to the Shareholders for consideration and approval. At such board meeting, Mr. Liu Qitao, the Director of the Company, is also a director of CCCG, and therefore is deemed to have a material interest in the abovementioned continuing connected transactions and has abstained from voting on the relevant Board resolution. Save for Mr. Liu Qitao, none of the other Directors has or is deemed to have a material interest in the abovementioned continuing connected transactions. In addition, no Directors have abstained from voting on the other resolutions as set out in this supplemental circular.

The Board considers that the aforementioned resolutions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions at the EGM.

### **F. THE EGM**

The EGM of the Company will be held as originally scheduled at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on 20 November 2018. The supplemental notice, which should be read together with the notice of the EGM dated 28 September 2018, is set out on pages 29 to 30 of this supplemental circular.

As a result of the additional proposed resolutions subsequent to the despatch of the notice of EGM, the original form of proxy for the EGM sent together with the notice of the EGM does not contain the additional resolutions proposed as set out in this supplemental circular. In this connection, a supplemental form of proxy for the EGM is enclosed with this supplemental circular. Whether or not you intend to attend the EGM, you are requested to complete and return the original and the supplemental forms of proxy for EGM in accordance with the instructions printed thereon not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof (i.e. before 2:00 p.m. on Monday, 19 November 2018). Completion and return of the original and the supplemental forms 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.

The supplemental form of proxy will not affect the validity of any form of proxy duly completed and delivered by you in respect of the resolutions set out in the notice of the EGM. If you have completed and delivered the original form of proxy and validly appointed a proxy to attend and act for you at the EGM but do not complete and deliver the supplemental form of proxy, your proxy will be entitled to vote at his discretion on the resolution set out in the supplemental notice of the EGM dated 19 October 2018. If you do not complete and deliver the original form of proxy but have completed and delivered the supplemental form of proxy and validly appointed a proxy to attend and act for you at the EGM, unless otherwise instructed, your proxy will be entitled to vote at his discretion on the resolutions set out in the notice of the EGM dated 28 September 2018. Any vote of the Shareholders at the EGM shall be taken by poll unless otherwise required by the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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For particulars of the other resolutions proposed at the EGM, eligibility for attending the EGM, registration procedures for attending the EGM, closure of register of members and other matters regarding the EGM, please refer to the notice of the EGM and the circular of the Company dated 28 September 2018.

CCCG, which holds approximately 59.91% interests in the issued ordinary shares of the Company as at the Latest Practicable Date, shall abstain from voting on the resolution approving the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder 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 transactions under the Finance Lease and Commercial Factoring Framework Agreement and therefore will be required to abstain from voting on the relevant resolution at the EGM. In addition, to the best of the Directors' knowledge, information and belief, none of the Shareholders will be required to abstain from voting on the other resolutions as set out in this supplemental circular.

### G. ADDITIONAL INFORMATION

The Independent Board Committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder. 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 Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder. 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 28 and the other information set out in the appendices to this supplemental circular.

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



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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中國交通建設股份有限公司  
**CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED**  
*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1800)**

19 October 2018

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS AND CONTINUING  
CONNECTED TRANSACTIONS**

Reference is made to the supplemental circular of the Company dated 19 October 2018 (the “**Supplemental Circular**”). Unless the content otherwise requires, capitalized terms used in this letter shall have the same meanings as those defined in the Supplemental 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 Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder 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 28 of the Supplemental Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 14 of the Supplemental 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 continuing connected transactions contemplated under the Finance Lease and Commercial Factoring Framework Agreement are conducted in the ordinary and usual course of business of the Company on normal commercial terms, and the proposed annual caps thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend that the Independent Shareholders vote in favor of the resolution in relation to the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder at the EGM.

Yours faithfully

For and on behalf of

the Independent Board Committee of

**China Communications Construction Company Limited**

**HUANG Long**

*Independent*

*Non-executive Director*

**ZHENG Changhong**

*Independent*

*Non-executive Director*

**NGAI Wai Fung**

*Independent*

*Non-executive Director*

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## LETTER FROM SOMERLEY

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*Set out below is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders in respect of the Finance Lease and Commercial Factoring Framework Agreement and its proposed annual caps, which has been prepared for the purpose of inclusion in this supplemental circular.*



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

19 October 2018

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

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### 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 Finance Lease and Commercial Factoring Framework Agreement and its proposed annual caps. Details of the Finance Lease and Commercial Factoring Framework Agreement and its proposed annual caps are set out in the supplemental circular issued by the Company to the Shareholders dated 19 October 2018 (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.

As stated in the letter from the Board of the Circular, on 29 August 2018, the Company and CCCC Financial Leasing entered into the Finance Lease and Commercial Factoring Framework Agreement. Pursuant to the Finance Lease and Commercial Factoring Framework Agreement, CCCC Financial Leasing shall provide (i) finance lease services to the Group in respect of the leased assets through direct leasing or sale and leaseback arrangements; and (ii) commercial factoring services to the Group in respect of receivables through factoring or reverse factoring arrangement.

As at the Latest Practicable Date, CCCG is the controlling shareholder of the Company holding approximately 59.91% interests in the issued ordinary shares of the Company, and therefore, is a connected person of the Company under the Hong Kong Listing Rules.

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## LETTER FROM SOMERLEY

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CCCC Financial Leasing is a subsidiary of the Company. As at the Latest Practicable Date, ZPMC, a connected person of the Company, by virtue of being a subsidiary of CCCG (the controlling shareholder of the Company), holds 30% interests in CCCC Financial Leasing. Therefore, CCCC Financial Leasing is a connected subsidiary of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Accordingly, the Finance Lease and Commercial Factoring Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Finance Lease and Commercial Factoring Framework Agreement exceeds 5%, the transactions contemplated thereunder (the “**Continuing Connected Transactions**”) and the proposed annual caps (the “**Annual Caps**”) are subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under the Hong Kong Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Huang Long, Mr. Zheng Changhong and Dr. Ngai Wai Fung, has been established to advise the Independent Shareholders on the terms of the Finance Lease and Commercial Factoring Framework Agreement and the transactions contemplated thereunder 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, CCCC Financial Leasing, ZPMC, CCCG 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 or similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, CCCC Financial Leasing, ZPMC, CCCG or their respective core connected persons, close associates or associates.

In formulating our opinion, we have reviewed, among other things, the Finance Lease and Commercial Factoring Framework Agreement, the interim report of the Company for the six months ended 30 June 2018, the annual report of the Company for the years ended 31 December 2017 (the “**2017 Annual Report**”), the announcement of the Company dated 2 August 2018 in relation to connected transactions under certain finance lease agreements and commercial factoring agreements entered into by the Group with CCCC Financial Leasing and its subsidiaries and the information as set out in the Circular. We have also discussed with and reviewed information provided by the management of the Group regarding the business of the Group and the prospects of conducting the Continuing Connected Transactions.

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

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## LETTER FROM SOMERLEY

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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, 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 on the Group**

The Company 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 in 2006. The Company's A Shares (stock code: 601800) were listed on the Shanghai Stock Exchange in 2012. The Company is a leading transportation infrastructure enterprise in the PRC with its core businesses of infrastructure construction, infrastructure design and dredging. It is primarily engaged in providing customers with integrated solutions services for each stage of the infrastructure projects by leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the past six decades.

#### **2. Reasons for and benefits of entering into the Finance Lease and Commercial Factoring Framework Agreement**

As set out in the letter from the Board in the Circular, to provide finance lease services and commercial factoring services to the Group, CCCC Financial Leasing was established in 2014 as a wholly-owned subsidiary of the Company, being owned as to 70% by the Group and 30% by ZPMC (the then subsidiary of the Company, of which an aggregate of 29.99% equity interest was transferred to CCCG Group in the end of 2017), respectively. CCCC Financial Leasing is a non-banking financial institution and primarily engaged in finance lease services in relation to infrastructure, engineering equipment, ships and other assets and relevant consulting services, guarantee and factoring business. It has been providing finance lease services and commercial factoring services to the Group, since its establishment, which provides financial support for the business development of the Group.

In particular, these services are of great importance and benefits for the subsidiaries of the Company as they not only enable the subsidiaries to reduce their leverage and broaden their financing channels for upgrading credit rating level, raising low-cost funds, but also provide them with more flexible and convenient financing tools to enhance their fund management level and thus promote their business development and smooth operation, which further benefits the Company in its improvement of revenue and business operation and are therefore conducive to the interests of the Company and the Shareholders as a whole.

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## LETTER FROM SOMERLEY

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Having considered the principal business and operations of the Group and CCCC Financial Leasing and the reasons for and benefits of entering into of the Finance Lease and Commercial Factoring Framework Agreement above, we concur with the Directors' view that the entering into of the Finance Lease and Commercial Factoring Framework Agreement is in the ordinary and usual course of the business of the Group.

### 3. Principal terms of the Finance Lease and Commercial Factoring Framework Agreement

Set out below are the principal terms of the Finance Lease and Commercial Factoring Framework Agreement:

#### *Date*

29 August 2018

#### *Parties*

- (1) the Company; and
- (2) CCCC Financial Leasing

#### *Term*

Three years from 1 January 2019 to 31 December 2021

#### *Subject matters*

- (i) *Finance lease*

CCCC Financial Leasing shall provide finance lease services to the Group in respect of the leased assets through direct leasing or sale and leaseback arrangements.

- (a) Direct leasing

CCCC Financial Leasing shall purchase the designated assets from designated suppliers as notified by the Group and then lease the subject assets to the Group in consideration of rental fees and other miscellaneous fees on a periodic basis. CCCC Financial Leasing shall have the ownership of such subject assets during the lease period. Upon expiry of the lease period, the Group may choose to renew, return or purchase the leased assets at a nominal consideration, subject to the commercial negotiation with CCCC Financial Leasing.

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## LETTER FROM SOMERLEY

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(b) Sale and leaseback

CCCC Financial Leasing shall purchase the subject assets from the Group and then lease such subject assets back to the Group in consideration of rental fees and other miscellaneous fees on a periodic basis. The ownership of such subject assets shall be transferred to CCCC Financial Leasing after acquiring the same from the Group and during the lease period. Upon expiry of the lease period, CCCC Financial Leasing shall transfer the ownership of the subject assets back to the Group at a nominal consideration.

(ii) *Commercial factoring*

CCCC Financial Leasing will provide commercial factoring services to the Group in respect of receivables through factoring or reverse factoring arrangement.

(a) Factoring

The Group shall transfer the ownership of the receivables to CCCC Financial Leasing, and then CCCC Financial Leasing shall provide commercial factoring services to the Group, such as factoring finance, management or collection of receivables, in consideration of the factoring fees and other miscellaneous fees from the Group on a periodic basis.

(b) Reverse factoring

CCCC Financial Leasing shall grant credit to the Group in respect of its payables, and then the creditors of the Group in respect of the payables will transfer their rights under such payables to CCCC Financial Leasing in line of such credit. CCCC Financial Leasing will also provide the commercial factoring services to the creditors of the Group, such as factoring finance, management or collection of the payables of the Group and the Group will pay the finance interest and other miscellaneous fees on a periodic basis.

In respect of each finance lease or commercial factoring, CCCC Financial Leasing and the relevant member of the Group will enter into individual contract(s). The terms of the individual contract will be in line with the terms of the Finance Lease and Commercial Factoring Framework Agreement. Each individual contract shall be subject to and conditional upon the Finance Lease and Commercial Factoring Framework Agreement continuing to be in force.

***Pricing policy***

(i) *Finance lease*

The rental fees and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to the finance lease services shall be determined following arm's length negotiation between the parties with reference to the prevailing market prices for comparable finance lease services, after taking into account various factors, such as finance costs, value of the leased assets, lease period, etc.

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## LETTER FROM SOMERLEY

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The Group will refer to its quotations for similar services offered by at least two independent third parties, so as to ensure that the fees payable by the Group to CCCC Financial Leasing shall not be higher than the fees for comparable finance lease services available from other financial leasing companies in the PRC.

(ii) *Commercial factoring*

The finance interest and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to commercial factoring services shall be determined following arm's length negotiation between the parties with reference to the prevailing market prices for comparable commercial factoring services, after taking into account various factors, such as the benchmark lending rate for loans of relevant grade announced and implemented by the PBOC, finance costs, factoring period, the ownership of the right of recourse, etc.

The Group will refer to the quotations for similar services offered by at least two independent third parties, so as to ensure that fees payable by the Group shall not be higher than the fees for comparable commercial factoring services available from other commercial factoring companies in the PRC.

We have obtained and reviewed the internal control procedural manual (the "**Management Measures of Connected Transactions of the Company**") of the Company to be approved by the Board and the Shareholders at the EGM in relation to connected transactions and continuing connected transactions. We note that the Management Measures of Connected Transactions of the Company has the requirement for the pricing of connected transaction or continuing connected transaction to be not significantly deviate from the fair price provided by the independent third party.

*Internal control and corporate governance measures*

To safeguard the rights and interests of the Shareholders, the Company has adopted the following internal control procedures and corporate governance measures in relation to the Continuing Connected Transactions and the Annual Caps:

- (i) the Company has formulated certain internal rules and policies in relation to the management and control of connected transactions, such as the Management Measures of Connected Transactions of the Company to be approved by the Board and Shareholders at the EGM, respectively;
- (ii) the Company will refer to the quotations for similar services offered by at least two independent third parties, so as to ensure that the fees payable by the Group shall not be higher than the fees for comparable finance lease or commercial factoring services available from other companies in the PRC;
- (iii) the Company has established a systematic corporate governance structure to ensure effective internal control;



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## LETTER FROM SOMERLEY

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- (iv) the finance and treasury department of the Company will prudently review the financial statements submitted by CCCC Financial Leasing on a monthly basis, the financial reports on the provision of finance lease services and commercial factoring services on a quarterly basis, and copies of its regulatory reports submitted to the China Banking and Insurance Regulatory Commission in a timely manner; and
- (v) the audit and internal control committee of the Company, the independent non-executive Directors and auditors of the Company will conduct internal assessments on internal control measures of the Company and annual review of the Continuing Connected Transactions respectively.

Further details of the internal control and corporate governance measures in relation to the Continuing Connected Transactions and the Annual Caps are set out in the letter from the Board in the Circular.

Having considered the pricing and other terms of the finance lease and commercial factoring services will be determined on (i) arm's length negotiation with reference to: (a) for finance lease services, the prevailing market prices for comparable finance lease services, finance costs, value of the leased assets and lease period; and (b) for commercial factoring services, the prevailing market prices for comparable commercial factoring services, benchmark lending rate for loans of relevant grade announced and implanted by the PBOC, finance costs, factoring period and the ownership of the right of recourse; (ii) with reference to the quotations for similar services offered by at least two independent third parties; and (iii) the Group's established pricing policy and internal control procedures as mentioned above, we consider the interests of the Independent Shareholders under the Finance Lease and Commercial Factoring Framework Agreement could be safeguarded.

#### 4. The Annual Caps

Set out below are the Annual Caps for the Continuing Connected Transactions for the three years ending 31 December 2019, 2020 and 2021 (the "Cap Period"):

	The Annual Caps for the year ending		
	31 December		
	2019	2020	2021
	RMB (million)	RMB (million)	RMB (million)
Aggregate amount of the finance lease services provided by CCCC Financial Leasing to the Group (the "Finance Lease Services Caps") (Note 1)	17,500	23,250	26,000
Aggregate amount of the commercial factoring services provided by CCCC Financial Leasing to the Group (the "Commercial Factoring Services Caps") (Note 2)	17,500	23,250	26,000

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## LETTER FROM SOMERLEY

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*Notes:*

1. The aggregate amount of the finance lease services provided by CCCC Financial Leasing to the Group for each of the year ending 31 December 2019, 2020 and 2021 is the sum of the rental fees and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to the finance lease services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCCC Financial Leasing during each of the year ending 31 December 2019, 2020 and 2021, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.
2. The aggregate amount of the commercial factoring services provided by CCCC Financial Leasing to the Group for each of the year ending 31 December 2019, 2020 and 2021 is the sum of the principal, the finance interest and other miscellaneous fees payable by the Group to CCCC Financial Leasing with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between the Group and CCCC Financial Leasing during each of the year ending 31 December 2019, 2020 and 2021, respectively.

(i) *The Finance Lease Services Caps*

As stated in the letter from the Board in the Circular, the Finance Lease Services Caps were determined by reference to a number of factors, including (i) the historical aggregate amount of finance lease services provided by CCCC Financial Leasing to the Group; (ii) the value, nature and expected life of the leased assets; (iii) the development plan of the Group and its demand for the finance lease services provided by CCCC Financial Leasing; and (iv) the capability and flexibility of CCCC Financial Leasing in providing finance lease services to the Group.

Against the above background, we have reviewed the Finance Lease Services Caps by way of the following, in order to assess the fairness and reasonableness of the Finance Lease Services Caps:

- (a) Historical aggregate amount of finance lease services provided by CCCC Financial Leasing to the Group

As set out in the letter from the Board in the Circular, the amounts of the finance lease services provided by CCCC Financial Leasing to the Group for the year ended 31 December 2016 and 2017 and for the six months ended 30 June 2018 were approximately RMB4,042 million, RMB2,280 million and RMB755 million respectively. The decreases in the amounts, in particular for the year ended 31 December 2017, were mainly due to the decrease in the Company's demand for finance lease services as a result from the adjustment in the infrastructure construction industry and the shrink of part of its principal business. However, it is expected by the management of the Group that there will be an increase in the amount of finance lease services to be provided by CCCC Financial Leasing due to the planned investment as mentioned below and the overall requirements of deleveraging and debt-reducing of the Group.

- (b) The development plan and the demand for the finance lease services of the Group and the value, nature and expected life of the leased assets

The leased assets are for the business operations of the Company including but not limited to infrastructure, engineering mechanical equipment and engineering ships for construction projects in cross-sea bridges and undersea tunnels.

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## LETTER FROM SOMERLEY

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The Company published a circular dated 3 November 2017 in relation to the proposed issuance of A-share convertible bonds. As set out in the letter from the Board in that circular, the Group needs to finance the investment in six infrastructure investment projects and the purchases of various engineering mechanical equipment and engineering ships with an aggregate amount of approximately RMB46,595 million. The six infrastructure investment projects have the construction periods of two to four years with an average of approximately three years, and the investment in engineering mechanical equipment and engineering ships will be spent across around three years. On average, the investment in the aforesaid infrastructure investment projects and various engineering mechanical equipment and engineering ships will be approximately RMB15,532 million. In addition to the above, as set out in section headed “business overview” in the 2017 Annual Report, the Group had many other infrastructure projects on hand and, as advised by the management of the Group, these projects might also require the finance lease services.

- (c) The capability and flexibility of CCCC Financial Leasing in providing finance lease services to the Group

According to the financial statements of CCCC Financial Leasing provided by the management of the Group, the total assets of CCCC Financial Leasing as at 30 June 2018 were approximately RMB27,337 million, which mainly comprised receivables of approximately RMB21,404 million and cash and cash equivalents of approximately RMB750 million. Furthermore, as advised by the management of the Group, the unutilised facilities of CCCC Financial Leasing as at 30 June 2018 were approximately RMB50,000 million. In this respect, CCCC Financial Leasing is considered capable of providing finance lease services to the Group.

- (d) The growth of new contracts and backlog of the Group

As stated above, the Finance Lease Services Cap for the year ending 31 December 2021 will be RMB26,000 million, representing a compound annual growth rate (“CAGR”) of approximately 21.9% compared with that for the year ending 31 December 2019 of RMB17,500 million. The future transaction amount of the finance lease services will be correlated to, among other things, the new contract value and the backlog of contract value of the Group, which indicate the potential demand for CCCC Financial Leasing’s services in future. As shown in the 2017 Annual Report, the value of new contracts obtained by the Group for the year ended 31 December 2017 was approximately RMB900,020 million, representing a CAGR of approximately 11.8% compared with that for the year ended 31 December 2012 of approximately RMB514,920 million. The backlog of contract value as at 31 December 2017 was approximately RMB1,372,105 million, representing a CAGR of approximately 14.4% compared with that as at 31 December 2012 of approximately RMB700,525 million.

Meanwhile, the total assets of CCCC Financial Leasing as at 30 June 2018 were approximately RMB27,337 million, representing a CAGR of approximately 40.1% compared with that of approximately RMB11,764 million as at 31 December 2015. The substantial increase in the total assets held by CCCC Financial Leasing indicates the continuing development in finance lease business of the Group.

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## LETTER FROM SOMERLEY

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Although the CAGR of the Finance Lease Services Caps of approximately 21.9% is higher than the CAGRs of value of new contracts and backlog of contract value of the Group, the Finance Lease Services Caps include a buffer for any unanticipated growth of contract value.

In view of the growths in value of new contracts and backlog of contract value of the Group in the past few years and the development plan of the Group as mentioned above, it is expected the demand for finance lease services by the Group will increase and hence it is considered the growths of the Finance Lease Services Caps during the Cap Period to be acceptable.

(ii) *The Commercial Factoring Services Caps*

As stated in the letter from the Board in the Circular, the Commercial Factoring Services Caps were determined by reference to a number of factors, including (i) the historical aggregate amount of commercial factoring services provided by CCCC Financial Leasing to the Group; (ii) the historical revenue and the settlement of receivables and payables of the Group for the two years ended 31 December 2017; (iii) the amounts of receivables and payables reported in the financial statements of the Group for the six months ended 30 June 2018; (iv) the development plan of the Group and its demand for the commercial factoring services provided by CCCC Financial Leasing; and (v) the capability and flexibility of CCCC Financial Leasing in providing commercial factoring services to the Group.

Against the above background, we have reviewed the Commercial Factoring Services Caps by way of the following, in order to assess the fairness and reasonableness of the Commercial Factoring Services Caps:

(a) Historical aggregate amount of commercial factoring services provided by CCCC Financial Leasing to the Group

As stated in the letter from the Board in the Circular, the amounts of the commercial factoring services provided by CCCC Financial Leasing to the Group for the year ended 31 December 2016 and 2017 and for the six months ended 30 June 2018 were approximately RMB11,588 million, RMB11,150 million and RMB3,516 million respectively. These amounts merely represented approximately 1.5%, 1.3% and 0.9% of the sum of revenue (being a close proxy for total trade and other receivables over the corresponding year or period) and cost of sales (being a close proxy for total trade and other payables over the corresponding year or period) for the corresponding year or period. Accordingly, there were relative low percentages of the amounts of trade and other receivables and trade and other payables were “factored” and “reverse factored” to CCCC Financial Leasing respectively during the aforesaid years or period.

Based on our discussions with the management of the Group, we understand that the Group will take into account several factors when deciding whether to factor its receivables and payables which include, among others, the aging and the amounts of receivables/payables, the financing need of the subsidiary of the Group and the background

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## LETTER FROM SOMERLEY

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of the debtors/creditors. More importantly, we note that it is the intention of the management of the Group to increase the percentages of trade and other receivables and trade and other payables to be “factored” or “reverse factored” to CCCC Financial Leasing during the Cap Period respectively. Given the relative low percentages of the amounts of trade and other receivables and trade and other payables were “factored” and “reverse factored” to CCCC Financial Leasing in the past, a slight increase in the percentages of “factoring” or “reverse factoring” will significantly raise the actual transaction amount. For instance, one percentage point increase in the “factoring” of sales and “reverse factoring” of cost of sales for the year ended 31 December 2017 would have resulted in an additional transaction amount of approximately RMB8,597 million.

- (b) The historical growths in revenue and cost of sales, 2018 revenue goal and backlog of the Group

Based on the 2017 Annual Report, the CAGRs of revenue and cost of sales of the Group for the past five financial years were approximately 9.3% and 8.8% respectively. The revenue goal of the Group for the year ending 31 December 2018 is RMB490,000 million, representing an enhancement of approximately 6.5% compared with the revenue for the year ended 31 December 2017 of approximately RMB460,067 million. Moreover, the value of contracts in backlog of the Group had also been growing in the last few financial years.

Given the historical growth trends of revenue and cost of sales in the past few years, the revenue goal for this year as well as the increasing backlog in the recent years of the Group, it is anticipated that there will be increases in the amounts of trade and other receivables and trade and other payables of the Group and hence the requirements of the commercial factoring services.

- (c) The capability and flexibility of CCCC Financial Leasing in providing commercial factoring services to the Group

According to the financial statements of CCCC Financial Leasing provided by the management of the Group, the total assets of CCCC Financial Leasing as at 30 June 2018 were approximately RMB27,337 million, which mainly comprised receivables of approximately RMB21,404 million and cash and cash equivalents of approximately RMB750 million. Furthermore, as advised by the management of the Group, the unutilised facilities of CCCC Financial Leasing as at 30 June 2018 were approximately RMB50,000 million. In this respect, CCCC Financial Leasing is considered capable of providing commercial factoring services to the Group.

- (d) The growth of new contracts and backlog of the Group

As stated above, the Commercial Factoring Services Cap for the year ending 31 December 2021 will be RMB26,000 million, representing a CAGR of approximately 21.9% when compared with that for the year ending 31 December 2019 of RMB17,500 million. Same as our discussions in the sub-section 4(i)(d) in this letter, the value of new contracts obtained by the Group for the year ended 31 December 2017 were approximately

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## LETTER FROM SOMERLEY

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RMB900,020 million, representing a CAGR of approximately 11.8% compared with that for the year ended 31 December 2012 of approximately RMB514,920 million. The backlog of contract value as at 31 December 2017 was approximately RMB1,372,105 million, representing a CAGR of approximately 14.4% compared with that as at 31 December 2012 of approximately RMB700,525 million. The future transaction amount of the commercial factoring services will be correlated to, among other things, the revenue and the receivables and the cost of sales and the payables of the Group, which are expected to be driven by, among other things, the new contract value and the backlog of contract value of the Group.

Meanwhile, the total assets of CCCC Financial Leasing as at 30 June 2018 were approximately RMB27,337 million, representing a CAGR of approximately 40.1% compared with that of approximately RMB11,764 million as at 31 December 2015. The substantial increase in the total assets held by CCCC Financial Leasing indicates the continuing development in commercial factoring business of the Group.

Although the CAGR of the Commercial Factoring Services Caps of approximately 21.9% is higher than the CAGRs of value of new contracts and backlog of contract value of the Group, the Commercial Factoring Services Caps include a buffer for any unanticipated growth of contract value.

In view of the growths in value of new contracts and backlog of contract value of the Group in the past few years and the development plan of the Group as mentioned above, it is expected the demand for commercial factoring services by the Group may increase and hence it is considered the growths of the Commercial Factoring Services Caps during the Cap Period to be acceptable.

### OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the entering into of the Finance Lease and Commercial Factoring Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and the terms of the Continuing Connected Transaction (including the Annual Caps) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Continuing Connected Transactions (including the Annual Caps).

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

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## SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

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中國交通建設股份有限公司  
**CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1800)**

### SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

Reference is made to the notice of extraordinary general meeting (the “EGM”) of China Communications Construction Company Limited (the “Company”) dated 28 September 2018 (the “Notice”), which sets out the time and venue of the EGM and contains the resolutions to be proposed at the EGM for shareholders’ approval.

**SUPPLEMENTAL NOTICE IS HEREBY GIVEN** that the EGM will be held as originally scheduled at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on Tuesday, 20 November 2018 for the purpose of considering and, if thought fit, passing the following resolutions in addition to the resolutions set out in the Notice:

#### **As Ordinary Resolutions**

8. To consider and approve the Management Measures for Connected Transactions of the Company; and
9. To consider and approve the report on the use of the previously raised proceeds.

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

Beijing, the PRC  
19 October 2018

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## SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

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*As at the date of this notice, the Directors are LIU Qitao, CHEN Yun, LIU Maoxun, QI Xiaofei, HUANG Long<sup>#</sup>, ZHENG Changhong<sup>#</sup> and NGAI Wai Fung<sup>#</sup>.*

<sup>#</sup> *Independent non-executive Director*

*Notes:*

1. The supplemental circular of the EGM containing the above resolution as set out in this supplemental notice has been despatched to the Shareholders on 19 October 2018.
2. A supplemental form of proxy for the EGM is enclosed with this supplemental notice. Whether or not you intend to attend the EGM, you are requested to complete and return the supplemental form of proxy for EGM in accordance with the instructions printed thereon not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof (i.e. before 2:00 p.m. on Monday, 19 November 2018). Completion and return of the supplemental forms 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.

The supplemental form of proxy will not affect the validity of any form of proxy duly completed and delivered by you in respect of the resolutions set out in the notice of the EGM. If you have completed and delivered the original form of proxy and validly appointed a proxy to attend and act for you at the EGM but do not complete and deliver the supplemental form of proxy, your proxy will be entitled to vote at his discretion on the resolution set out in the supplemental notice of the EGM dated 19 October 2018. If you do not complete and deliver the original form of proxy but have completed and delivered the supplemental form of proxy and validly appointed a proxy to attend and act for you at the EGM, unless otherwise instructed, your proxy will be entitled to vote at his discretion on the resolutions set out in the notice of the EGM dated 28 September 2018.

3. Please refer to the notice of the EGM dated 28 September 2018 for details of other resolutions to be proposed for consideration and approval at the EGM, closure of register of members, eligibility for attending the EGM and registration procedures for attending the EGM and other matters regarding the EGM.



**CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED**

**Connected Transactions Management Measures**

**Chapter 1 General Provisions**

**Article 1** In order to regulate the connected transactions of China Communications Construction Company Limited (hereinafter referred to as the “Company”), protect the legitimate interests of the Company, Shareholders (especially minority Shareholders) and creditors, and ensure the fairness of the decision making of the Company relating to connected transactions, these Measures are formulated in accordance with laws, regulations and regulatory documents including the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules of the Two Stock Exchanges”), and the relevant provisions of the Articles of Association of China Communications Construction Company Limited (hereinafter referred to as the “Articles of Association”).

**Article 2** In view of the listing of the Shares of the Company on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited (hereinafter respectively referred to as the “SSE” and “SEHK”), the Company shall strictly comply with the relevant requirements on connected transactions management under the Rules Governing the Listing of Securities on the two exchanges and relevant legal provisions in the two jurisdictions at the same time. Where there is any inconsistency between the listing rules of the two exchanges or between legal provisions of the two jurisdictions, the more stringent provisions shall prevail. Where the requirements under the Measures and any laws and regulations applicable from time to time or the listing rules are inconsistent or conflicting, the applicable laws and listing rules shall prevail.

**Chapter 2 Identification of Connected Transactions  
and Connected Persons**

**Article 3** A connected transaction of the Company refers to any transfer of resources or obligations between the Company and its subsidiaries, and a connected person of the Company, including:

- (1) the purchase or sale of any assets;
- (2) the purchase of raw materials, fuel and energy and the sale of products and commodities;
- (3) the provision or acceptance of labor services;
- (4) the entrusted or commissioned sale;
- (5) the external investment, including entrusted wealth management, entrusted loans, etc;
- (6) the joint investment with connected persons;

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**APPENDIX I      THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS**

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- (7) the provision of financial assistance;
- (8) the placement of deposits with or the taking of loans from the financial companies of connected persons;
- (9) the provision of guarantee;
- (10) the lease of assets from/to connected persons;
- (11) the entrusted or commissioned management of assets and business;
- (12) the donation of assets to/from connected persons;
- (13) the restructuring of creditor's rights and liabilities;
- (14) the entering into of licensing agreements;
- (15) the transfer or assignment of research and development projects;
- (16) such other matters that may lead to the transfer of resources or obligations as agreed by all parties;
- (17) other matters identified as connected transactions in accordance with the Listing Rules of the Two Stock Exchanges and relevant guidelines, including but not limited to transactions of a specified category with a third party, which may confer benefits on connected persons through their interests in the entities involved in the transactions.

**Article 4** The connected persons of the Company include connected legal persons and connected natural persons.

- (I) Any of the following legal persons or entities as specified by SSE shall be regarded as connected persons of the Company:
  - 1. legal persons or other organizations which have direct or indirect control over the Company;
  - 2. legal persons or other organizations which have direct or indirect control over the Company, and legal persons or other organizations (other than the Company) controlled directly or indirectly by any of the above legal persons or other organizations;
  - 3. legal persons or other organizations (other than the Company or any of its controlled subsidiaries) under direct or indirect control of such connected natural persons, or in which such connected natural persons hold the office of directors or senior management;

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**APPENDIX I THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS**

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4. legal persons or other organizations holding more than 5% of the Shares of the Company;
  5. legal persons or other organizations that have such a special relationship with the Company as may make the Company tilted towards its interests, as determined by the CSRC, the SSE or the listed company in accordance with the principle that essence is more important than form.
- (II) Any of the following natural persons as specified by SSE shall be regarded as connected natural persons of the Company:
1. natural persons directly or indirectly holding more than 5% of the Shares of the Company;
  2. the Directors, Supervisors and senior management of the Company;
  3. the directors, supervisors and senior management of the legal persons or other organizations which have direct or indirect control over the Company;
  4. close family members of the natural persons directly or indirectly holding more than 5% of the Shares of the Company and the Directors, Supervisors and senior management of the Company;
  5. any other natural persons who have such a special relationship with the Company as may make the Company tilted towards his/her interests, as determined by the CSRC, the SSE and the Company in accordance with the principle that essence is more important than form.
- (III) Any of the following legal persons or other organizations or natural persons shall be regarded as connected persons of the listed company:
1. legal persons or other organizations or natural persons who have entered into agreements or arrangements with the Company or any of its connected persons to the extent that they shall be those as specified in Clause (I) or (II) upon the commencement of such agreements or the arrangements or within the forthcoming twelve months;
  2. legal persons or other organizations or natural persons who used to be those as specified in Clause (I) or (II) within the last twelve months.
- (IV) Any of the following persons as specified by SEHK shall be regarded as connected persons of the Company:
1. the Directors, Supervisors, senior management or substantial shareholders (holding over 10% of the Shares of the Company) of the Company;

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**APPENDIX I THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS**

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2. the persons who held the office of Directors in the last twelve months;
3. associates of any of the above persons;
4. connected subsidiaries;
5. the persons who are deemed to be connected by SEHK.

**Article 5** The Company shall compile and issue a list of major connected legal persons, and update the same in a timely manner where circumstances require, so as to facilitate the identification and recognition of connected transactions by the Company and its subsidiaries.

**Article 6** In the event that different judgments are made on connected transactions and connected persons in accordance with provisions of the laws and regulations, and the listing rules of the stock exchange(s) of the place(s) of listing, the relevant principles shall apply, respectively.

**Article 7** The related personnel of the Company and its subsidiaries shall perform duties and obligations to conduct investigation on the detailed background of each counterparty in the ordinary course of business, and make prudent judgments on whether the transaction involved constitutes a connected transaction.

### **Chapter 3 Basic Principles of Connected Transactions**

**Article 8** In order to guarantee the business independence of the listed company and avoid the horizontal competition, the Company shall avoid and reduce the occurrence of connected transactions as much as possible.

**Article 9** The Company shall strictly follow the good faith and the principles of “openness, fairness and impartiality” in connected transactions that cannot be evaded due to the normal conduct of its business.

**Article 10** The pricing of connected transactions shall not deviate significantly from the fair standards of independent third parties in the market. For connected transactions where it is difficult to compare market prices or where pricing is limited, standards for costs and profits shall be defined through contracts or agreements.

**Article 11** The implementation of connected transactions shall not impair the lawful rights and interests of all shareholders, especially minority shareholders.

**Article 12** Connected transactions shall not be signed or implemented prior to relevant consideration and approval.

### **Chapter 4 Categories of Connected Transactions**

**Article 13** Connected transactions are generally divided into two categories: continuing connected transactions (routine connected transactions) and one-off connected transactions according to the review and decision-making procedures.

**Article 14** The routine connected transactions mainly refer to the connected transactions which are expected to occur continuously or frequently for a period of time in the routine business, including but not limited to the transactions related to the routine business, involving providing construction services, accepting labor services and subcontracting, leasing fees to the connected persons, accepting assets management services provided by connected persons, leasing services, technical services, financial services, guarantee services, sales and material procurement agency services.

**Article 15** One-off connected transactions mainly refer to connected transactions other than routine connected transactions, including but not limited to the transactions of purchasing or selling assets, creditor's rights or liabilities restructuring, joint investment with connected persons.

**Chapter 5 Review Procedure and Disclosure of Information  
on Connected Transactions**

**Article 16** According to the standard for calculating the cap of connected transaction amount based on the Listing Rules of the Two Stock Exchanges (see appendices for details), connected transactions are divided into general connected transactions and major connected transactions.

General connected transactions shall be subject to review and approval by the Board of Directors and Board of Supervisors of the Company before implementation.

Major connected transactions shall be submitted to the shareholders' general meeting for consideration and approval after the review of the Board of Directors and Board of Supervisors of the Company before implementation.

**Article 17** Before connected transactions are submitted to the Board of Directors for review, the Company shall first perform the review procedure of the president office meeting of the Company.

**Article 18** Audit and Internal Control Committee of the Board of Directors shall examine connected transaction matters to form written opinions and submit such opinions to the Board of Directors for review, and report the same to the Board of Supervisors. The Audit and Internal Control Committee may employ an independent financial consultant to issue a report as the basis for its judgment.

**Article 19** When the Board of Directors reviews a connected transaction, the independent Directors shall express their prior approval opinions. The connected Directors shall abstain from voting on the relevant resolutions, either for himself/herself or as a proxy of other Directors. The quorum for such Board meeting is more than half of all the non-connected Directors and any resolution passed at the meeting shall be approved by more than half of the non-connected Directors. If the number of non-connected Directors attending the meeting is less than three, such transactions shall be submitted to the Shareholders' general meeting for approval.

**Article 20** When the general meeting of shareholders considers and reviews matters of major connected transactions, the connected Shareholders shall abstain from voting.

**Article 21** When the total amount of one-off connected transactions of the same category or entered into with the same connected person within twelve months reaches the major connected transaction standard after calculation, such transactions shall be submitted to the Shareholders' general meeting for approval.

**Article 22** The Board of Directors shall make timely information disclosure in accordance with the requirements of the Listing Rules of the Two Stock Exchanges after reviewing the connected transactions.

**Article 23** The Board of Supervisors shall supervise the review, voting, disclosure and performance of connected transactions and express opinions in the annual report.

**Chapter 6 Administration Organization and Division  
of Responsibilities**

**Article 24** Audit and Internal Control Committee of the Board of Directors shall perform the responsibilities of connected transaction control and routine management of the Company.

**Article 25** The Office of the Board of Directors of the Company shall be responsible for centralized management of connected transactions, and the Office of the Board of Supervisors, the Finance and Treasury Department, the Strategic Development Department ,the Legal Department, etc. shall be responsible for associate management according to their responsibilities. The division of responsibilities of each department is as follows:

- (I) The Office of the Board of Directors shall be responsible for submitting connected transactions to the Board of Directors, organization and planning of the approval procedures for the Shareholders' general meeting and the disclosure of relevant information, mainly including:
1. Keep contact with and communicate with securities regulators and stock exchanges, submit various notices on related connected transactions to the regulators, and arrange information disclosure of the connected transactions that are required to be disclosed, disclosure of exemption applications, etc;
  2. According to the actual operation, make arrangement to compile and revise the routine connected transaction plan, and to conclude the routine connected transaction framework agreement after the review and approval of the Board of Directors or the Shareholders' general meeting of the Company;
  3. Identify and confirm one-off connected transactions before review according to the actual operation;
  4. When the disclosed connected transactions have major changes, start the connected transaction progress announcement procedure according to the specific requirements of the Listing Rules of the Two Stock Exchanges;

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**APPENDIX I THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS**

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5. Organize training and propaganda on relevant laws and regulations of connected transactions;
  6. Assist the Finance and Treasury Department in establishing the quarterly reporting system of connected transactions, monitor the existing connected transactions, and report to the Board of Directors and the Audit and Internal Control Committee in a timely manner as required;
  7. Lead the responsible departments to formulate the reporting and management system of connected transactions of the Company, which shall be managed at different levels according to the enterprise level.
- (II) The Office of the Board of Supervisors shall organize the Board of Supervisors to review matters related to connected transactions.
- (III) The Finance and Treasury Department of the Company shall be responsible for the accounting record, accounting, reporting and statistic analysis in relation to connected transactions and enhancing interim and ex post monitoring, mainly including: designing specific forms, and to incorporate connected transactions in the quarterly financial reporting system of the Company. The Finance and Treasury Department shall compile statistics on the connected transactions on a quarterly basis.

The Finance and Treasury Department shall assist and cooperate with the Office of the Board of Directors in establishing and formulating the reporting system of connected transactions of the Company. The Finance and Treasury Department shall provide the information required for the connected transaction report of the Company according to the relevant requirements of the connected transaction report connection system and the accounting records.

- (IV) The Strategic Development Department shall be responsible for identifying, compiling and issuing the List of Major Connected Legal Persons on a regular basis to facilitate the identification and confirmation of the transaction counterparties by the Company and its subsidiaries.
- (V) The Legal Department shall be responsible for the identification of connected transactions for all types of contracts concluded in the name of the Company. When a transaction is considered as a potential connected transaction, legal opinions shall be put forward and feedback shall be made.

**Article 26** Each department concerned shall, according to the division of responsibilities, specify the routine management posts and personnel of connected transactions, and establish a smooth communication and cooperation mechanism among departments.

**Article 27** Each subsidiary shall specify that the responsible management department of connected transactions is the Office of the Board of Directors and other management posts, which shall be equipped with management personnel with strong sense of responsibility and coordination ability, high professional level and familiarity with the business operation of the Company, and report to the Office of the Board of Directors of the Company for filing.

**Article 28** Each subsidiary shall report and perform the approval procedures in a timely manner before carrying out the contemplated connected transactions. The contents of the report shall include but not be limited to the subject, time, content, pricing, and decision-making review procedures of the transaction.

#### **Chapter 7 The Execution of Connected Transactions**

**Article 29** After the relevant approval procedures in respect of a connected transaction have been fulfilled, the Company and its subsidiaries shall enter into a written agreement (or contract) in respect of the connected transaction with the connected persons, in which the rights, obligations and legal responsibilities of all parties shall be explicitly set out. The contents of the agreement shall reflect the normal commercial terms and conditions and list the basis for calculating the payment amount.

**Article 30** The routine connected transaction plan shall be compiled reasonably. When the business changes and the routine connected plan needs to be revised, it shall be reported timely to perform the review and approval procedures and can be implemented only after the review and approval.

**Article 31** Once the conditions of connected transactions, especially conditions on prices and terms of payment and receipt, are finalized, the relevant parties of the transaction shall execute transactions in strict compliance with the approved conditions of the transactions. The management of the Company is not permitted to modify the conditions of such transactions on their own when executing the transactions. In the event that an agreement or a contract in respect of such connected transactions is required to be terminated or revised due to changes in production or operating conditions, parties to the agreement or contract shall enter into a supplemental agreement (or contract) to terminate or revise the original contract.

**Article 32** The Company and its subsidiaries shall fill in the quarterly financial report system of the Company in a timely and careful manner, and properly monitor and manage the connected transactions.

#### **Chapter 8 Tracing Accountability**

**Article 33** The controlling Shareholders, actual controllers and other connected persons of the Company shall not use their connected relations to damage the interests of the Company. In case of any loss caused to the Company as a result of violation of the regulations on their part, they shall be liable for compensation.

**Article 34** Where Directors, Supervisors and senior management of the Company violate laws and regulations and the provisions of these Measures, assisting and conniving with the controlling Shareholders and other connected persons to encroach upon the assets of the Company and damage the interests of the Company, the Company shall have the right to claim appropriate compensation according to the degree of loss of the Company; in case of crime, it shall be transferred to the judicial authority.



**Article 35** When the controlling Shareholders and other connected persons of the Company engage in acts that harm the interests of the Company and other Shareholders, which causes economic losses and leads to civil compensation litigation according to the law, the Company shall be obligated to provide relevant information and other support to the extent it is in compliance with the laws and regulations and the Articles of Association.

### **Chapter 9 Supplementary Provisions**

#### **Article 36 Interpretation**

**Subsidiary** refers to a company that meets any of the following conditions: (1) the Company holds or is able to control more than 50% of its voting rights; (2) the Company shall have the right to appoint or remove more than half of the members of its board of directors; (3) the Company has effective control or dominant influence over the company through agreements or other arrangements; (4) in accordance with the Hong Kong Financial Reporting Standards or the International Financial Reporting Standards, its accounts are consolidated in the audited consolidated statements of the Company as a subsidiary.

**Connected Subsidiary** refers to a company whose connected person(s) at company level may exercise, individually or jointly, 10% or more of the voting rights at the shareholders' general meeting of the subsidiary (such 10% level does not include any indirect interest of the connected person(s) in such subsidiary through the Company); or any subsidiary of the aforesaid non-wholly-owned subsidiary.

**Associate:** If the connected person refers to an individual under Clauses 1-3 of Article 4 (4), the associate includes (1) immediate family members and dependents; (2) a company directly or indirectly controlled by the connected person and/or his immediate family members as to 30% (i.e. can exercise 30% or more of the voting rights at the shareholders' general meetings or control the composition of a majority members of the board of that company), or any subsidiary of such company; (3) a company directly or indirectly held by the dependents or a company under the majority control of the dependents together with himself and his immediate family members (i.e. can exercise more than 50% of the voting rights at the shareholders' general meetings or control the composition of a majority members of the board of that company), or any subsidiary of such company.

If the connected person refers to a company under Clauses 1-3 of Article 4 (4), the associate includes (1) its subsidiary or holding company, or the fellow subsidiary of that holding company; (2) a controlled company whose 30% shares are held directly or indirectly by the company and/or the company referred to in (1) above, or any subsidiary of such controlled company.

**Article 37** Connected transactions referred to in these Measures are defined in accordance with the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, while connected transactions in the financial reports in the periodic reports are defined in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards.

**Article 38** Matters not covered in these Measures or contrary to relevant national laws and regulations shall be implemented in accordance with relevant national laws and regulations.

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**APPENDIX I      THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS**

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**Article 39** These Measures shall come into force after review and approval at the general meeting of the shareholders, and shall be interpreted and amended by the Board of Directors. The original Management Measures for A-share Connected Transactions (March 25, 2011) shall be abolished.

- Appendices:
1. Calculation Standard of Connected Transactions
  2. List of Connected Transaction Information Disclosure Documents

Appendix 1:

### **Calculation Standard of Connected Transactions**

In accordance with the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the connected transactions are divided into general connected transactions and major connected transactions by calculating the cap of the transaction amount.

#### **I. General Connected Transactions**

1. The connected transactions whose transaction amount occurred between the Company and the connected legal person is more than RMB3 million, and accounts for 0.5% or more of the absolute value of the last audited net assets of the Company.
2. According to the calculation of percentage ratio applicable to the nature of connected transactions, the connected transaction, any one of the following five indexes (A1, A2, A3, and A4) of which reaches 0.1% or more (the exchange rate conversion shall be paid attention to in the calculation):

A1 = Total value of assets involved in the transaction ÷ Total assets of the Company (based on the most recent audited annual or unaudited interim financial report, whichever is later, and the amount of dividends distributed needs to be deducted) × 100%

A2 = Revenue attributable to the assets involved in the transaction of the Company ÷ Revenue of the Company (based on the most recent audited annual financial report) × 100%

A3 = Transaction consideration amount ÷ Total market value of the Company (The total shares of H Share multiplied by the average five-day share price of H Share + The total shares of A Share multiplied by the average five-day share price of A Share) × 100%

A4 = Number of new shares issued involved in the transaction ÷ Number of original total shares of the Company × 100% (A4 applies only when new shares are issued as consideration)

For connected transactions meeting any of the above calculation standards, the Company shall disclose such transactions in time.

**II. Major Connected Transactions**

1. The connected transactions whose transaction amount of the transaction occurred between the Company and connected person is more than RMB30 million (except the guarantee provided by the Company, cash assets donated, and debts deducted for the Company's obligations only), and accounts for 5% or more of the absolute value of the last audited net assets of the Company.
2. According to the calculation of percentage ratio applicable to the nature of connected transactions, the connected transaction, any one of the following five indexes (A1, A2, A3, and A4) of which reaches 5% or more (the exchange rate conversion shall be paid attention to in the calculation):

A1 = Total value of assets involved in the transaction ÷ Total assets of the Company (based on the most recent audited annual or unaudited interim financial report, whichever is later, and the amount of dividends distributed needs to be deducted) × 100%

A2 = Revenue attributable to the assets involved in the transaction of the Company ÷ Revenue of the Company (based on the most recent audited annual financial report) × 100%

A3 = Transaction consideration amount ÷ Total market value of the Company (The total shares of H Share multiplied by the average five-day share price of H Share + The total shares of A Share multiplied by the average five-day share price of A Share) × 100%

A4 = Number of new shares issued involved in the transaction ÷ Number of original total shares of the Company × 100% (A4 applies only when new shares are issued as consideration)

For connected transactions meeting any of the above calculation standards, the Company shall submit such transactions to the general meeting of Shareholders for consideration and approval after the review of the Board of Directors and the Board of Supervisors.

Appendix 2:

**List of Connected Transaction Information  
Disclosure Documents**

In accordance with the information disclosure requirements of connected transactions in the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the requirements of the contents of documents submitted to the Company for review and information disclosure shall be as follows:

- I. The connected transaction between the Company and its connected persons shall be disclosed in the form of interim report. The disclosure contents include but are not limited to:
  - (1) Overview of connected transactions;
  - (2) Introduction of connected person(s);
  - (3) Basic information on the subject matters of connected transactions;
  - (4) Main contents and pricing policy of connected transactions;
  - (5) The purpose of the connected transaction and its influence on the listed company;
  - (6) The agreement or letter of intent relating to the transaction;
  - (7) Commitment of controlling shareholders (if any).
  
- II. The Company shall disclose connected transactions related to routine operation, and the disclosure contents include but are not limited to:
  - (1) The parties of the connected transactions;
  - (2) The contents of the connected transactions;
  - (3) The pricing policy;
  - (4) Transaction price, where the market price of same category could be gained, the market reference price shall be disclosed, and if the actual transaction price is significantly different from the market reference price, the reason shall be provided;
  - (5) The transaction amount and its proportion in the transaction amount of same category, and the settlement method;
  - (6) The agreement or letter of intent related to the transaction;
  - (7) Details of large amounts of returned commodities (if any);

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**APPENDIX I            THE MANAGEMENT MEASURES FOR CONNECTED TRANSACTIONS**

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- (8) The necessity for and continuity of the connected transactions, the reasons for choosing to conduct the transaction with the connected persons (instead of other trading parties in the market), the influence of the connected transaction on the independence of the Company, the degree of dependence of the Company on the connected persons, and the relevant measures (if any);
  - (9) Where the total amount of routine connected transactions that will occur in the current year is estimated by category, information of the actual performance of routine connected transactions within the reporting period (if any) shall be disclosed.
- III. The Company shall disclose connected transactions related to the sale or acquisition of assets, and the disclosure contents include but are not limited to:
- (1) The parties of the connected transactions;
  - (2) The contents of the connected transactions;
  - (3) The pricing policy;
  - (4) Appraisal report, which includes book value, appraisal value, market fair value and transaction price of assets; if the transaction price is significantly different from the book value or the appraisal value and the fair value of the market, the reasons shall be provided;
  - (5) Settlement method and the impact of transaction on the Company's operating results and financial position;
  - (6) The agreement or letter of intent related to the transaction.
- IV. The Company discloses the connected transactions occurring in the joint outbound investment with the connected persons, and the disclosure contents include but not limited to:
- (1) Joint investors;
  - (2) Name, main business, registered capital, total assets, net assets and net profit of the invested enterprise;
  - (3) Progress of major projects under construction (if any);
  - (4) The agreement or letter of intent related to the transaction.
- V. If there exist credit and debt business, guarantee and other matters between the Company and the connected persons, the cause of formation and its impact on the Company shall be disclosed.

**REPORT ON THE USE OF THE PREVIOUSLY RAISED PROCEEDS OF CHINA  
COMMUNICATIONS CONSTRUCTION COMPANY LIMITED**

**(30 JUNE 2018)**

**1. THE PREVIOUSLY RAISED PROCEEDS**

As approved in the Reply to the Relevant Issues of Non-public Issuance of Preference shares of China Communications Construction Company Limited (Guo Zi Chan Quan [2014] No. 1203) (國資產權[2014]1203號《關於中國交通建設股份有限公司非公開發行優先股股票有關問題的批覆》) issued by SASAC on 25 December 2014 and Reply to the Approval for Non-public Issuance of Preference Shares of China Communications Construction Company Limited (Zheng Jian Xu Ke [2015] No. 1348) (證監許可[2015]1348號文《關於核准中國交通建設股份有限公司非公開發行優先股的批覆》) issued by the CSRC on 24 June 2015, the Company has completed the non-public issuance of preference shares to eligible investors in China in two tranches on 1 September 2015 and 19 October 2015 respectively.

Pursuant to the Rules Concerning the Report on the Use of Proceeds from Previous Fundraising Activities (Zheng Jian Fa Xing Zi [2007] No. 500) (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)), the Company has formulated the report on the use of the previously raised proceeds as of 30 June 2018, details are as follows:

**(1) Amount and availability of previously raised proceeds**

The Company completed the first tranche of issuance of 90,000,000 preference shares on 1 September 2015 and completed the second tranche of issuance of 55,000,000 preference shares on 19 October 2015.

After deducting the underwriting expenses of RMB11,000,000, the total proceeds raised by Company in the first tranche of issuance of preference shares amounted to RMB8,989,000,000. After deducting other issuance expenses payable by the Company in an amount of RMB9,316,911, the net proceeds actually raised amounted to RMB8,979,683,089. As of 1 September 2015, the aforementioned issuance of preference shares and the transfer of proceeds raised have been completed, the proceeds raised were verified by PricewaterhouseCoopers Zhong Tian LLP with PwCZT YZ (2015) No. 1080 capital verification report.

After deducting the underwriting expenses of RMB5,500,000, the total proceeds raised by Company in the second tranche of issuance of preference shares amounted to RMB5,494,500,000. After deducting other issuance expenses payable by the Company in an amount of RMB5,765,700, the net proceeds actually raised amounted to RMB5,488,734,300. As of 19 October 2015, the aforementioned issuance of preference shares and the transfer of proceeds raised have been completed, the proceeds raised were verified by PricewaterhouseCoopers Zhong Tian LLP with PwCZT YZ (2015)No. 1193 capital verification report.

**(2) Previously raised proceeds deposited into special accounts**

As at 1 September 2015, the initial deposit amount in the special account for the proceeds raised from the first tranche of non-public issuance of preference shares of the Company amounted to RMB8,989,000,000, which was deposited into the account opened by the Company at Agricultural Bank of China Limited, Head Office, Operation department (account number: 81600001040015549). After deducting other issuance expenses of RMB9,316,911, the net proceeds raised by the Company for the issuance amounted to RMB8,979,683,089.

As at 19 October 2015, the initial deposit amount in the special account for the proceeds raised from the second tranche of non-public issuance of preference shares of the Company amounted to RMB5,494,500,000, which was deposited into the account opened by the Company at Agricultural Bank of China Limited, Head Office, Operation department (account number: 81600001040015549). After deducting other issuance expenses of RMB5,765,700, the net proceeds raised by the Company for the issuance amounted to RMB5,488,734,300.

As at 30 June 2018, the balance in the special account for the previously raised proceeds from the non-public issuance of preference shares of the Company amounted to RMB417,555,970, which was deposited in the special account at Agricultural Bank of China Limited, Head Office, Operation department (account number: 81600001040015549), and special account for the proceeds from subsidiaries, following the principle of special fund for designated purpose.

**2. ACTUAL USE OF THE PREVIOUSLY RAISED PROCEEDS****(1) Comparison of the use of the previously raised proceeds**

Pursuant to the use of proceeds as disclosed in the prospectus for the non-public issuance of preference shares of the Company, after deducting the issuance expenses, the proceeds raised from the non-public issuance of preference shares will be used in infrastructure investment projects, supplementing the working capital for significant engineering contracting projects and replenishing the general working capital.

As at 30 June 2018, the actual use of the previously raised proceeds is demonstrated in the Schedule 1 “Comparison of the use of the previously raised proceeds”.

**(2) Change to the projects actually invested with previously raised proceeds**

The non-public issuance of the preference shares of the Company does not involve any change to the projects actually invested with previously raised proceeds.

**(3) Early investment and replacement of the projects actually invested with previously raised proceeds**

As approved at the 20th meeting of the third session of the Board of China Communications Construction Company Limited held on 30 October 2015, during the period from 24 November 2014 to 30 September 2015, the Company has invested an amount of RMB8,231,664,000 in advance to the



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## APPENDIX II      REPORT ON THE USE OF THE PREVIOUSLY RAISED PROCEEDS

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projects to be invested with the proceeds from the issuance of preference shares by self-raised funds, details of which are set out in Schedule 3 “Investment in Advance to the Projects to be Invested with the Proceeds from the Issuance of Preference Shares by Self-Raised Funds”. The report on investment in advance to the projects to be invested with the proceeds from the issuance of preference shares by self-raised funds was verified by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) with PwCZT Te Shen Zi (2015) No. 1600 verification report. The independent directors of the Company agreed on the early investment and replacement of the projects to be invested with proceeds.

**(4) Temporary replenishment of working capital by idle funds**

There is no temporary replenishment of working capital by idle funds for the Company.

**(5) Use of remaining proceeds from the projects invested with previously raised proceeds**

As at 30 June 2018, the proceeds raised from the non-public issuance of preference shares of the Company are applied in a normal manner.

### **3. BENEFITS FROM THE PROJECTS INVESTED WITH PREVIOUSLY RAISED PROCEEDS**

**(1) Comparison of benefits from the projects invested with previously raised proceeds**

For details of the comparison of benefits from the projects invested with previously raised proceeds, please see Schedule 2 “Comparison of benefits from the projects invested with previously raised proceeds”.

**(2) Benefits from the projects invested with previously raised proceeds that cannot be accounted separately**

For details of the benefits from the projects invested with previously raised proceeds that cannot be accounted separately, please see Schedule 2 “Comparison of benefits from the projects invested with previously raised proceeds”.

**(3) Accumulated benefits from the projects invested with previously raised proceeds less than 20% or more of those as committed**

Not applicable.

### **4. OPERATIONS OF ASSETS THAT ARE USED TO SUBSCRIBE FOR SHARES IN THE PREVIOUSLY RAISED PROCEEDS**

There is no application of proceeds raised from previous non-public issuance of preference shares to the subscription for shares for the Company.

**5.    TRANSFER OF THE PROJECTS INVESTED WITH RAISED PROCEEDS**

There is no transfer of projects invested with proceeds raised from previous non-public issuance of preference shares for the Company.

**6.    COMPARISON OF THE ACTUAL USE OF THE PREVIOUSLY RAISED PROCEEDS WITH THE RELEVANT CONTENT DISCLOSED IN THE PERIODIC REPORTS OF THE COMPANY**

Upon comparison of the actual use of the previously raised proceeds as of 30 June 2018 as disclosed in this report and the relevant content disclosed in the periodic reports of the Company, there is no difference in the disclosure of projects invested with the previously raised proceeds.

**7.    CONCLUSION**

The Board believes that the Company has applied the previously raised proceeds in accordance with prospectus for the non-public issuance of preference shares. The Company has fulfilled its disclosure obligations in relation to the investment and progress of the proceeds raised from previous non-public issuance of preference shares in accordance with the requirements under the Rules Concerning the Report on the Use of Proceeds from Previous Fundraising Activities (Zheng Jian Fa Xing Zi [2007] No. 500) (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) issued by China Securities Regulatory Commission.

All Directors of the Company undertake that there are no misrepresentations, misleading statements or material omissions in this report and they are jointly and severally liable for the authenticity, accuracy and completeness of this report.

The Board of Directors  
**China Communications Construction Company Limited**  
27 September 2018

## Schedule 1: Comparison of the use of the previously raised proceeds — Non-public issuance of preference shares

Total proceeds raised:		1,446,841.74	Total proceeds used in aggregate:	1,408,163.26	Unit: RMB'0000
Total proceeds with change in use:		Not applicable	Total proceeds used during the year:	1,245,860.92	
Proportion of total proceeds with change in use:		Not applicable	2015:	143,279.80	
		Not applicable	2016:	13,093.78	
		Not applicable	2017:	5,928.76	
		Not applicable	During the six-month period ended June 30, 2018:		
Investment projects		Total investment amount from proceeds raised	Accumulated investment amount from proceeds as of 30 June 2018 (the "Closing Date")		Difference between actual investment amount and committed investment
No.	Committed investment projects	Committed investment amount before the offering	Committed investment amount before the offering	Actual investment amount after the offering	Estimate delivery date of projects
1	Dengfeng-Ruzhou section of Jiaozuo-Tongbai Expressway in Henan	90,600.00	90,496.76	90,496.76	September 2016
2	Kaifeng-Minquan section of Zhengzhou-Minquan Expressway in Henan	70,000.00	69,920.24	69,920.24	September 2016
3	Phase II Extension Project of Ma Village District in Haikou port, Hainan	39,900.00	39,855.00	39,855.00	June 2017

No.	Investment projects	Total investment amount from proceeds raised				Accumulated investment amount from proceeds as of 30 June 2018 (the "Closing Date")			
		Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Difference between actual investment amount and committed investment amount after the offering	Estimate delivery date of projects
4	Phase I Starting Construction Project of Automobile Passenger/Cargo roll-on, roll-off terminal of Xinhaigang District in Haikou port, Hainan	48,800.00	48,744.00	48,744.00	48,800.00	48,744.00	48,744.00	—	December 2016
5	Reconstruction project of Nanxun-Wuxing Section of National Road 318 in Huzhou	165,200.00	165,012.00	127,449.00	165,200.00	165,012.00	127,449.00	(37,563.00)	January 2017 (Note 2)
6	Northern Section Project of Provincial Road 270 in Pizhou	76,400.00	76,313.30	76,394.39	76,400.00	76,313.30	76,394.39	81.09	June 2016 (Note 1))
7	Lot HD01 of Dunhua- Fusong Section of Dunhua-Tonghua Expressway in Jilin	152,000.00	152,000.00	152,000.00	152,000.00	152,000.00	152,000.00	—	December 2017
8	Highway construction project of Xunhua-Longwuxia Section of National Road 310	58,000.00	57,934.00	57,971.43	58,000.00	57,934.00	57,971.43	37.43	Estimated to be December 2019 (Note 1)
9	Lot CGZQSG-4 of the station project of Leshan-Guiyang Section of Newly-Constructed Chengdu-Guiyang Railway	43,500.00	43,450.00	43,450.00	43,500.00	43,450.00	43,450.00	—	December 2017

No.	Investment projects	Total investment amount from proceeds raised				Accumulated investment amount from proceeds as of 30 June 2018 (the "Closing Date")				Difference between actual investment amount and committed investment amount after the offering	Estimate delivery date of projects
		Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Committed investment amount after the offering			
10	Lot LYZQ-IV of the station project of Newly-Constructed Lianyungang-Yancheng Railway	Lot LYZQ-IV of the station project of Newly-Constructed Lianyungang-Yancheng Railway	Actual investment projects	38,900.00	38,855.85	38,866.67	38,900.00	38,855.85	38,866.67	10.82	Estimated to be December 2018
11	Lot HSHZQ-8 of the station project of newly constructed Huaihua-Shaoyang-Hengyang Railway	Lot HSHZQ-8 of the station project of newly constructed Huaihua-Shaoyang-Hengyang Railway	Actual investment projects	29,100.00	29,067.00	29,067.00	29,100.00	29,067.00	29,067.00	—	Estimated to be December 2018
12	Lot JSJISG-6 of the station project of Hebei Section of Newly-Constructed Beijing-Shenyang Passenger Dedicated Railway	Lot JSJISG-6 of the station project of Hebei Section of Newly-Constructed Beijing-Shenyang Passenger Dedicated Railway	Actual investment projects	28,200.00	28,167.91	28,216.30	28,200.00	28,167.91	28,216.30	48.39	Estimated to be June 2019
13	Lot MPZQ-2 of the station works of capacity expansion project of Miyi-Panzhihua Section of Chengdu-Kunming Railway	Lot MPZQ-2 of the station works of capacity expansion project of Miyi-Panzhihua Section of Chengdu-Kunming Railway	Actual investment projects	28,100.00	28,068.00	28,068.00	28,100.00	28,068.00	28,068.00	—	Estimated to be December 2019
14	Lot S3 of Humen Second Bridge in Guangdong	Lot S3 of Humen Second Bridge in Guangdong	Actual investment projects	27,600.00	27,569.00	27,577.10	27,600.00	27,569.00	27,577.10	8.10	Estimated to be December 2018
15	South breakwater and South bank cofferdam project in Hulushan Bay, Changxing Island, Dalian	South breakwater and South bank cofferdam project in Hulushan Bay, Changxing Island, Dalian	Actual investment projects	25,400.00	25,371.09	25,350.90	25,400.00	25,371.09	25,350.90	(20.19)	Estimated to be December 2018

No.	Investment projects	Total investment amount from proceeds raised				Accumulated investment amount from proceeds as of 30 June 2018 (the "Closing Date")				Difference between actual investment amount and committed investment amount after the offering	Estimate delivery date of projects
		Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Committed investment amount after the offering			
16	Shulanghu ore transit terminal project in Zhoushan Port, Ningbo	24,700.00	24,671.97	24,671.97	24,700.00	24,671.97	24,671.97	24,671.97	—	June 2018	
17	Berth #2-#7 project of Phase II of container terminal project in Gaolan Zone, Zhuhai Port	16,700.00	16,681.08	16,681.08	16,700.00	16,681.08	16,681.08	16,681.08	—	Estimated to be December 2018	
18	Lot N9A01-8 of civil construction of Wuzhou-Liuzhou Expressway project in Guangxi	13,900.00	13,884.43	13,884.43	13,900.00	13,884.43	13,884.43	13,884.43	—	Estimated to be December 2018	
19	Lot JMZQ-1 of Xintai Tunnel project of Jiangmen-Maoming Section and the station project of Yangxi-Mata	13,400.00	13,384.79	13,384.79	13,400.00	13,384.79	13,384.79	13,384.79	—	June 2018	
20	Section of newly constructed Shenzhen-Maoming Railway Lot N9A01-5 of Civil construction of Wuzhou-Liuzhou Expressway project in Guangxi	13,000.00	12,985.00	12,747.90	13,000.00	12,985.00	12,985.00	12,747.90	(237.10) (Note 3)	December 2017	
21	Lot A2 of Dongtinghu Bridge of Dayue Expressway Project in Hunan	12,900.00	12,885.00	12,885.00	12,900.00	12,885.00	12,885.00	12,885.00	—	Estimated to be December 2018	

No.	Investment projects	Total investment amount from proceeds raised				Accumulated investment amount from proceeds as of 30 June 2018 (the "Closing Date")				Difference between actual investment amount and committed investment amount after the offering	Estimate delivery date of projects
		Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Actual investment amount after the offering	Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Actual investment amount after the offering		
22	Committed investment projects Lot EHS-3 of newly constructed Ejina- Hami Railway	11,700.00	11,687.00	11,687.00	11,700.00	11,687.00	11,687.00	11,687.00	—	July 2017	
23	Actual investment projects Lot S2 of Humen Second Bridge in Guangdong	10,600.00	10,588.00	10,607.72	10,600.00	10,588.00	10,607.72	10,607.72	19.72 (Note 1)	Estimated to be April 2019	
24	Actual investment projects Lot DZL-SG2 of east breakwater project with vertical structure in Gangxuwei zone, Lianyungang Port	10,500.00	10,488.08	10,488.08	10,500.00	10,488.08	10,488.08	10,488.08	—	December 2016	
25	Committed investment projects Specialized wharf project of Chemical Industry Park in Hexi Operating Area, Nanchong Port	9,800.00	9,789.00	9,789.00	9,800.00	9,789.00	9,789.00	9,789.00	—	December 2016	
26	Actual investment projects Embankment, roads and yards project for berth #5 and #6 of container terminal project of western operating area in Yantian Zone, Shenzhen Port	8,900.00	8,889.94	8,889.94	8,900.00	8,889.94	8,889.94	8,889.94	—	May 2017	
27	Committed investment projects Lot No. 3 of Civil construction of Sangzhi-Zhangjiajie Expressway project in Hunan	8,600.00	8,590.00	8,590.00	8,600.00	8,590.00	8,590.00	8,590.00	—	Estimated to be December 2018	

No.	Investment projects	Total investment amount from proceeds raised				Accumulated investment amount from proceeds as of 30 June 2018 (the "Closing Date")				Difference between actual investment amount and committed investment amount after the offering	Estimate delivery date of projects
		Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Actual investment amount	Committed investment amount before the offering	Committed investment amount after the offering	Actual investment amount	Actual investment amount		
28	Committed investment projects Lot TJ10 of Hexi-Liuhedu Section of Daozhen- Xinzhai Expressway project in Guizhou	6,300.00	6,292.94	6,292.94	6,300.00	6,292.94	6,292.94	6,292.94	—	January 2016	
29	Actual investment projects Jinhui Building in Beijing	4,800.00	4,794.62	4,794.62	4,800.00	4,794.62	4,794.62	4,794.62	—	December 2016	
30	Supplementing the general working capital	362,500.00	359,342.00	359,342.00	362,500.00	359,342.00	359,342.00	359,342.00	—		
	<b>Total</b>	1,450,000.00	1,445,778.00	1,408,163.26	1,450,000.00	1,445,778.00	1,408,163.26	1,408,163.26	(37,614.74)		

*Note 1:* The difference between actual proceeds invested and amount to be invested comes from interests generated from the accounts for previously raised proceeds.

*Note 2:* As at 30 June 2018, the projects have reached the scheduled completion. There are the balances as the owners canceled some works of greening and environmental protection.

*Note 3:* As at 30 June 2018, the projects have reached the scheduled completion. The remaining proceeds will be used for the subsequent payment of the outstanding balance of the projects, such as the construction and installation of the project and acquisition of equipment in accordance with payment arrangement.



Schedule 2: Comparison of the projects invested with previously raised proceeds — Non-public issuance of preference shares

Unit: RMB '0000

No.	Project name	Actual investment projects	The cumulative utilization rate of investment projects as of the Closing Date	Committed benefits	Actual benefits for the last three years (Note 1)			Six months ended 30 June 2018	Accumulated benefits as of the Closing Date	Whether the benefits are achieved
					2015	2016	2017			
1	Dengfeng-Ruzhou section of Jiaozuo-Tongbai Expressway in Henan		Not applicable	Uncommitted	—	—	10,995.22	2,250.81	13,246.03	Not applicable
2	Kaifeng-Minquan section of Zhengzhou-Minquan Expressway in Henan		Not applicable	Uncommitted	—	—	122.06	—	122.06	Not applicable
3	Phase II Extension Project of Ma Village District in Haikou port, Hainan		Not applicable	Uncommitted	—	1,200.55	92.54	—	1,293.09	Not applicable
4	Phase I Starting Construction Project of Automobile Passenger/Cargo roll-on, roll-off terminal of Xinhaigang District in Haikou port, Hainan		Not applicable	Uncommitted	—	2,635.10	2,470.94	—	5,106.04	Not applicable
5	Reconstruction project of Nanxun-Wuxing Section of National Road 318 in Huzhou		Not applicable	Uncommitted	5,777.22	3,048.87	3,249.47	999.60	13,075.16	Not applicable
6	Northern Section Project of Provincial Road 270 in Pizhou		Not applicable	Uncommitted	—	3,027.51	3,014.17	900.94	6,942.62	Not applicable
7	Lot HD01 of Dunhua-Fusong Section of Dunhua-Tonghua Expressway in Jilin		Not applicable	Not applicable	366,981.00	194,374.80	4,068.37	(1,273.43)	564,150.74	Not applicable
8	Highway construction project of Xunhua-Longwuxia Section of National Road 310		Not applicable	Not applicable	118,521.60	114,062.15	114,156.49	15,451.19	362,191.43	Not applicable
9	Lot CGZQSG-4 of the station project of Leshan-Guiyang Section of Newly-Constructed Chengdu-Guiyang Railway		Not applicable	Not applicable	2,462.53	149,828.59	16,903.67	—	169,194.79	Not applicable
10	Lot LYZQ-IV of the station project of Newly-Constructed Lianyungang-Yancheng Railway		Not applicable	Not applicable	3,353.57	16,215.25	12,216.63	4,741.53	36,526.98	Not applicable

No.	Actual investment projects	The cumulative utilization rate of investment projects as of the Closing Date	Committed benefits	Actual benefits for the last three years (Note 1)				Accumulated benefits as of the Closing Date	Whether the estimate benefits are achieved
				2015	2016	2017	Six months ended 30 June 2018		
11	Lot HSHZQ-8 of the station project of newly constructed Huaihua-Shaoyang-Hengyang Railway	Not applicable	Not applicable	48,524.00	97,547.08	35,240.19	9,086.07	190,397.34	Not applicable
12	Lot JSJSG-6 of the station project of Hebei Section of Newly-Constructed Beijing-Shenyang Passenger Dedicated Railway	Not applicable	Not applicable	27,584.30	69,869.52	24,206.54	1,993.16	123,653.52	Not applicable
13	Lot MPZQ-2 of the station works of capacity expansion project of Miyi-Panzhihua Section of Chengdu-Kunming Railway	Not applicable	Not applicable	63,540.90	44,189.03	29,372.06	9,769.90	146,871.89	Not applicable
14	Lot S3 of Humen Second Bridge in Guangdong	Not applicable	Not applicable	962.04	31,257.35	42,006.59	26,251.00	100,476.98	Not applicable
15	South breakwater and South bank cofferdam project in Hulushan Bay, Changxing Island, Dalian	Not applicable	Not applicable	23,793.60	5,575.63	19,994.21	928.34	50,291.78	Not applicable
16	Shulangu ore transit terminal project in Zhoushan Port, Ningbo	Not applicable	Not applicable	1,479.83	30,163.45	4,889.60	101.31	36,634.19	Not applicable
17	Berth #2-#7 project of Phase II of container terminal project in Gaolan Zone, Zhuhai Port	Not applicable	Not applicable	1,119.42	31,258.44	4,603.48	11,307.57	48,288.91	Not applicable
18	Lot N9A01-8 of civil construction of Wuzhou-Liuzhou Expressway project in Guangxi	Not applicable	Not applicable	22,576.29	45,571.56	9,229.68	485.12	77,862.65	Not applicable
19	Lot JMZQ-1 of Xintai Tunnel project of Jiangmen-Maoming Section and the station project of Yangxi-Mata Section of newly constructed Shenzhen-Maoming Railway	Not applicable	Not applicable	291.78	17,254.89	20,321.18	3,085.47	40,953.32	Not applicable

No.	Actual investment projects	The cumulative utilization rate of investment projects as of the Closing Date	Committed benefits	Actual benefits for the last three years (Note 1)				Six months ended 30 June 2018	Accumulated benefits as of the Closing Date	Whether the estimate benefits are achieved
				2015	2016	2017	2018			
20	Lot N9A01-5 of Civil construction of Wuzhou-Liuzhou Expressway project in Guangxi	Not applicable	Not applicable	19,995.00	36,514.77	10,217.44	2,612.65 (Note 3)	69,339.86	Not applicable	
21	Lot A2 of Dongtinghu Bridge of Dayue Expressway Project in Hunan	Not applicable	Not applicable	24,277.00	14,488.15	10,869.59	3,297.67	52,932.41	Not applicable	
22	Lot EHSG-3 of newly constructed Ejina-Hami Railway	Not applicable	Not applicable	35,936.00	6,989.64	552.74	—	43,478.38	Not applicable	
23	Lot S2 of Humen Second Bridge in Guangdong	Not applicable	Not applicable	22,398.00	10,315.52	8,729.51	3,606.04	45,049.07	Not applicable	
24	Lot DZL-SG2 of east breakwater project with vertical structure in Gangxuwei zone, Lianyungang Port	Not applicable	Not applicable	34,024.75	2,473.05	—	2,180.00 (Note 3)	38,677.80	Not applicable	
25	Specialized wharf project of Chemical Industry Park in Hexi Operating Area, Nanchong Port	Not applicable	Not applicable	1,627.75	—	—	—	1,627.75	Not applicable	
26	Embankment, roads and yards project for berth #5 and #6 of container terminal project of western operating area in Yantian Zone, Shenzhen Port	Not applicable	Not applicable	502.42	4,805.01	8,188.39	(533.22) (Note 3)	12,962.60	Not applicable	
27	Lot No.3 of Civil construction of Sangzhi-Zhangjiajie Expressway project in Hunan	Not applicable	Not applicable	17,848.00	15,661.09	21,108.89	2,857.39	57,475.37	Not applicable	
28	Lot TJ10 of Hexi-Liuhedu Section of Daozhen-Xinzhai Expressway project in Guizhou	Not applicable	Not applicable	27,627.20	3,320.48	320.41	—	31,268.09	Not applicable	
29	Jinhui Building in Beijing	Not applicable	Not applicable	14,956.01	9,816.47	—	—	24,772.48	Not applicable	
30	Supplementing the general working capital	Not applicable	Not applicable	886,160.21	961,463.95	417,140.06	100,099.11	2,364,863.33	Note 2	
	<b>Total</b>									

*Note 1:* Among the projects to be invested with the proceeds from the non-public issuance of preference shares, project 1 to project 6 are BT (“Build-Transfer”) projects, where the actual benefits for the last three years are interest income from investment; project 7 to project 29 are projects with construction contracts, where the actual benefits for the last three years are income from construction projects.

*Note 2:* The benefits of supplementing the general working capital of the projects invested with proceeds from the non-public issuance of preference shares cannot be calculated on an individual basis. The proceeds can improve the financial structure and risk resistance of the Company so as to support further business growth and consolidate the market position of the Company.

*Note 3:* Those projects have reached the scheduled completion on or before 31 December 2017. Adjustment was made to the benefits for the six-month period ended 30 June 2018 as a result of the final acceptance of the owners.

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**APPENDIX II      REPORT ON THE USE OF THE PREVIOUSLY RAISED PROCEEDS**

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**Schedule 3: Investment in advance to the projects to be invested with the proceeds from the issuance of preference shares by self-raised funds**

Unit: RMB'0000

No.	Project name	Amount of investment in advance with self-raised funds	Amount for replacement
<b>(I) Infrastructure investments</b>			
	Dengfeng-Ruzhou section of Jiaozuo-Tongbai		
1	Expressway in Henan	90,600.00	90,600.00
	Kaifeng-Minquan section of Zhengzhou-Minquan		
2	Expressway in Henan	70,000.00	70,000.00
	Phase II Extension Project of Ma Village District in		
3	Haikou port, Hainan	13,184.10	13,184.10
	Phase I Starting Construction Project of Automobile		
	Passenger/Cargo roll-on, roll-off terminal of		
4	Xinhaigang District in Haikou port, Hainan	42,304.90	42,304.90
	Reconstruction project of Nanxun-Wuxing Section		
5	of National Road 318 in Huzhou	54,800.70	54,800.70
	Northern Section Project of Provincial Road 270 in		
6	Pizhou	18,377.00	18,377.00
<b>(II) Supplementing the working capital for significant engineering contracting projects</b>			
	Lot HD01 of Dunhua- Fusong Section of		
1	Dunhua-Tonghua Expressway in Jilin	152,000.00	152,000.00
	Highway construction project of Xunhua-		
2	Longwuxia Section of National Road 310	24,100.00	24,100.00
	Lot CGZQSG-4 of the station project of		
	Leshan-Guiyang Section of Newly-Constructed		
3	Chengdu-Guiyang Railway	43,500.00	43,500.00
	Lot LYZQ-IV of the station project of		
	Newly-Constructed Lianyungang -Yancheng		
4	Railway	29,294.10	29,294.10
	Lot HSHZQ-8 of the station project of newly		
5	constructed Huaihua- Shaoyang-Hengyang Railway	29,100.00	29,100.00
	Lot JSJSG-6 of the station project of Hebei		
	Section of Newly-Constructed Beijing-Shenyang		
6	Passenger Dedicated Railway	25,138.20	25,138.20
	Lot MPZQ-2 of the station works of capacity		
	expansion project of Miyi-Panzhihua Section of		
7	Chengdu-Kunming Railway	28,100.00	28,100.00

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**APPENDIX II      REPORT ON THE USE OF THE PREVIOUSLY RAISED PROCEEDS**

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No.	Project name	Amount of investment in advance with self-raised funds	Amount for replacement
8	Lot S3 of Humen Second Bridge in Guangdong South breakwater and South bank cofferdam project	23,477.10	23,477.10
9	in Hulushan Bay, Changxing Island, Dalian Shulanghu ore transit terminal project in Zhoushan	17,190.00	17,190.00
10	Port, Ningbo Berth #2-#7 project of Phase II of container	24,700.00	24,700.00
11	terminal project in Gaolan Zone, Zhuhai Port Lot N2A01-8 of civil construction of Wuzhou -	16,700.00	16,700.00
12	Liuzhou Expressway project in Guangxi Lot JMZQ-1 of Xintai Tunnel project of	12,893.90	12,893.90
13	Jiangmen-Maoming Section and the station project of Yangxi-Mata Section of newly constructed Shenzhen- Maoming Railway	13,400.00	13,400.00
14	Lot NgAoi-5 of Civil construction of Wuzhou-Liuzhou Expressway project in Guangxi	12,747.90	12,747.90
15	Lot A2 of Dongtinghu Bridge of Dayue Expressway Project in Hunan	12,900.00	12,900.00
16	Lot EHS3-3 of newly constructed Ejina-Hami Railway	11,700.00	11,700.00
17	Lot S2 of Humen Second Bridge in Guangdong Lot DZL-SG2 of east breakwater project with	8,058.50	8,058.50
18	vertical structure in Gangxuwei zone, Lianyungang Port Specialized wharf project of Chemical Industry	10,500.00	10,500.00
19	Park in Hexi Operating Area, Nanchong Port Embankment, roads and yards project for berth #5	9,800.00	9,800.00
20	and #6 of container terminal project of western operating area in Yantian Zone, Shenzhen Port Lot No. 3 of Civil construction of	8,900.00	8,900.00
21	Sangzhi-Zhangjiajie Expressway project in Hunan Lot TJ10 of Hexi-Liuhedu Section of	8,600.00	8,600.00
22	Daozhen-Xinzhai Expressway project in Guizhou	6,300.00	6,300.00
23	Jinhui Building in Beijing	4,800.00	4,800.00
<b>(III)</b>	<b>Supplementing the general working capital</b>		
	Total	<u>823,166.40</u>	<u>823,166.40</u>

**1. RESPONSIBILITY STATEMENT**

This supplemental 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 supplemental 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 supplemental 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 Hong Kong 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 Hong Kong 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, the Director of the Company, concurrently acts as the chairman of the board of directors 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 close 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 2017 (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 supplemental 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 supplemental circular:

<b>Name</b>	<b>Qualification</b>
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 2017 (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 supplemental 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 2017, 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 supplemental 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 supplemental circular;
- (b) the letter from Somerley, the text of which is set out in this supplemental circular;
- (c) the written consent of Somerley as referred to in this appendix; and
- (d) the Finance Lease and Commercial Factoring Framework Agreement.