
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in China Communications Construction Company Limited, you should at once hand this circular together with the form of proxy 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)

(1) GENERAL MANDATE TO ISSUE NEW SHARES;
(2) PROPOSED ISSUANCE OF PREFERENCE SHARES IN THE PRC;
AND
(3) NOTICE OF 2023 THIRD EXTRAORDINARY GENERAL MEETING

A notice convening the EGM of the Company to be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on Friday, 30 June 2023 is set out on pages EGM-1 to EGM-5 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon 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 Thursday, 29 June 2023). Completion and return of the form of proxy will not preclude you as a Shareholder from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

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DEFINITIONS

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

“A Share(s)”	domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the SSE under the stock code 601800 and traded in Renminbi
“Administrative Measures (2023 Revision)”	the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision) (《優先股試點管理辦法(2023修正)》)
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“CCCG”	China Communications Construction Group (Limited)* (中國交通建設集團有限公司), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company
“Company”	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under the stock code 1800 and the A Shares of which are listed on the SSE under the stock code 601800
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the 2023 third extraordinary general meeting of the Company to be held at CCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on Friday, 30 June 2023
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	2 June 2023, being the latest practicable date prior to the printing of this circular of ascertaining certain information
“Ordinary Share(s)”	the A Share(s) and the H Share(s) (or either of them, as the case may be)
“Ordinary Shareholder(s)”	holder(s) of the Ordinary Share(s)
“PRC”	the People’s Republic of China and for the purpose of this circular, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Preference Share(s)”	preference share(s) to be issued by the Company
“Preference Shareholder(s)”	holder(s) of the Preference Share(s)
“Proposed Issuance”	the proposed issuance of the Preference Shares to specific subscribers in the PRC by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Securities Law”	the Securities Law of the People’s Republic of China
“Share(s)”	share(s) in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“SSE”	the Shanghai Stock Exchange
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

LETTER FROM THE BOARD



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

WANG Tongzhou

WANG Haihui

LIU Xiang

Non-executive Director

MI Shuhua

Independent non-executive Directors

LIU Hui

CHAN Wing Tak Kevin

WU Guangqi

ZHOU Xiaowen

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

9 June 2023

To the Shareholders,

Dear Sir or Madam,

**(1) GENERAL MANDATE TO ISSUE NEW SHARES;
(2) PROPOSED ISSUANCE OF PREFERENCE SHARES IN THE PRC;
AND
(3) NOTICE OF 2023 THIRD EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

References are made to the announcements of the Company dated 12 January 2023 and 21 March 2023 in relation to (i) the general mandate to issue new shares; and (ii) the proposed issuance of Preference Shares in the PRC and relevant resolutions.

The purpose of this circular is to provide you with the notice of the EGM and all the information which is necessary in order to enable you to make an informed decision on whether to vote for or against the abovementioned proposed resolutions at the EGM.

LETTER FROM THE BOARD

II. GENERAL MANDATE TO ISSUE NEW SHARES

The Board has, pursuant to the Hong Kong Listing Rules, resolved to seek a general mandate from the Shareholders:

- (i) the Board will be authorized during the Relevant Period (as defined below), unconditionally, either separately or concurrently, to allot, issue and/or deal with new A Shares and/or H Shares and/or Preference Shares and to make, grant or enter into offers, agreements and/or options in respect thereof, subject to the following conditions:
 - 1. such mandate shall not extend beyond the Relevant Period save that the Board may, during the Relevant Period, make, enter into or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;
 - 2. the number of (a) A Shares and/or H Shares; and/or (b) Preference Shares (based on the equivalent number of A Shares and/or H Shares which would result from the simulated conversion of the restored voting rights of Preference Shares at the initial simulated conversion price) to be separately or concurrently allotted, issued and/or dealt with by the Board, shall not exceed 20% of each of the existing A Shares and/or H Shares of the Company in issue as at the date of the passing of this resolution; and
 - 3. the Board will only exercise its power under such mandate in accordance with the Company Law and the Hong Kong Listing Rules and only if all necessary approvals from relevant PRC government authorities are obtained.
- (ii) the Board (or the authorized persons of the Board) will be authorized to make proper amendments to the Articles of Association as it thinks fit so as to increase the registered share capital and reflect the new share capital structure of the Company upon completion of such allotment, issuance of and dealing with new Shares; to take any necessary actions and to go through any necessary procedures (including but not limited to obtaining approvals from relevant regulatory authorities and completing registration with relevant industrial and commercial administration) in order to give effect to the issuance of Shares under this resolution; and to approve, execute and deal with or procure to execute and deal with, all such documents, deeds and matters as it may consider necessary, including but not limited to determining the issuance size, the issuance price or coupon rate of the issue, the use of proceeds from the issue, the target investors of the issue, the place and time of the issue, issuance arrangement in tranches, making all necessary applications to relevant authorities, entering into an underwriting agreement or any other agreements, and completing all necessary filings and registrations with relevant regulatory authorities in the PRC and Hong Kong.
- (iii) For the purpose of enhancing efficiency in the decision-making process and ensuring the success of issuance, it is proposed to the EGM to authorize the Board to delegate such authorization to the chairman of the Board and/or the president and/or the chief financial officer of the Company, to take charge of all matters related to the issuance of new Shares.

LETTER FROM THE BOARD

- (iv) For the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until the earliest of:
1. the conclusion of the next annual general meeting of the Company following the passing of this resolution;
 2. the expiration of the 12-month period following the passing of this resolution; or
 3. the date on which the mandate set out in this resolution is revoked or varied by a special resolution of the Shareholders at the EGM.

The general mandate to issue new Shares is subject to Shareholders’ approval by way of a special resolution at the EGM. If approved at the EGM, the resolution in relation to the general mandate shall remain valid during the Relevant Period.

When the Relevant Period of the general mandate expires during the 24-month validity period for the Proposed Issuance, the Company may seek Shareholders’ approval to renew the general mandate (if necessary).

III. PROPOSED ISSUANCE OF PREFERENCE SHARES IN THE PRC

(i) Introduction

On 21 March 2023, the Board has approved to issue the Preference Shares to specific subscribers in the PRC under general mandate in accordance with the relevant requirements of the Company Law, the Securities Law, the State Council’s Guiding Opinions on the Launching of the Pilot Scheme of Preference Shares (《國務院關於開展優先股試點的指導意見》) (the “**Guiding Opinions**”) and the Administrative Measures (2023 Revision).

The Proposed Issuance is subject to approvals of the SASAC and the SSE, the registration with the CSRC, and approval from the Shareholders at the EGM by way of a special resolution.

(ii) Issuance plan for Preference Shares to be issued in the PRC

1. *Type and number of the Preference Shares to be issued*

The Preference Shares under the Proposed Issuance will carry fixed dividend rate with single step-up in dividend rate arrangement, which are cumulative and non-convertible Preference Shares without any clause on the right to sell back.

The total number of the Preference Shares under the Proposed Issuance shall not exceed 300 million shares with the total proceeds not more than RMB30 billion, the specific amount of which shall be determined by the Board (or the authorized persons of the Board) within the limit set out above in accordance with the authorization of the EGM and subject to the regulatory requirements and market condition as well as other conditions.

LETTER FROM THE BOARD

Based on the issuance size of RMB30 billion and the initial stimulated conversion price of RMB14.01 per share under the section headed “7. Voting right restriction and restoration”, it is estimated that the number of A Shares to be issued in the event of the restoration of voting rights is approximately 2,141.3276 million A Shares, which does not exceed 20% of the A Shares of the Company in issue as at the Latest Practicable Date (i.e. 2,349,447,085 A Shares).

2. *Method of issuance, target investors or scope of target investors and placing plan to existing Shareholders, and whether or not to issue in multiple tranches*

The Preference Shares under the Proposed Issuance will be issued to not more than 200 qualified investors who meet the requirements of the Administrative Measures (2023 Revision) as well as other laws and regulations.

No preferential placing will be made for existing Shareholders under the Proposed Issuance. The controlling Shareholder, the actual controller of the Company or any related parties controlled by it will not subscribe for the Preference Shares under the Proposed Issuance, nor indirectly participate in the subscription of Preference Shares under the Proposed Issuance through assets management plan or other means. All target investors shall subscribe for the Preference Shares under the Proposed Issuance in cash.

As at the Latest Practicable Date, it is intended that the Preference Shares will not be issued to any connected persons of the Company or their respective associates. The Company will comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules if required.

The first tranche, being no less than 50% of the total number of Preference Shares to be issued, will be issued by the Company within 6 months from the date upon approval by the SSE and registration with the CSRC, and the rest will be issued within 24 months. The specific method of issuance shall be determined by the Board (or the authorized persons of the Board) prior to the issuance according to the authorization granted by the EGM.

3. *Par value, issuance price or pricing principles*

The Preference Shares under the Proposed Issuance will have a par value of RMB100 per share and will be issued at par. The Preference Shares under the Proposed Issuance have no maturity date.

LETTER FROM THE BOARD

4. *Dividend rate and the principles for determination thereof*

(1) *Whether the dividend rate is fixed or not*

The Preference Shares under the Proposed Issuance will carry fixed dividend rate with single step-up in dividend rate arrangement.

(2) *Method of adjustment*

The dividend rate of the Preference Shares for the first five dividend accruing years from issuance, shall be determined by the Board (or the authorized persons of the Board) according to the authorization obtained from the EGM, through inquiry methods or other methods approved by the regulatory authorities, with negotiation between the Company and the sponsor(s) (lead underwriter(s)) under the relevant requirements, and with reference to the factors such as state policies, market condition, the situation of the Company and investors' demand at the time of issuance, and shall remain the same during such period.

If the Company does not exercise its redemption rights entirely, from the sixth anniversary of the Dividend Accruing Date, the dividend rate per share shall be increased by 2 percentage points from the dividend rate carried for the first five dividend accruing years, and remain unchanged after adjustments to dividend rate for the sixth anniversary of the Dividend Accruing Date.

(3) *Dividend rate cap*

The dividend rate of the Preference Shares under the Proposed Issuance at the time of its each tranche shall not be higher than the Company's average ratio of the annual weighted average return on net assets for the two most recent accounting years prior to the issuance¹. The dividend rate upon step-up adjustment shall not be higher than the annual weighted average return on net assets for the two accounting years prior to the adjustment. If the dividend rate at the time of such adjustment was higher than the annual weighted average return on net assets for the two accounting years prior to the adjustment, the dividend rate shall remain unchanged. If the dividend rate upon the increase of 2 percentage points shall be higher than the annual weighted average return on net assets for the two accounting years prior to the adjustment, the dividend rate upon such adjustment shall be the annual weighted average return on net assets for the two accounting years prior to the adjustment.

¹ Calculated in accordance with the Rules for the Preparation and Reporting of Information Disclosure by Companies with Public Offering No. 9 – the Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) (《公開發行證券公司信息披露編報規則第9號 – 淨資產收益率和每股收益的計算及披露(2010年修訂)》).

LETTER FROM THE BOARD

5. *Method of participation in profit distribution for the Preference Shareholders*

(1) *Arrangement of fixed dividend distribution*

1) Conditions for fixed dividend distribution

Pursuant to the Articles of Association, the Company may distribute fixed dividends to the Preference Shareholders under the Proposed Issuance calculated at the corresponding dividend rate if there are distributable profit left after recovering losses and making allocations to its reserve fund according to relevant laws. The Board (or the authorized persons of the Board), subject to the authorization of the EGM, shall declare and pay all dividends on the Preference Shares under the framework and principles considered and approved by the EGM in relation to the Preference Shares under the Proposed Issuance and in accordance with the agreements set out in the issuance documents. In case of the cancellation of payment of part of or full current dividend on the Preference Shares, such matter shall also be considered and approved at the general meeting and shall be informed to the Preference Shareholders by the Company at least 10 working days prior to the dividend payment date in accordance with the requirements by relevant regulatory departments.

The Preference Shares issued in different tranches will have equal priority to dividend distribution. The Preference Shareholders shall take precedence over Ordinary Shareholders in distribution of dividends. The Company will not distribute any profit to Ordinary Shareholders unless the agreed current dividend on Preference Shares has been fully paid.

Unless the occurrence of any trigger events for compulsory payment, the general meeting shall be entitled to determine to cancel the payment of part of or full current dividend on the Preference Shares, which shall not constitute a default by the Company. Trigger events for compulsory payment mean the occurrence of any of the following events within 12 months prior to the dividend payment date: (a) the payment of dividend to the Ordinary Shareholders by the Company (including cash, Shares, a combination of both cash and shares and other methods in compliance with the laws and regulations); (b) the reduction of registered share capital (except for the redemption and cancellation of Shares due to share incentive plan or the redemption and cancellation of Ordinary Shares as a result of issuing Preference Shares).

LETTER FROM THE BOARD

2) Method of dividend payment

Dividends on the Preference Shares will be paid by the Company in cash.

Dividends on the Preference Shares under the Proposed Issuance shall be paid annually. The dividends will be accrued from the last day for receiving investors' subscription payments for the Proposed Issuance of the Company (the "**Dividend Accruing Date**").

The dividend distribution date (the "**Dividend Distribution Date**") shall be the anniversary date of the last day for receiving investors' subscription payments for the Proposed Issuance. If any Dividend Distribution Date falls on a statutory holiday or weekend, it shall be deferred to the next working day and no interest will be accrued on the payable dividends during such deferring period.

Any tax payable for the dividend on the Preference Shares received by Preference Shareholders shall be borne by Preference Shareholders in accordance with relevant laws and regulations.

3) Fixed dividend accumulation

Dividends on Preference Shares under the Proposed Issuance will be cumulative, which means that the shortfall arising from any dividends not paid in full to the Preference Shareholders for the previous year will be accumulated to the following year, and shall not constitute a default by the Company.

(2) *Participation in distribution of remaining profit*

Once the Preference Shareholders have received dividends at the agreed dividend rate, they shall not be entitled to the distribution of the remaining profit together with Ordinary Shareholders.

6. Redemption clauses

(1) *The holder of redemption right*

The redemption right of the Preference Shares under the Proposed Issuance rests on the Company, i.e., the Company is entitled to redeem and cancel the Preference Shares in accordance with its operation situation and in compliance with relevant laws, regulations and normative documents. No resale clauses for investors are provided for the Preference Shares under the Proposed Issuance, namely, Preference Shareholders do not have the right to sell back their Preference Shares to the Company.

LETTER FROM THE BOARD

(2) *Conditions and period of the redemption*

The redemption period of the Preference Shares under the Proposed Issuance is from the fifth anniversary of the first Dividend Accruing Date (in the event of issuing by tranches, on the first Dividend Accruing Date of each tranche respectively) up to the date of full redemption.

Following the fifth anniversary of the first Dividend Accruing Date (in the event of issuing by tranches, on the first Dividend Accruing Date of each tranche respectively), the Company is entitled to redeem and cancel all or part of the Preference Shares under the Proposed Issuance on every Dividend Distribution Date. Where a partial redemption was decided to be carried out by the Company, the Company shall redeem the Preference Shares from all Preference Shareholders of the same tranche by the corresponding proportion.

Save for the requirements of the laws and regulations, the redemption of the Preference Shares under the Proposed Issuance is not subject to other conditions.

(3) *Redemption price and the pricing principle*

The redemption price of the Preference Shares under the Proposed Issuance shall be the par value plus resolved payment of but unpaid dividends on the Preference Shares.

(4) *The authorization of conditional redemption*

The EGM authorizes the Board (or persons authorized by the Board), under the framework and principles considered and approved by the EGM, to deal with, at its sole discretion, all matters in relation to the redemption in accordance with the relevant laws and regulations, approvals and market conditions.

7. *Voting right restriction and restoration*

(1) *Voting right restriction*

The Preference Shareholders have no right to make a request to, convene, preside over, attend, or attend by proxy any general meeting, nor do they have voting rights, save as the matters to be voted by the Preference Shareholders in accordance with the laws and regulations or the Articles of Association.

LETTER FROM THE BOARD

In any of the following events, the notice of the general meeting shall be delivered to the Preference Shareholders prior to convention of such meeting by the Company. The Company shall also comply with the required notice procedure for Ordinary Shareholders set forth in the Company Law and the Articles of Association. The Preference Shareholders are entitled to attend the general meetings and vote on the following matters separately from the Ordinary Shareholders. Each Preference Share shall have one vote, but the Preference Shares held by the Company shall have no voting right:

- 1) any amendment to the provisions of the Articles of Association regarding the Preference Shares;
- 2) any reduction of the registered share capital of the Company by more than 10%, whether on an individual or cumulative basis;
- 3) any merger, division, dissolution or change of organizational form of the Company;
- 4) any issuance of Preference Shares;
- 5) any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.

Resolutions on the matters above shall be approved by at least two thirds of the votes represented by the Preference Shareholders present at the meeting (excluding the Preference Shareholders with voting rights restored), in addition to the approval by at least two thirds of the votes represented by the Ordinary Shareholders present at the meeting (including the Preference Shareholders with voting rights restored).

(2) *Voting right restoration*

- 1) Voting rights restoration clause

If the Company fails to pay dividends to the Preference Shareholders as agreed for three accounting years in aggregate or two consecutive accounting years, the Preference Shareholders shall have the same right to attend and vote at the general meetings with Ordinary Shareholders from the date immediately following the day when the general meeting has approved the cancellation of payment of current dividend on the Preference Shares or the date immediately following the day when the current dividend has not been paid as agreed.

LETTER FROM THE BOARD

The number of voting rights of Ordinary A Shares entitled to each Preference Share shall be calculated using the following formula:

$$N=V/P_n$$

Wherein, V is the total par value of Preference Shares held by the Preference Shareholders; P_n , the stimulated conversion price, is the net asset value per Share attributable to owners of the parent as disclosed in the Company's audited consolidated financial statements as at 31 December 2021, namely RMB14.01 per Share. The number of voting rights restored shall be rounded down to the nearest integer.

- 2) The adjustment in stimulated conversion price upon voting rights restoration

From the day on which the Proposed Issuance plan was passed by the Board, in the event of any bonus issue, capitalization issue, new issuance (excluding any increase of registered share capital due to conversion of financing instruments with provisions enabling them to be converted into Ordinary Shares issued by the Company) or rights issue resulting in the change in the number of Ordinary Shares, the Company will make an adjustment to the stimulated conversion price upon voting rights restoration. The adjustment method is set out below:

In the event of any bonus issue or capitalization issue: $P_1=P_0/(1+n)$

In the event of any new issuance of Shares or rights issue:

$$P_1=P_0 \times (N+Q \times (A/M))/(N+Q)$$

Wherein, P_1 means the stimulated conversion price effective immediately after such adjustment; P_0 means the stimulated conversion price effective immediately preceding such adjustment; n means the percentage of bonus issue or capitalization issue; Q means the number of Shares issued as new Shares or subject to a rights issue; N means the total number of Ordinary Shares before such new issuance or rights issue; A means the price of the new Shares issued under such new issuance or rights issue; M means the closing price of the Ordinary A Shares on the trading day prior to the listing of such new issuance or rights issue.

LETTER FROM THE BOARD

In the event that any of the above-mentioned changes in the Ordinary Shares happened, the Company will make corresponding adjustment to the stimulated conversion price upon voting rights restoration, and will make corresponding disclosure in accordance with relevant rules. If the Company repurchase its Ordinary Shares, or is subject to a merger, division or any other circumstances that may lead to changes in the Company's Shares and Shareholders' interest and thereby affect the rights and interests of the Preference Shareholders under the Proposed Issuance, the Company is entitled to adjust the stimulated conversion price upon voting rights restoration in a fair, just and equitable manner in order to fully protect and keep balance of the rights and interests of the Preference Shareholders under the Proposed Issuance and the Ordinary Shareholders. The contents and the mechanism relating to the adjustment of the stimulated conversion price upon voting rights restoration applicable to such circumstances will be formulated in accordance with applicable PRC laws and regulations.

The stimulated conversion price upon voting rights restoration of the Preference Shares under the Proposed Issuance will not be adjusted for the distribution of cash dividend on the Ordinary Shares by the Company.

3) The expiry of restoration term

After the voting rights of the Preference Shares are restored, the voting rights of the Preference Shareholders shall be exercisable until the date when the Company has fully paid the owed and payable dividends, unless the laws, regulations and the Articles of Association stipulate otherwise. The voting rights of Preference Shareholders will be restored again if subsequent event retriggers the voting rights restoration term.

8. *Sequence of settlement and method of liquidation*

If the Company is subject to liquidation as a result of dissolution, bankruptcy or other reasons, the residual property of the Company in accordance with the relevant requirements of the Company Law², shall be distributed to the Shareholders in the following sequences and method:

- (1) pay the sum of par value of the Preference Shares plus the current declared but unpaid dividends to the Preference Shareholders. If the residual property is not sufficient, then such distribution shall be made on a pro rata basis in accordance with the shareholding percentages of the Preference Shareholders in the total Preference Shares;
- (2) distribute to the Ordinary Shareholders on a pro rata basis in accordance with the shareholding percentages of the Ordinary Shareholders in the total Ordinary Shares.

² In accordance with Article 186 of the Company Law, the assets of a company in liquidation shall be paid in the following order: (1) liquidation expenses; (2) wages, social security and statutory indemnity of employees; (3) outstanding tax; and (4) outstanding debts. The residual property of the Company is the remaining assets of the Company after payment of the items (1) to (4).

LETTER FROM THE BOARD

9. *Credit rating and follow-up rating arrangement*

The specific rating arrangement of the Preference Shares under the Proposed Issuance will be determined in accordance with relevant laws and regulations and market conditions in the PRC.

10. *Method and target of guarantee*

There is no guarantee arrangement in relation to the Preference Shares under the Proposed Issuance.

11. *Listing or transfer arrangement upon issuance of the Preference Shares*

No lock-up period is attached to the Preference Shares under the Proposed Issuance.

The Preference Shares will be traded and transferred on the SSE in accordance with the relevant provisions upon the Proposed Issuance, but will only be transferred among the qualified investors prescribed by the Administrative Measures (2023 Revision). The investor suitability standards adopted for the transfer stage of the Preference Shares shall be consistent with those adopted for the issuance stage. After the transfer of the Preference Shares under the same terms, the number of investors shall be no more than 200.

12. *Use of proceeds*

The proceeds to be raised from the Proposed Issuance shall not exceed RMB30 billion, and the net proceeds after deducting issuance expenses are all planned to be used for replenishing working capital, including but not limited to settlement of fees payable to suppliers, employee wages and administrative expenses, etc., to meet the funding requirements for the Company's business development.

As at 30 September 2022, the Company had a monetary fund balance of RMB144,302 million and sufficient bank credit facilities with a good credit standing and smooth financing channels in public market. As such, even if the Proposed Issuance could not proceed, the Company still have sufficient funds to meet its funding requirements.

13. *Validity period of the resolution in relation to the Proposed Issuance*

The resolution in relation to the Proposed Issuance shall remain valid for 24 months starting from the date of approval at the EGM.

The above-mentioned 13 provisions shall be considered and approved item by item at the EGM by way of a special resolution. Any provision not been approved by voting shall be regarded as if the whole resolution not been approved.

Under the issuance plan to be passed at the EGM, the issuance of the Preference Shares by tranches under the Proposed Issuance will not be subject to approval at the class meeting of the then Preference Shareholders or Ordinary Shareholders or the general meeting.

LETTER FROM THE BOARD

IV. OTHER RESOLUTIONS IN RELATION TO THE PROPOSED ISSUANCE

(i) The Company's satisfaction of the conditions for the issuance of Preference Shares to specific subscribers

In accordance with the requirements of the Company Law, the Securities Law, the Guiding Opinions, the Administrative Measures (2023 Revision) and other relevant laws, regulations and normative documents on the relevant qualifications and conditions for the issuance of domestic preference shares to specific subscribers by listed companies, the Company confirms that it meets the requirements of the existing laws, regulations and normative documents on the issuance of domestic preference shares to specific subscribers by listed companies after reviewing the actual operation of the Company and relevant matters item by item and it has met all conditions of and is qualified for the issuance of domestic Preference Shares to specific subscribers.

It is submitted to the EGM for Shareholder's consideration and approval by way of an ordinary resolution.

(ii) Preliminary plan for the issuance of Preference Shares to specific subscribers (revised)

In accordance with the relevant provisions of the Company Law, the Securities Law, the Guiding Opinions, the Administrative Measures (2023 Revision) and other laws, regulations and normative documents, the Company has formulated the preliminary plan for the issuance of Preference Shares to specific subscribers in relation to the Proposed Issuance (revised). For the full text of the preliminary plan for the issuance of Preference Shares to specific subscribers (revised), please refer to **Appendix I** to this circular.

It is submitted to the EGM for Shareholder's consideration and approval by way of a special resolution.

(iii) Feasibility analysis report of the use of proceeds (revised)

In order to promote the sustainable and stable development of the Company, the Company intends to raise proceeds by way of issuance of domestic Preference Shares to specific subscribers. In order to ensure the reasonable, safe and efficient use of the proceeds to be raised by the Proposed Issuance, the Company has formulated a feasibility analysis report of the use of proceeds on the use of the proceeds of the Proposed Issuance (revised). For the full text of the feasibility analysis report of the use of proceeds (revised), please refer to **Appendix II** to this circular.

It is submitted to the EGM for Shareholder's consideration and approval by way of a special resolution.

LETTER FROM THE BOARD

(iv) The dilution of current return, remedial measures and commitments of the relevant parties of the issuance of Preference Shares to specific subscribers

In accordance with the requirements under the Opinions of the State Council on Further Strengthening the Healthy Development of the Capital Market (Guo Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights of Minority Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)) and the Guiding Opinions on Matters Concerning the Dilution of Current Return by IPO, Refinancing and Material Asset Reorganization (China Securities Regulatory Commission Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(中國證券監督管理委員會公告[2015]31號)) and other laws, regulations and normative documents, in order to protect the interests of minority investors, the Company has formulated the dilution of current return and remedial measures for the issuance of Preference Shares to specific subscribers, and the controlling Shareholders, Directors and senior management of the Company have made commitments on the dilution of current return and the adoption of remedial measures respectively. For the full text of the dilution of current return, remedial measures and commitments of the relevant parties of the issuance of Preference Shares to specific subscribers, please refer to **Appendix III** to this circular.

It is submitted to the EGM for Shareholder's consideration and approval by way of a special resolution.

(v) Statement on the exemption from the preparation of a report on the use of the previous proceeds

Approved by the CSRC with the Approval of Non-public Issuance of Preference Shares by China Communications Construction Company Limited (Zheng Jian Xu Ke [2015] No. 1348) (《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》(證監許可[2015]1348號)), the Company issued preference shares by the non-public issuance in 2015.

In view of the fact that receipt of the Company's previous proceeds has exceeded five accounting years and the Company has not raised proceeds through rights issue, issuance of Shares or convertible corporate bonds in the last five accounting years, the Company is exempted from the preparation of a report on the use of the previous proceeds in respect of the Proposed Issuance.

It is submitted to the EGM for Shareholder's consideration and approval by way of an ordinary resolution.

LETTER FROM THE BOARD

(vi) Shareholders' return plan for the next three years (2023–2025)

In accordance with the relevant provisions of the Notice on Further Implementation of Cash Dividends Distribution of Listed Companies (Zheng Jian Fa [2012] No. 37) (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)), Regulatory Guidance for Listed Companies No. 3 – Cash Dividends Distribution of Listed Companies (2022 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2022年修訂)》) (Notice of China Securities Regulatory Commission [2022] No. 3) issued by the CSRC and the Articles of Association, the Company has formulated the Shareholders' return plan for the next three years (2023–2025). For the full text of the Shareholders' return plan for the next three years (2023–2025), please refer to **Appendix IV** to this circular.

It is submitted to the EGM for Shareholder's consideration and approval by way of an ordinary resolution.

(vii) Proposed amendments to the Articles of Association

In accordance with the relevant provisions of the Company Law, the Securities Law, the Guiding Opinions, the Administrative Measures (2023 Revision), the Guidelines on the Bylaws of Listed Companies (2022 Revision) (《上市公司章程指引(2022年修訂)》), the rules governing the listing of securities or stocks on the stock exchange where the Company's shares are listed, Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號 – 規範運作》) and other laws, regulations and normative documents, and taking into account the actual conditions of the Company, the Company proposed to amend the Articles of Association. For the full text of the proposed amendments, please refer to **Appendix V** to this circular.

It is submitted to the EGM for Shareholder's consideration and approval by way of a special resolution.

(viii) Proposed authorization to the Board and its authorized persons to exercise full powers to deal with matters relating to the issuance of Preference Shares to specific subscribers

To facilitate the Proposed Issuance, the Company proposed to submit to the EGM to authorize the Board and its authorized persons to exercise full powers to deal with matters relating to Proposed Issuance, the scope of authorization includes but is not limited to:

1. making corresponding adjustments to the specific plan for the Proposed Issuance, relevant application documents and supporting documents (including but not limited to the dilution of current return and the remedial measures to be adopted, the feasibility report on the use of proceeds) in accordance with the regulations relating to the issuance of Preference Shares to specific subscribers, policy changes, market changes and the opinions from relevant government authorities and regulatory departments on the application for the issuance of Preference Shares to specific subscribers (other than matters relating to relevant laws, regulations and normative documents and those provided in the Articles of Association to be voted at the general meeting);

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2. handling all matters related to the issuance plan, including but not limited to the specific determination of the issuance method, issuance size, issuance price, pricing method, target investors, the timing of issuance, etc. for the Proposed Issuance;
3. handling all matters related to the declaration to and approvals from relevant authorities in and outside the PRC in respect of the Proposed Issuance; producing, preparing, modifying, perfecting and signing all documents related to the Proposed Issuance; signing contracts, agreements and documents (including but not limited to the agreements on the engagement or appointment of intermediary institutions) related to the Proposed Issuance; and approving and handling of information disclosure related to the Proposed Issuance (including but not limited to the issuance of resumption announcement, circular to the Shareholders and other relevant announcements and documents to be disclosed);
4. making appropriate adjustments to the plan for the use of proceeds and its specific arrangements (excluding changing the use of proceeds) within the authorization given by the EGM in accordance with the requirements of relevant government authorities and regulatory departments, as well as the actual conditions of the Company and the securities market;
5. setting up a special account for the proceeds and handling the capital verification procedures related to the Proposed Issuance;
6. signing, submitting, reporting and executing major contracts during the implementation of the investment projects with the proceeds from the Proposed Issuance, including but not limited to the subscription agreement, supplementary agreement(s) to the subscription agreement and other documents required to be signed for the completion thereunder, the sponsor agreement, the underwriting agreement, the fund-raising regulatory agreement, the agreements on the engagement of intermediary institutions, etc.;
7. handling relevant share registration and listing matters and submitting relevant documents upon completion of the Proposed Issuance;
8. amending the corresponding clauses in the Articles of Association and handling relevant procedures in relation to approval and registration for changing the registered share capital of the Company upon the Proposed Issuance;
9. handling other matters related to the Proposed Issuance;
10. such authorization shall be valid within 24 months from the date of approval of this resolution at the EGM.

Subject to the aforesaid authorization to the Board at the EGM, the Board shall delegate such authorization to the chairman of the Board and/or the president and/or the chief financial officer to take charge of the aforesaid matters related to the Proposed Issuance.

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It is submitted to the EGM for Shareholder's consideration and approval by way of a special resolution.

The ten resolutions in relation to the Proposed Issuance are not inter conditional, which include (i) the general mandate to issue new Shares; (ii) the proposed issuance of Preference Shares in the PRC; (iii) the Company's satisfaction of the conditions for the issuance of Preference Shares to specific subscribers; (iv) the preliminary plan for the issuance of Preference Shares to specific subscribers (revised); (v) the feasibility analysis report of the use of proceeds (revised); (vi) the dilution of current return, remedial measures and commitments of the relevant parties of the issuance of Preference Shares to specific subscribers; (vii) the statement on the exemption from the preparation of a report on the use of the previous proceeds; (viii) Shareholders' return plan for the next three years (2023–2025); (ix) the proposed amendments to the Articles of Association; and (x) the proposed authorization to the Board and its authorized persons to exercise full powers to deal with matters relating to the issuance of Preference Shares to specific subscribers. If any one or more of the resolutions in relation to the Proposed Issuance are voted down by the Shareholders, the other resolutions will not be affected.

V. RESPONSIBILITY STATEMENT

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

VI. RECOMMENDATION

The Board has passed the relevant resolutions to be submitted to the Shareholders for consideration and approval. At such Board meeting, none of the Directors has or is deemed to have a material interest, therefore is required to abstain from voting on the above-mentioned resolutions.

The Directors, including the independent non-executive Directors, consider that the above-mentioned 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.

VII. THE EGM

A notice convening the EGM to be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on Friday, 30 June 2023 is set out on pages EGM-1 to EGM-5 of this circular.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, none of the Shareholders has any material interest in the abovementioned resolutions, therefore will be required to abstain from voting on the relevant resolutions.

Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon 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 Thursday, 29 June 2023). Completion and return of the form of proxy will not preclude you as a Shareholder from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

Any vote of the Shareholders at the EGM shall be taken by poll unless otherwise required by the Hong Kong Listing Rules. For purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 27 June 2023 to Friday, 30 June 2023 (both days inclusive), during which time no share transfers will be registered. In order to be valid, instrument of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 26 June 2023. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Friday, 30 June 2023 are entitled to attend and vote at the EGM.

By order of the Board

China Communications Construction Company Limited

ZHOU Changjiang

Company Secretary

STATEMENT OF THE COMPANY

The Board and all the Directors of the Company warrant the truthfulness, accuracy and completeness of the information in the Preliminary Plan without any false records, misleading statements and material omissions.

Following the completion of the Issuance of Preference Shares to Specific Subscribers, the Company shall be responsible for any changes in its operation and profits, and the investors shall be responsible for investment risks caused by the Issuance of Preference Shares to Specific Subscribers.

The Preliminary Plan is the explanation made by the Board of the Company for the Issuance of Preference Shares to Specific Subscribers, and any statement against the information herein shall be deemed as misrepresentation.

In case of any doubts, the investors shall consult their own stock brokers, lawyers, professional accountants or other professional advisers.

Any information herein shall not represent material judgment, confirmation or approval and registration of competent authorities for the Issuance of Preference Shares to Specific Subscribers. The effectiveness and completion of any matters relevant to the Issuance of Preference Shares to Specific Subscribers herein have not yet been approved and registered by the competent authorities.

IMPORTANT NOTES

The Preference Shares under the Proposed Issuance are those that meet the relevant requirements of the State Council's Guiding Opinions on the Launching of the Pilot Scheme of Preference Shares (《國務院關於開展優先股試點的指導意見》), the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》), the holders of Preference Shares shall be superior to the Ordinary Shareholders in the distribution of the Company's profits and residual properties but subject to the restriction in participation of the Company's decision-making and management.

The resolutions in relation to the Proposed Issuance were considered and approved at the sixteenth meeting of the fifth session of the Board of the Company held on 21 March 2023 but have not yet been considered at the general meeting of the Company. The Proposed Issuance are subject to approval of the SASAC, the approval of the SSE and the registration with the CSRC.

The number of the Preference Shares under the Proposed Issuance shall not exceed 300 million Shares with the total Proceeds not more than RMB30 billion, the specific amount of which shall be determined by the Board (or the authorized persons of the Board) within the limit set out above in accordance with the authorization of the general meeting and subject to the regulatory requirements and market condition as well as other conditions. The Proceeds are all planned to be used for replenishing working capital.

The Preference Shares will be issued to not more than 200 qualified investors who meet the requirements of the Administrative Measures on the Pilot Scheme of Preference Shares as well as other laws and regulations.

No preferential placing will be made for existing Shareholders under the Proposed Issuance. The controlling Shareholder, the actual controller of the Company or any related parties controlled by it will not subscribe for the Issuance of Preference Shares to Specific Subscribers, nor indirectly participate in the subscription of the Issuance of Preference Shares to Specific Subscribers through assets management plan or other means. All target investors shall subscribe for the Preference Shares under the Proposed Issuance in cash.

The first tranche, being no less than 50% of the total number of Preference Shares to be issued, will be issued by the Company within 6 months from the date upon approval by the SSE and registration with the CSRC, and the rest will be issued within 24 months. The specific method of issuance shall be determined by the Board (or the authorized persons of the Board) prior to the issuance according to the authorization granted by the general meeting.

The Preference Shares under the Proposed Issuance will carry fixed dividend rate with single step-up in dividend rate arrangement, which are cumulative and non-convertible Preference Shares without any clause on the right to sell back. The Preference Shares under the Proposed Issuance will have a par value of RMB100 per Share and will be issued at par. All target investors shall subscribe for the Preference Shares in cash.

Investors shall pay attention to the details of the specific terms of the Proposed Issuance, please see the “SECTION II ISSUANCE PLAN FOR PREFERENCE SHARES” in the Preliminary Plan.

Your attention is also drawn to risks as described in “SECTION III RELEVANT RISK FACTORS UNDER THE ISSUANCE OF PREFERENCE SHARES”.

The Preference Shares under the Proposed Issuance will be fully credited to the equity instruments in accounting treatment.

Investors shall pay attention to the details on the principles of the profit distribution, cash dividends distribution for the last three years, the arrangements for the use of undistributed profits as explained in “VI. CASH DIVIDEND DISTRIBUTION AND ABILITY TO PAY DIVIDENDS ON PREFERENCE SHARES IN THE LAST THREE YEARS” under “SECTION V DISCUSSION AND ANALYSIS OF THE BOARD REGARDING THE IMPACT OF THE PROPOSED ISSUANCE ON THE COMPANY” in the Preliminary Plan.

DEFINITIONS

In the Preliminary Plan, unless the context otherwise requires, the following expressions shall have the following meanings:

Articles of Association	the articles of association of China Communications Construction Company Limited
Bankruptcy Law	Bankruptcy Law of the People’s Republic of China

Board	the board of directors of China Communications Construction Company Limited
CCCC, Company	China Communications Construction Company Limited
China Energy Engineering	China Energy Engineering Corporation Limited
China Metallurgical	Metallurgical Corporation of China Ltd.
China National Chemical Engineering	China National Chemical Engineering Co., Ltd.
China Railway	China Railway Group Limited
China Railway Construction	China Railway Construction Corporation Limited
China State Construction	China State Construction Engineering Corporation Limited
Company Law	the Company Law of the People's Republic of China
Controlling Shareholder, Actual Controller, CCCG	China Communications Construction Group (Limited)
CSRC	China Securities Regulatory Commission
general meeting(s)	the general meeting(s) of China Communications Construction Company Limited
PowerChina	Power Construction Corporation of China, Ltd.
Preliminary Plan	2023 preliminary plan for the issuance of Preference Shares to specific subscribers of China Communications Construction Company Limited (revised)
Proceeds	the proceeds to be raised by the Proposed Issuance
Proposed Issuance, Issuance to Specific Subscribers, Issuance of Preference Shares to Specific Subscribers	the issuance of not more than 300 million Preference Shares to specific subscribers by China Communications Construction Company Limited
RMB	Renminbi
SASAC	State-owned Assets Supervisor and Administration Commission of the State Council
Securities Law	the Securities Law of the People's Republic of China

Supervisory Committee

the supervisory committee of China Communications
Construction Company Limited

Note: In the Preliminary Plan, any discrepancies between totals and the arithmetic sums of respective figures are due to rounding.

SECTION I PURPOSES OF THE ISSUANCE OF PREFERENCE SHARES

As a global leading integrated service provider for super large-scale infrastructure, CCCC is the industry leader in each of its core businesses, namely infrastructure construction, infrastructure design and dredging. The total Proceeds to be raised from the Issuance of Preference Shares to Specific Subscribers by the Company shall not exceed RMB30 billion, and the net proceeds after deducting issuance expenses are all planned to be used for replenishing working capital.

I. BACKGROUNDS OF THE ISSUANCE OF PREFERENCE SHARES TO SPECIFIC SUBSCRIBERS

(I) National policies are promoting the high-quality development of listed companies controlled by central enterprises

On 27 May 2022, the SASAC formulated and issued the Task Plan on Enhancing the Quality of Listed Companies Controlled by Central Enterprises (《提高央企控股上市公司質量工作方案》), which proposed a number of specific work measures from four aspects: promoting the layout optimization and function performing of listed platforms, promoting the improvement of governance and standardized operation of listed companies, strengthening the endogenous growth and innovative development of listed companies, and enhancing the market recognition and value realization of listed companies. The policy encourages listed companies controlled by central enterprises to carry out equity or debt financing in consideration of both development needs and market conditions, flexibly use various means such as the combination of stock and debt products to optimize financing arrangements, improve capital structure and increase the proportion of direct financing, and constantly improve profitability and operational efficiency to enhance risk resistance ability, so as to achieve the improvement of efficiency and benefit indicators and make such indicators superior to the level of comparable listed companies in the market.

Under the guidance of such policy, the Company proposed to issue Preference Shares to Specific Subscribers to introduce long-term capital to accelerate the realization of the Company's strategic plans, establish diversified financing channels to meet the capital needs of the Company's business development, and optimize the capital structure to enhance comprehensive risk resistance ability, so as to achieve high-quality development.

(II) China's infrastructure has achieved leapfrog development, with broad market demand at home and abroad

In recent years, China's transportation, municipal, energy, water conservancy and other infrastructure have achieved leapfrog development, making a great contribution to economic development and improvement of people's livelihood. At the same time, the construction of various new types of infrastructure is in the ascendant, laying a solid foundation for the high-quality development of China's economy.

In 2022, China continued to make efforts in the field of infrastructure investment. From January to November 2022, infrastructure investment increased by 8.9% year-on-year, rising for seven consecutive months, which strongly supported and guaranteed economic and social development. The current national policies encourage moderately advanced infrastructure investment and acceleration of the layout of new infrastructure construction. The stable growth of infrastructure is expected to be good, and China's infrastructure investment is expected to maintain a rapid growth rate in the future.

In overseas markets, as the countries and regions along the Belt and Road Initiative are the world's longest spanning economic corridors, there is a constant and rigid demand for infrastructure construction. Global demand for infrastructure will be gradually released as the economy recovers, and the economic stimulus plans of many countries focusing on infrastructure investment have also provided new opportunities for development.

(III) The Company maintains a good development momentum, and its high-quality development needs sufficient financial support

CCCC is the world's largest port, road and bridge design and construction company, and the world's largest dredging company; it is also the largest international contractor and highway investor in China; and it owns the largest engineering fleet in the world. The Company adhered to the main direction of high-quality development, accelerated the construction of a globally competitive world-class enterprise with technology, management and quality, and maintained a good development momentum of stable and rapid development.

The development of the Company's main businesses needs long-term stable funds. The Company insists on optimizing capital, continuously optimizing asset structure and enhancing its competitiveness, innovation, influence and risk resistance ability in the infrastructure segment through capital operation, further improving the brand value and achieving high-quality development.

II. PURPOSES OF THE ISSUANCE OF PREFERENCE SHARES TO SPECIFIC SUBSCRIBERS**(I) To introduce long-term capital to accelerate the realization of the Company's strategic plans**

The development of CCCC during the Fourteenth Five-Year Plan period still embraced important strategic opportunities. In line with CCGG's strategic goal of "maintaining its status as the No. 1 international contractor in China and even in Asia, maintaining its A-level assessment results as a central enterprise by the SASAC", the Company will stride toward worldwide markets and focus on construction, principal business and expertise, and promote itself to develop in a higher quality, more efficient, more equitable, more sustainable and safer manner, striving to take the lead in becoming a globally competitive world-class enterprise with technology, management and quality.

Through the Issuance of Preference Shares to Specific Subscribers, the Company will introduce long-term capital, effectively reduce the asset-liability ratio and optimize its capital structure, which is conducive to accelerating the realization of the Company's strategic plans.

(II) To establish diversified financing channels to meet the capital needs of the Company's business development

The transportation infrastructure industry where the Company operates is a capital-intensive industry. Infrastructure investment projects have the characteristics of large scale of early capital investment and long investment return period. With the steady development of the Company's business, its capital demand has increased significantly.

Since the issuance of preference shares in 2015, the Company has mainly met its capital needs of ordinary production, operation and investment through debt financing instruments such as bank loans and the issuance of corporate bonds and short-term financing bonds. Equity financing through the Issuance of Preference Shares to Specific Subscribers will help the Company establish and improve diversified financing channels and provide long-term and stable financial support for its high-quality development.

(III) To optimize the Company's capital structure to enhance comprehensive risk resistance ability

At the end of 2020, 2021 and September 2022, the gearing ratio on a consolidated basis of CCCC was 72.56%, 71.86% and 73.21% respectively, remaining at a high level as a whole. The Proceeds to be raised from the Issuance of Preference Shares to Specific Subscribers are all planned to be used for replenishing working capital. Upon completion of the Proposed Issuance, the stability and adequacy of the Company's working capital will be significantly enhanced, the equity capital will be supplemented, the Company's gearing ratio will fall, and its current ratio and quick ratio will rise, which is conducive to optimizing the Company's capital structure, reducing financial risks, and improving the Company's comprehensive risk resistance ability.

SECTION II ISSUANCE PLAN FOR PREFERENCE SHARES

In accordance with the relevant requirements of the Company Law, the Securities Law, the State Council's Guiding Opinions on the Launching of the Pilot Scheme of Preference Shares (《國務院關於開展優先股試點的指導意見》), the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》), as well as other laws, regulations and normative documents, the Company meets the conditions for the issuance of Preference Shares.

The specific plan for the Issuance of Preference Shares to Specific Subscribers as follows:

I. TYPE AND NUMBER OF THE PREFERENCE SHARES TO BE ISSUED

The Issuance of Preference Shares to Specific Subscribers will carry fixed dividend rate with single step-up in dividend rate arrangement, which are cumulative and non-convertible Preference Shares without any clause on the right to sell back.

The total number of the Preference Shares under the Proposed Issuance shall not exceed 300 million shares with the total proceeds not more than RMB30 billion, the specific amount of which shall be determined by the Board (or the authorized persons of the Board) within the limit set out above in accordance with the authorization of the general meeting and subject to the regulatory requirements and market condition as well as other conditions.

II. METHOD OF ISSUANCE, TARGET INVESTORS OR SCOPE OF TARGET INVESTORS AND PLACING PLAN TO EXISTING SHAREHOLDERS, AND WHETHER OR NOT TO ISSUE IN MULTIPLE TRANCHES

The Preference Shares will be issued to not more than 200 qualified investors who meet the requirements of the Administrative Measures on the Pilot Scheme of Preference Shares as well as other laws and regulations.

No preferential placing will be made for existing Shareholders under the Proposed Issuance. The controlling Shareholder, the actual controller of the Company or any related parties controlled by it will not subscribe for the Issuance of Preference Shares to Specific Subscribers, nor indirectly participate in the subscription of the Issuance of Preference Shares to Specific Subscribers through assets management plan or other means. All target investors shall subscribe for the Preference Shares under the Proposed Issuance in cash.

The first tranche, being no less than 50% of the total number of Preference Shares to be issued, will be issued by the Company within 6 months from the date upon approval by the SSE and registration with the CSRC, and the rest will be issued within 24 months. The specific method of issuance shall be determined by the Board (or the authorized persons of the Board) prior to the issuance according to the authorization granted by the general meeting.

III. PAR VALUE, ISSUANCE PRICE OR PRICING PRINCIPLES

The Preference Shares under the Proposed Issuance will have a par value of RMB100 per share and will be issued at par. The Preference Shares under the Proposed Issuance have no maturity date.

IV. DIVIDEND RATE AND THE PRINCIPLES FOR DETERMINATION THEREOF**(I) Whether the dividend rate is fixed or not**

The Preference Shares under the Proposed Issuance will carry fixed dividend rate with single step-up in dividend rate arrangement.

(II) Method of adjustment

The dividend rate of the Preference Shares for the first five dividend accruing years from issuance, shall be determined by the Board (or the authorized persons of the Board) according to the authorization obtained from the general meeting, through inquiry methods or other methods approved by the regulatory authorities, with negotiation between the Company and the sponsor(s) (lead underwriter(s)) under the relevant requirements, and with reference to the factors such as state policies, market condition, the situation of the Company and investors' demand at the time of issuance, and shall remain the same during such period.

If the Company does not exercise its redemption rights entirely, from the sixth anniversary of the Dividend Accruing Date, the dividend rate per Share shall be increased by 2 percentage points from the dividend rate carried for the first five dividend accruing years, and remain unchanged after adjustments to dividend rate for the sixth anniversary of the Dividend Accruing Date.

(III) Dividend rate cap

The dividend rate of the Issuance of Preference Shares to Specific Subscribers at the time of its each tranche shall not be higher than the Company's average ratio of the annual weighted average return on net assets for the two most recent accounting years prior to the issuance³. The dividend rate upon step-up adjustment shall not be higher than the annual weighted average return on net assets for the two accounting years prior to the adjustment. If the dividend rate at the time of such adjustment was higher than the annual weighted average return on net assets for the two accounting years prior to the adjustment, the dividend rate shall remain unchanged. If the dividend rate upon the increase of 2 percentage points shall be higher than the annual weighted average return on net assets for the two accounting years prior to the adjustment, the dividend rate upon such adjustment shall be the annual weighted average return on net assets for the two accounting years prior to the adjustment.

³ Calculated in accordance with the Rules for the Preparation and Reporting of Information Disclosure by Companies with Public Offering No. 9 – the Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) (《公開發行證券公司信息披露編報規則第9號 – 淨資產收益率和每股收益的計算及披露(2010年修訂)》).

V. METHOD OF PARTICIPATION IN PROFIT DISTRIBUTION FOR THE PREFERENCE SHAREHOLDERS**(I) Arrangement of fixed dividend distribution****1. *Conditions for fixed dividend distribution***

Pursuant to the Articles of Association, the Company may distribute fixed dividends to the Preference Shareholders calculated at the corresponding dividend rate if there are distributable profit left after recovering losses and making allocations to its reserve fund according to relevant laws. The Board (or the authorized persons of the Board), subject to the authorization of the general meeting, shall declare and pay all dividends on the Preference Shares under the framework and principles considered and approved by the general meeting in relation to the Preference Shares and in accordance with the agreements set out in the issuance documents. In case of the cancellation of payment of part of or full current dividend on the Preference Shares, such matter shall also be considered and approved at the general meeting of the Company and shall be informed to the Preference Shareholders by the Company at least 10 working days prior to the dividend payment date in accordance with the requirements by relevant regulatory departments. The Preference Shares issued in different tranches will have equal priority to dividend distribution. The Preference Shareholders shall take precedence over Ordinary Shareholders in distribution of dividends. The Company will not distribute any profit to Ordinary Shareholders unless the agreed current dividend on Preference Shares has been fully paid.

Unless the occurrence of any trigger events for compulsory payment, the general meeting of the Company shall be entitled to determine to cancel the payment of part of or full current dividend on the Preference Shares, which shall not constitute a default by the Company. Trigger events for compulsory payment mean the occurrence of any of the following events within 12 months prior to the dividend payment date: (1) the payment of dividend to the Ordinary Shareholders by the Company (including cash, shares, a combination of both cash and shares and other methods in compliance with the laws and regulations); (2) the reduction of registered share capital (except for the redemption and cancellation of shares due to share incentive plan or the redemption and cancellation of Ordinary Shares as a result of issuing Preference Shares).

2. *Method of dividend payment*

Dividends on the Preference Shares will be paid by the Company in cash.

Dividends on the Preference Shares under the Proposed Issuance shall be paid annually. The dividends will be accrued from the last day for receiving investors' subscription payments for the Issuance of Preference Shares of the Company. The Dividend Distribution Date shall be the anniversary date of the last day for receiving investors' subscription payments for the Issuance of Preference Shares. If any Dividend Distribution Date falls on a statutory holiday or weekend, it shall be deferred to the next working day and no interest will be accrued on the payable dividends during such deferring period.

Any tax payable for the dividend on the Preference Shares received by Preference Shareholders shall be borne by Preference Shareholders in accordance with relevant laws and regulations.

3. *Fixed dividend accumulation*

Dividends on Preference Shares under the Proposed Issuance will be cumulative, which means that the shortfall arising from any dividends not paid in full to the Preference Shareholders for the previous year will be accumulated to the following year, and shall not constitute a default by the Company.

(II) Participation in distribution of remaining profit

Once the Preference Shareholders have received dividends at the agreed dividend rate, they shall not be entitled to the distribution of the remaining profit together with Ordinary Shareholders.

VI. REDEMPTION CLAUSES

(I) The holder of redemption right

The redemption right of the Preference Shares under the Proposed Issuance rests on the Company, i.e., the Company is entitled to redeem and cancel the Preference Shares in accordance with its operation situation and in compliance with relevant laws, regulations and normative documents. No resale clauses for investors are provided for the Preference Shares under the Proposed Issuance, namely, Preference Shareholders do not have the right to sell back their Preference Shares to the Company.

(II) Conditions and period of the redemption

The redemption period of the Preference Shares under the Proposed Issuance is from the fifth anniversary of the first Dividend Accruing Date (in the event of issuing by tranches, on the first Dividend Accruing Date of each tranche respectively) up to the date of full redemption.

Following the fifth anniversary of the first Dividend Accruing Date (in the event of issuing by tranches, on the first Dividend Accruing Date of each tranche respectively), the Company is entitled to redeem and cancel all or part of the Preference Shares under the Proposed Issuance on every Dividend Distribution Date. Where a partial redemption was decided to be carried out by the Company, the Company shall redeem the Preference Shares from all Preference Shareholders of the same tranche by the corresponding proportion.

Save for the requirements of the laws and regulations, the redemption of the Preference Shares under the Proposed Issuance is not subject to other conditions.

(III) Redemption price and the pricing principle

The redemption price of the Preference Shares under the Proposed Issuance shall be the par value plus resolved payment of but unpaid dividends on the Preference Shares.

(IV) The authorization of conditional redemption

The general meeting authorizes the Board (or persons authorized by the Board), under the framework and principles considered and approved by the general meeting, to deal with, at its sole discretion, all matters in relation to the redemption in accordance with the relevant laws and regulations, approvals and market conditions.

VII. VOTING RIGHT RESTRICTION AND RESTORATION

(I) Voting right restriction

The Preference Shareholders have no right to make a request to, convene, preside over, attend, or attend by proxy any general meeting, nor do the Preference Shares held by them have voting rights, save as the matters to be voted by the Preference Shareholders in accordance with the laws and regulations or the Articles of Association.

In any of the following events, the notice of the general meeting shall be delivered to the Preference Shareholders prior to convention of such meeting by the Company. The Company shall also comply with the required notice procedure for Ordinary Shareholders set forth in the Company Law and the Articles of Association. The Preference Shareholders are entitled to attend the general meetings and vote on the following matters separately from the Ordinary Shareholders. Each Preference Share shall have one vote, but the Preference Shares held by the Company shall have no voting right:

1. any amendment to the provisions of the Articles of Association regarding the Preference Shares;
2. any reduction of the registered share capital of the Company by more than 10%, whether on an individual or cumulative basis;
3. any merger, division, dissolution or change of organizational form of the Company;

4. any issuance of Preference Shares;
5. any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.

Resolutions on the matters above shall be approved by at least two thirds of the votes represented by the Preference Shareholders present at the meeting (excluding the Preference Shareholders with voting rights restored), in addition to the approval by at least two thirds of the votes represented by the Ordinary Shareholders of the Company present at the meeting (including the Preference Shareholders with voting rights restored).

(II) Voting right restoration

1. *Voting rights restoration clause*

If the Company fails to pay dividends to the Preference Shareholders as agreed for three accounting years in aggregate or two consecutive accounting years, the Preference Shareholders shall have the same right to attend and vote at the general meetings with Ordinary Shareholders from the date immediately following the day when the general meeting has approved the cancellation of payment of current dividend on the Preference Shares or the date immediately following the day when the current dividend has not been paid as agreed. The number of voting rights of Ordinary A Shares entitled to each Preference Share shall be calculated using the following formula:

$$N=V/P_n$$

Wherein, V is the total par value of Preference Shares held by the Preference Shareholders; P_n , the stimulated conversion price, is the net asset value per Share attributable to owners of the parent as disclosed in the Company's audited consolidated financial statements as at 31 December 2021, namely RMB14.01 per Share. The number of voting rights restored shall be rounded down to the nearest integer.

2. *The adjustment in stimulated conversion price upon voting rights restoration*

From the day on which the issuance plan of Preference Shares was passed by the Board of the Company, in the event of any bonus issue, capitalization issue, new issuance (excluding any increase of registered share capital due to conversion of financing instruments with provisions enabling them to be converted into Ordinary Shares issued by the Company) or rights issue resulting in the change in the number of Ordinary Shares of the Company, the Company will make an adjustment to the stimulated conversion price upon voting rights restoration. The adjustment method is set out below:

In the event of any bonus issue or capitalization issue: $P_1=P_0/(1+n)$

In the event of any new issuance of Shares or rights issue: $P_1=P_0 \times (N+Q \times (A/M)) / (N+Q)$

Wherein, P_1 means the stimulated conversion price effective immediately after such adjustment; P_0 means the stimulated conversion price effective immediately preceding such adjustment; n means the percentage of bonus issue or capitalization issue; Q means the number of Shares issued as new Shares or subject to a rights issue; N means the total number of Ordinary Shares before such new issuance or rights issue; A means the price of the new Shares issued under such new issuance or rights issue; M means the closing price of the Ordinary A Shares on the trading day prior to the listing of such new issuance or rights issue.

In the event that any of the above-mentioned changes in the Ordinary Shares happened, the Company will make corresponding adjustment to the stimulated conversion price upon voting rights restoration, and will make corresponding disclosure in accordance with relevant rules. If the Company repurchase its Ordinary Shares, or is subject to a merger, division or any other circumstances that may lead to changes in the Company's Shares and Shareholders' interest and thereby affect the rights and interests of the Preference Shareholders, the Company is entitled to adjust the stimulated conversion price upon voting rights restoration in a fair, just and equitable manner in order to fully protect and keep balance of the rights and interests of the Preference Shareholders under the Proposed Issuance and the Ordinary Shareholders. The contents and the mechanism relating to the adjustment of the stimulated conversion price upon voting rights restoration applicable to such circumstances will be formulated in accordance with applicable PRC laws and regulations.

The stimulated conversion price upon voting rights restoration of the Preference Shares will not be adjusted for the distribution of cash dividend on the Ordinary Shares by the Company.

3. *The expiry of restoration term*

After the voting rights are restored, the voting rights of the Preference Shareholders under the voting rights restoration terms from the date of full payment shall be immediately terminated when the Company has fully paid the current payable dividends of the preference shares, unless the laws, regulations and the Articles of Association stipulate otherwise. The voting rights of preference shareholders will be restored again if any subsequent event occurs under the voting rights restoration terms.

VIII. SEQUENCE OF SETTLEMENT AND METHOD OF LIQUIDATION

If the Company is subject to liquidation as a result of dissolution, bankruptcy or other reasons, the residual property of the Company after settlement in accordance with the relevant requirements of the Company Law and the Bankruptcy Law, shall be distributed to the Shareholders in the following sequences and method:

1. pay the sum of par value of the Preference Shares plus the unpaid dividends to the Preference Shareholders. If the residual property is not sufficient, then such distribution shall be made on a pro rata basis in accordance with the shareholding percentages of the Preference Shareholders in the total Preference Shares;

2. distribute to the Ordinary Shareholders on a pro rata basis in accordance with the shareholding percentages of the Ordinary Shareholders in the total Ordinary Shares.

IX. CREDIT RATING AND FOLLOW-UP RATING ARRANGEMENT

The specific rating arrangement of the Preference Shares under the Proposed Issuance will be determined in accordance with relevant laws and regulations and market conditions in the PRC.

X. METHOD AND TARGET OF GUARANTEE

There is no guarantee arrangement in relation to the Preference Shares under the Proposed Issuance.

XI. LISTING OR TRANSFER ARRANGEMENT UPON ISSUANCE OF THE PREFERENCE SHARES

No lock-up period is attached to the Preference Shares under the Proposed Issuance.

The Preference Shares will be traded and transferred on the Shanghai Stock Exchange in accordance with the relevant provisions upon the Proposed Issuance, but will only be transferred among the qualified investors prescribed by the Administrative Measures on the Pilot Scheme of Preference Shares. The investor suitability standards adopted for the transfer stage of the Preference Shares shall be consistent with those adopted for the issuance stage. After the transfer of the Preference Shares under the same terms, the number of investors shall be no more than 200.

XII. USE OF PROCEEDS

The proceeds to be raised from the Issuance of Preference Shares to Specific Subscribers shall not exceed RMB30 billion, and the net proceeds after deducting issuance expenses are all planned to be used for replenishing working capital.

XIII. VALIDITY PERIOD OF THE RESOLUTION OF THE PROPOSED ISSUANCE

The resolution of the Preference Shares under the Proposed Issuance shall remain valid for 24 months starting from the date of approval at the general meeting.

**SECTION III RELEVANT RISK FACTORS UNDER
THE ISSUANCE OF PREFERENCE SHARES**

In evaluating the Preference Shares under the Proposed Issuance, the relevant parties shall, in addition to several information provided in the Preliminary Plan, give special and careful consideration to the following major risk factors:

I. RISK FACED BY THE ISSUER AND THE EXISTING SHAREHOLDERS IN RELATION TO THE PROPOSED ISSUANCE**(I) Risk of reduction of dividends to Ordinary Shareholders**

According to the State Council's Guiding Opinions on the Launching of the Pilot Scheme of Preference Shares (《國務院關於開展優先股試點的指導意見》), the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》) and other regulations as well as the relevant provisions of the Articles of Association, the order of distribution of dividends to Preference Shareholders is prior to that of the Ordinary Shareholders, and the Company shall not distribute profits to the Ordinary Shareholders before ensuring the full distribution of dividends as agreed for the Preference Shares. Although the capital structure of the Company will be optimized and the comprehensive anti-risk capacity will be enhanced upon the completion of the issuance of Preference Shares, the Company's profitability and profit level are expected to be improved in the medium-to-long term. However, in the short term, if the growth of net profit of the Company cannot cover the fixed dividends of the Preference Shares, the Ordinary Shareholders of the Company will face the risk of reduction of dividends.

(II) Risk of dilution of voting rights of Ordinary Shareholders

Upon the completion of the issuance of Preference Shares, if the Company fails to pay the dividends on the Preference Shares as agreed for three fiscal years in aggregate or two consecutive fiscal years, the Preference Shareholders shall have the right to attend the general meeting to vote together with the Ordinary Shareholders from the day after the general meeting approves the cancellation of payment of dividends on the Preference Shares for the year or the day after the failure to pay the dividends on the Preference Shares as agreed for the year.

In the event of the restoration of voting rights as described above, the voting rights of the Company's Ordinary Shareholders will be diluted. Based on the issuance size of RMB30,000,000,000 and the current stimulated conversion price of RMB14.01 per share for the restoration of voting rights, it is estimated that the number of voting shares of the Company will increase by approximately 2,141.3276 million shares in the event of the restoration of voting rights, and the voting rights of Ordinary Shareholders will be diluted to 88.30% of the original voting rights.

(III) Risk of the sequence of settlement of Ordinary Shareholders being affected

According to the State Council's Guiding Opinions on the Launching of the Pilot Scheme of Preference Shares (《國務院關於開展優先股試點的指導意見》), the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》) and other regulations as well as the relevant provisions of the Articles of Association, if the Company is subject to liquidation as a result of dissolution, bankruptcy or other reasons, the Ordinary Shareholders are inferior to the Preference Shareholders in the order of distribution of the residual property, i.e. the Ordinary Shareholders can enjoy the residual property in proportion to their shareholdings only after the liquidation amount is fully paid to the Preference Shareholders. Therefore, upon the issuance of Preference Shares, the risk faced by Ordinary Shareholders in the sequence of settlement will increase in the event of dissolution or bankruptcy of the Company.

(IV) Risk of decision on vote by class

According to the provisions of the plan of the issuance of Preference Shares, the Preference Shareholders shall enjoy the right to vote by class in the event of the following:

1. any amendment to the provisions of the Articles of Association regarding the Preference Shares;
2. any reduction of the registered share capital of the Company by more than 10%, whether on an individual or cumulative basis;
3. any merger, division, dissolution or change of organizational form of the Company;
4. any issuance of Preference Shares;
5. any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.

Upon completion of the issuance of Preference Shares, for the above matters, the Company shall notify the Preference Shareholders of the convening of the general meeting and follow the procedures for notifying the Ordinary Shareholders as set forth in the Company Law and the Articles of Association. The Preference Shareholders shall have the right to attend the general meeting and vote on the above matters by class with the Ordinary Shareholders, and each Preference Shares held by them shall have one vote, except for the Preference Shares held by the Company which shall have no voting rights. Resolutions on the matters above shall be approved by at least two thirds of the votes represented by the Preference Shareholders present at the meeting (excluding the Preference Shareholders with voting rights restored), in addition to the approval by at least two thirds of the votes represented by the Ordinary Shareholders of the Company present at the meeting (including the Preference Shareholders with voting rights restored).

(V) Risk of redemption of Preference Shares

Following the fifth anniversary of the first dividend accruing date (in the event of issuing by tranches, on the first dividend accruing date of each tranche respectively), the Company is entitled to redeem or cancel all or part of the Preference Shares under the Proposed Issuance on every dividend distribution date of the Preference Shares according to the provisions of the Plan of the issuance of Preference Shares. Save for the requirements of the laws and regulations, no other conditions are required to be met for the redemption of the Preference Shares under the Proposed Issuance. If the Company exercises the redemption right on the dividend distribution date of the Preference Shares, then the Company will face certain capital pressure in the short term.

(VI) Tax risks

According to the current tax policy, the dividend distribution on the Preference Shares is not deductible before tax and the dividend distribution is derived from distributable profit after tax. However, the tax risks arising from the future adjustment of the national tax policy on Preference Shares cannot be ruled out.

II. INVESTMENT RISKS OF THE PREFERENCE SHARES**(I) Risk of not paying full dividends**

After the successful issuance, the Company will pay fixed dividends for the Preference Shares under the Proposed Issuance. If there is any significant change in the industry policy in the future, resulting in a decrease in the Company's profitability and cash generating capacity, there may be a risk of not being able to pay full dividends to the Preference Shareholder under the Proposed Issuance.

(II) Risk of voting rights restrictions

Save for matters required to be voted by Preference Shareholders stipulated in laws and regulations or the Articles of Association, Preference Shareholders shall have no right to request, convene, preside over, attend or appoint proxies of shareholders to attend general meeting and have no voting rights. There is a risk that the voting rights of the Preference Shares under the Proposed Issuance of the investment will be restricted.

(III) Risk of fluctuation in the price of Preference Shares

The Preference Shares under the Proposed Issuance can be transferred on the Shanghai Stock Exchange, and the transfer price may be affected by the systemic risks of national politics, economic policies, investor psychological factors and other unforeseen factors, and the change in price of shares does not depend entirely on the Company's operating performance. Investors should fully consider the various risks of the market when choosing to invest in the Company's Preference Shares.

(IV) Redemption risk

The redemption clause for issuer instead of the resale clause for investors are provided for the Preference Shares under the Proposed Issuance, and the Preference Shareholders do not have the right to sell back their Preference Shares to the Company. The Company may redeem and cancel the Preference Shares of the Company in accordance with the operating conditions and in compliance with relevant laws, regulations and regulatory documents, and the Preference Shares held by investors may face the risk of redemption by the issuer.

(V) Risk of sequence of settlement of Preference Shareholders

If the Company is subject to liquidation as a result of dissolution, bankruptcy or other reasons, the residual property of the Company after settlement in accordance with the relevant requirements of the Company Law and the Bankruptcy Law shall be paid to the Preference Shareholders in priority to the sum of par value of the Preference Shares plus the unpaid dividends. If the residual property is not sufficient, then such distribution shall be made on a pro rata basis in accordance with the shareholding percentages of the Preference Shareholders in the total Preference Shares. There is a risk that the Preference Shareholders may not be able to distribute the residual property or may receive a reduced distribution of the residual property because the sequence of settlement is inferior to that of the Company's creditors.

III. RISK THAT THE PLAN OF THE ISSUANCE OF PREFERENCE SHARES IS NOT APPROVED

The issuance of Preference Shares of the Company is subject to the consideration of the general meeting of the Company. There is a possibility that the issuance of Preference Shares will not be approved by the general meeting of the Company. In addition, the issuance of Preference Shares is subject to the approval of the SASAC, the SSE and the consent for registration from the CSRC. There is uncertainty as to whether the relevant regulatory authorities' approval will be obtained and the timing of the ultimate obtaining of the regulatory authorities' approval.

IV. INDUSTRY AND OPERATIONAL RISKS**(I) Macroeconomic volatility risk**

The Company's main businesses are closely related to the development of the macro-economy, especially the infrastructure design and infrastructure construction business, of which the industry development is subject to macroeconomic factors including investment scale of social fixed assets and the process of urbanization. If the global macro-economy enters a downward cycle or China's economic growth rate slows down significantly in the future, for which the Company fails to reasonably anticipate and adjust the business strategies accordingly, it may have an adverse impact on the development of the Company.

(II) Risk of industrial policy adjustment

The Company insists on practicing major national strategies as an important mission. Relying on the integrated service capacity of the full industry chain of transportation infrastructure, the Company is deeply integrated into the national regional development plans of Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macau, Yangtze River Delta and other regions, and deeply serves major national strategies including "constructing a country with strong transportation network" and "Belt and Road", etc., and all of its major businesses are currently among the industries strongly supported by the PRC. A series of major national strategies and industrial support policies have greatly contributed to the development and profitability of the Company's business, but the national industrial policies will be adjusted accordingly at different stages of national economic development and under different circumstances. If there are significant adjustments to the relevant national industrial policies in the future, it may have an adverse impact on the production and operation activities of the Company.

(III) Overseas business risk

The Company conducts its business in over 130 overseas countries and regions. Subject to the complex and diverse political, economic, social and religious environments and legal systems of different countries and regions, as well as fluctuations in exchange rates, increasingly stringent environmental protection requirements and intensifying trade frictions among some countries, there may be fluctuations and volatility in the international trade order and economic situation in the future, resulting in performance risks for the Company's overseas compliance, investment and project contracting.

(IV) Investment risk

The Company began to develop infrastructure and other investment projects in 2007 to obtain investment profits apart from those from reasonable design and construction. However, such projects are generally characterized by large scale investments, long construction cycles, extensive areas of involvement, high complexity, stringent schedule and quality requirements, and are significantly affected by policies. The implementation and operation of the above-mentioned investment projects may expose the Company to certain risks and affect the expected benefits and the achievement of strategic objectives if the feasibility studies of the projects are incomplete, understanding of policies is inaccurate, financing is inadequate and process management is not standardized, under the influence of internal and external circumstances such as increased control in policies by the national and local governments, increasingly standardized regulation, tightened financial supervision, increasing debt pressure and intensified market competition.

(V) Raw material risk

The operation of the Company's business depends on the timely procurement of raw materials that meet the Company's quality requirements at reasonable prices, such as steel, cement, fuel, sand and gravel and asphalt, etc. The market prices of such raw materials may fluctuate to a certain extent, or appropriate procurement planning arrangements may be made to ensure the normal conduct of business. When there is a shortage of supply of raw material or a significant price increase resulting in cost increases that cannot be fully compensated by customers, the Company may face the risk of reduced profit or even loss in respect of a single project.

(VI) Financial risk**1. Risk of high gearing ratio**

The transportation infrastructure industry where the Company operates is capital-intensive, and infrastructure investment projects are characterized by large upfront capital investment and long return cycles. The Company mainly meets its daily production and operation and investment needs through bank loans and issuance of debt financing instruments such as corporate bonds and short-term financing bonds. At the end of 2020, 2021 and September 2022, the Company's gearing ratio was 72.56%, 71.86% and 73.21%, respectively, which was normal level among enterprises in the same industry, but was high as compared with other industries. Although the gearing ratio of the Company will be reduced to a certain extent upon the issuance of the Preference Shares, it is still at a high level, and the Company will face certain financial risks if events that have a significant negative impact on the Company's operation and management and solvency occur in the future.

2. Interest rate risk

The Company's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. The Company's borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollar. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk. Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Company's outstanding floating rate borrowings, and therefore could have an adverse effect on the Company's financial position.

3. Exchange rate risk

The Company has focused on international markets in its past operations and future strategies. The relatively large scale of its overseas operations has resulted in a relatively large foreign exchange receipts and payments by the Company. The Company's operations mainly involve foreign currencies such as USD, the Euro and Hong Kong dollar. Fluctuations in the exchange rates between these currencies and Renminbi may result in higher costs or lower revenues, which in turn may have an impact on the Company's profitability.

(VII) Management risks**1. *Management risks to the subsidiaries***

The Company realized its group operation mainly through operating wholly-owned, holding and share-participation enterprises. With the development of business scales and increasing external regulatory requirement on the standardization of listed companies, it became more difficult for the Company to manage its subsidiaries. At present, the Company has established a relatively regulated and improved control mechanism for its subsidiaries, and implemented unified management in aspects such as finance, capital, human resources and project management. However, as operating activities involve wide geographical areas and many levels of management, if the above control mechanism cannot be effectively implemented or timely improved and optimized, normal operation and brand image of the Company may be affected, exposing the Company to the potential management control risks.

2. *Production safety risk*

The Group insists on safety first and regards production safety as the prerequisite and foundation of all its work. However, as a construction and production enterprise with many subsidiaries and projects, production safety risks exist in all aspects of the production and operation process. Safety incidents may occur as a result of unsafe human behaviour, unsafe physical conditions and unsafe environmental factors, resulting in injury to the health and safety of employees and exposing the Company to the risk of damage to its brand image, economic loss and external regulatory penalties.

3. *Management risks of engineering quality*

The Company has accumulated extensive construction experience since its establishment and has a strong construction capacity. The Company has formed an improved management system of engineering quality and there has not occurred any significant engineering quality issues till now. Nonetheless, the risks of engineering quality cannot be excluded completely. Once engineering quality issues occur, the Company will suffer from direct economic loss including compensations and penalties and its business development and brand image will also be adversely affected.

(VIII) Network risk and security

With the in-depth application of “Internet +” in informatisation, the topology of enterprise network has been becoming more and more complex, the number of information systems has surged, and the possibility of network interruption and system failure has also increased rapidly. At the same time, the Company has been actively exploring overseas markets, and its international influence has been increasing day by day. Therefore, the risk of network-attacks on the information system has been also increasing, which may have a serious impact on the Company’s production and operation in the event of a risk event.

(IX) Force majeure risks

The infrastructure construction and dredging business principally engaged by the Company are mostly outdoor work. Natural disasters including rainstorm, flooding, earthquake, typhoon, tsunami, fire and public health emergency occurred on the construction sites may cause damages to the site workers as well as property, and adversely affect the quality and progress of relevant businesses of the Company.

SECTION IV USE OF PROCEEDS**I. USE OF PROCEEDS**

The Company proposes to issue up to 300 million Preference Shares with the total proceeds not more than RMB30 billion, and the net proceeds after deducting the issuance expenses will be entirely used for replenishing working capital.

II. NECESSITY ANALYSIS OF THE USE OF PROCEEDS

The transportation infrastructure industry in which the Company is engaged is capital-intensive. Infrastructure investment projects are characterized by large initial capital investment and long investment return cycle, so the Company must have sufficient liquidity to maintain project operations and meet the needs of the Company amid its continuous business development. Since the issuance of preference shares in 2015, the Company has met its daily production and operation and investment needs mainly through bank loans and the issuance of debt financing instruments such as corporate bonds and short-term financing bonds, and its gearing ratio has been maintaining at a high level.

As of 30 September 2022, relevant financial indicators of the Company and comparable listed companies engaged in the same industry are as follows:

Name of the company	Current ratio (times)	Quick ratio (times)	Gearing ratio (%)
China State Construction	1.35	0.80	74.32
China Railway	1.05	0.79	73.84
China Railway Construction	1.11	0.77	75.94
China Metallurgical	1.14	0.96	75.05
PowerChina	0.94	0.90	78.68
China National Chemical Engineering	1.19	1.13	70.17
China Energy Engineering	1.14	0.95	75.04
Average	1.13	0.90	74.72
CCCC	0.96	0.85	73.21

Source: Publicly disclosed information of listed companies

According to the above table, the levels of current ratio and quick ratio of CCCC are slightly lower than the average level of comparable companies in the same industry, and the level of gearing ratio is slightly better than the average level of comparable companies in the same industry.

The proceeds from the Proposed Issuance are intended to be entirely used to replenish the working capital. Such proceeds will, on the one hand, further optimize the capital structure of CCCC, significantly enhance the stability and adequacy of the Company's working capital, reduce the gearing ratio and increase the current ratio and quick ratio, which is in turn conducive to reducing financial risks and improving the Company's comprehensive risk-resistance capacity. On the other hand, it will also help meet the capital needs of the Company amid its business development and provide long-term stable financial support for its high-quality development.

III. FEASIBILITY ANALYSIS OF THE USE OF PROCEEDS**(I) The Proposed Issuance of Preference Shares and use of proceeds are in compliance with laws and regulations**

CCCC has a sound corporate governance structure, comprehensive internal control system, excellent asset quality, good financial position and sustainable profitability. The Company's Issuance of Preference Shares to Specific Subscribers and the use of all the proceeds to replenish working capital are in compliance with provisions of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision) (《優先股試點管理辦法(2023年修訂)》), the Opinions on the Application of the Relevant Provisions of Rules 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures on the Registration of Securities Issuance by Listed Companies – Opinions on the Application of Securities and Futures Law No. 18 (《〈上市公司證券發行註冊管理辦法〉第九條、第十條、第十一條、第十三條、第四十條、第五十七條、第六十條有關規定的適用意見 – 證券期貨法律適用意見第18號》) and other relevant laws and regulations, and are feasible.

(II) The Company has established sound governance standards and internal control system for the use of proceeds

In order to regulate the management and use of proceeds of the Company and protect the rights and interests of investors, the Company has established a system for the management of proceeds in accordance with relevant laws and regulations and Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds Raised by Listed Companies (2022 Revision) (《上市公司監管指引第2號 – 上市公司募集資金管理和使用的監管要求(2022年修訂)》), which expressly stipulates provisions for the storage, use and management of proceeds to ensure the standard, safety and efficiency in use of the proceeds. After the proceeds from the Issuance of Preference Shares to Specific Subscribers are available, the Company will deposit such proceeds in a special account designated by the Board in accordance with requirements of the rules and make sure they are used for their designated purposes, so as to ensure the reasonable and regulated use of the proceeds and prevent risks associated with the use of the proceeds.

**SECTION V DISCUSSION AND ANALYSIS OF THE BOARD
REGARDING THE IMPACT OF THE PROPOSED ISSUANCE ON THE COMPANY****I. RELEVANT ACCOUNTING TREATMENT**

In accordance with the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprise No. 37 – Presentation of Financial Instruments and Rules on Distinguishing Financial Liabilities and Equity Instruments and Relevant Accounting Treatments promulgated by the Ministry of Finance of the People's Republic of China, the Proposed Issuance is qualified to be accounted for as equity instruments by virtue of their terms and conditions, and is accounted for as equity instruments.

II. WHETHER DIVIDENDS DECLARED ON PREFERENCE SHARES UNDER THE PROPOSED ISSUANCE ARE CHARGEABLE AGAINST INCOME BEFORE INCOME TAX AND THE POLICY BASIS

According to Article 10 of the Enterprise Income Tax Law of the People's Republic of China (Order No. 63 of the President of the People's Republic of China), "None of the following expenditures may be deducted in the calculation of the taxable amount of incomes: (I) Dividend, bonus and other equity investment returns paid to investors", dividends declared on Preference Shares under the Proposed Issuance are not chargeable against income before tax. Should there be any change in the tax treatment policies for dividends declared on preference shares introduced by the relevant departments of finance and taxation in the future, the Company will adjust the tax treatment of such dividends declared on Preference Shares under the Proposed Issuance in accordance with the relevant requirements.

III. IMPACT OF THE PROPOSED ISSUANCE ON KEY FINANCIAL DATA AND FINANCIAL INDICATORS OF THE COMPANY

Based on the key financial data in the consolidated financial statements as of 30 September 2022, impact of the Proposed Issuance on key financial data and financial indicators in the consolidated financial statements of the Company, assuming that the Company successfully issues 300 million Preference Shares to raise total Proceeds of RMB30 billion, is as follows:

(I) Impact on share capital, net assets and solvency of the Company

Item	Before issuance	After issuance	Change
Ordinary share capital (100 million shares)	161.66	161.66	–
Net assets (RMB00'000'000)	4,335.50	4,635.50	+6.92%
Working capital (RMB00'000'000)	-310.97	-10.97	+96.47%
Gearing ratio (consolidated financial statements)	73.21%	71.88%	-1.33%

Note:

Calculation formulae for key financial indicators:

1. Net assets = Total assets – Total liabilities
2. Working capital = Current assets – Current liabilities
3. Gearing ratio = Total liabilities/Total assets

As calculated on a static basis based on the issuance size of Preference Shares under the Proposed Issuance of RMB30 billion (taking no account of the issuance expenses) and the scales of net assets and working capital of the Company as of 30 September 2022, it is estimated that, upon completion of the Proposed Issuance, the Company's net assets will increase by 6.92%, gearing ratio will decrease by 1.33 percentage points, working capital will increase accordingly and short-term solvency will be enhanced.

(II) Impact on return on net assets

Upon completion of the Proposed Issuance of Preference Shares, the Company's net assets will increase. In the short term, when the raised funds cannot be fully utilised, the Company's return on net assets may be affected to some extent and thus decrease; in the medium and long term, the increase in the scales of net assets brought about by the Proceeds from the issuance of Preference Shares of the Company will effectively promote the expansion of the Company's business scale and further improve the Company's net profit. The Company will actively take various measures to improve the efficiency of the use of net assets in order to achieve a good return on net assets.

(III) Impact on earnings per Share attributable to Ordinary Shareholders

The influences of the Proposed Issuance of Preference Shares on earnings per share attributable to Ordinary Shareholders mainly depends on two aspects which are: 1) Proceeds from the Proposed Issuance of Preference Shares will be included in equity in accordance with relevant requirements, and enhancement in capital strength and net assets of the Company can be expected; and 2) the payment of dividends on the Preference Shares under the Proposed Issuance will affect distributable profits attributable to Ordinary Shareholders.

The dividend rate under the Proposed Issuance will not be higher than the annual average weighted return on net assets of the Company for the latest two accounting years prior to the Proposed Issuance. Therefore, in the event that return on net assets of the Company remains basically stable, it is expected that the increase in profit arising from the Proceeds from the issuance of Preference Shares will exceed the dividend payment for Preference Shares. Once such Proceeds achieves their capital efficiency, earnings per share attributable to Ordinary Shareholders of the Company is unlikely to decrease in connection with the Proposed Issuance of Preference Shares.

IV. IMPLEMENTATION RESULTS OF THE COMPLETED PROJECTS INVESTED WITH THE PROCEEDS AND THE SOURCE OF FUNDS FOR, THE PROGRESS AND RELATIONSHIP WITH THE PROPOSED ISSUANCE OF THE OUTSTANDING MAJOR INVESTMENT PROJECTS FOR THE LAST THREE YEARS

For the last three years, CCCC has not invested in any completed projects or outstanding major investment projects with the Proceeds.

V. CHANGES IN RELATED-PARTY TRANSACTIONS AND HORIZONTAL COMPETITIONS BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND RELATED PARTIES UPON IMPLEMENTATION OF THE PROJECTS INVESTED WITH PROCEEDS FROM THE PROPOSED ISSUANCE

No incremental related-party transaction, horizontal competition or potential horizontal competition between the Company and its Controlling Shareholder and related parties will arise upon implementation of the projects invested with Proceeds from the Proposed Issuance.

VI. CASH DIVIDEND DISTRIBUTION AND ABILITY TO PAY DIVIDENDS ON PREFERENCE SHARES IN THE LAST THREE YEARS

(I) Profit Distribution Policies of the Company

Pursuant to the Articles of Association, profit distribution policies and decision-making procedures of the Company are as follows:

1. Principles of profit distribution

The Company shall implement a consistent and stable profit distribution policy, attach importance to investors' reasonable investment return and secure the Company's sustainable development.

2. Methods and interval of profit distribution

The Company may distribute dividends by either or both of the following means:

- (1) cash;
- (2) shares.

The Company actively promotes the way to distribute dividends with cash bonus. If the Company has the condition for cash dividends, priority shall be given to distribute profits by way of cash dividends. The Company may distribute interim cash bonus.

3. Conditions for and ratio of cash dividend

The profit distributed to the Ordinary Shareholders in cash by the Company for each year shall not be less than ten percent of the distributable profit available for the Ordinary Shareholders realized in such year.

The Board of the Company shall have comprehensive consideration of the factors including its industry characteristics, development stage, operation mode, profitability level and whether there is any significant payment arrangement for funds etc., make the differentiated cash bonus policy according to the program prescribed by the Articles of Association, and identify the proportion of the cash bonus in the profit distribution in the current year, with proportion in compliance with the relevant stipulations of laws, administrative regulations, normative documentation and stock exchanges.

4. *The decision-making process of profit distribution*

The Board of the Company shall make plan regarding the profit distribution in cash. If the Board fails to make such plan regarding profit distribution in cash, the reasons shall be disclosed in the regular report and the independent directors shall express their independent opinion on so.

The Board of the Company shall have comprehensive consideration of the factors including its industry characteristics, development stage, operation mode, profitability level and whether there is any significant payment arrangement for funds etc., make the differentiated cash bonus policy according to the program prescribed by the Articles of Association, and identify the proportion of the cash bonus in the profit distribution in the current year, with proportion in compliance with the relevant stipulations of laws, administrative regulations, normative documentation and stock exchanges.

During the formulation of the Company's specific cash bonus scheme, the Board shall earnestly study and demonstrate the timing, condition, lowest proportion, adjustment condition and its decision-making program requirement for the cash bonus of the Company. The independent directors shall express their explicit opinions. The independent directors may solicit the opinions of the minority shareholders to make the bonus proposal for direct submission to the Board for consideration.

5. *Modification of profit distribution policy*

In accordance with its production and operation situation, investment planning and long-term development requirements, in the event of actual necessity for the Company to adjust or change the profit distribution policy and the shareholders' bonus return planning, it shall be on the basis of protecting the shareholders' interests and the adequate opinions from the shareholders (especially shareholders from the general public), the independent directors and the Supervisory Committee. In the event that the Board proposes the adjustment or change of the profit distribution policy (especially the cash bonus policy), the Board shall make detailed demonstration and explain the reasons, and the independent directors and relevant intermediaries (if any) shall express their explicit opinions for the profit distribution policy especially whether the proposal for the adjustment or change of the cash bonus policy jeopardizes the lawful interests of minority shareholders. The profit distribution policy (especially the cash bonus policy) for consideration at the general meeting shall be adopted by more than 2/3 of the voting rights held by the shareholders present at the general meeting.

(II) Cash Dividend Distribution of the Company in the last three years

Cash dividend distribution of the Company in the last three years was as follows:

Unit: RMB00'000'000

Item	2021	2020	2019
Net profit attributable to shareholders of the parent company in the consolidated financial statements	179.93	162.06	200.13
Interest of perpetual bonds and dividends on Preference Shares	15.28	15.85	12.83
Net profit attributable to Ordinary Shareholders of the listed company after adjustment to the consolidated financial statements	164.65	146.21	187.30
Cash dividends (tax inclusive)	32.93	29.24	37.65
Cash dividends as a percentage of the distributable profit achieved during the year in the consolidated financial statements	20.00%	20.00%	20.10%
Proportion of cash dividends accumulated for the last three years to average annual net profit attributable to Ordinary Shareholders of the listed company in the consolidated financial statements for the last three years	60.11%		

For the preference shares of the Company in issue, dividends on preference shares have been paid as agreed, and the dividend rates and specific allocations are as follows:

Preference shares in issue	Dividend rate	Number of preference shares (0'000)	Dividend distribution date	Total amount of dividend (RMB0'000)
CCCC Preferred Share 1	5.10%	9,000	26 August 2016	45,900
CCCC Preferred Share 2	4.70%	5,500	17 October 2016	25,850
CCCC Preferred Share 1	5.10%	9,000	28 August 2017	45,900
CCCC Preferred Share 2	4.70%	5,500	16 October 2017	25,850
CCCC Preferred Share 1	5.10%	9,000	27 August 2018	45,900
CCCC Preferred Share 2	4.70%	5,500	16 October 2018	25,850
CCCC Preferred Share 1	5.10%	9,000	26 August 2019	45,900
CCCC Preferred Share 2	4.70%	5,500	16 October 2019	25,850
CCCC Preferred Share 1	5.10%	9,000	26 August 2020	45,900
CCCC Preferred Share 2	4.70%	5,500	16 October 2020	25,850

(III) Capability to pay dividends on Preference Shares and repurchase Preference Shares

- The Company has good profitability and solid liquidity, which lays a good foundation for paying dividends on Preference Shares or exercising the right to repurchase Preference Shares according to the issuance plan*

The net profits attributable to owners of the parent company as recorded in the consolidated financial statements of the Company were RMB20,013 million, RMB16,206 million and RMB17,993 million in 2019, 2020 and 2021, respectively. The good profitability lays a good foundation for paying dividends on Preference Shares or exercising the right to repurchase Preference Shares according to the issuance plan.

- The Company will continue to implement a proactive cash dividend policy, which will not only provide great returns for Ordinary Shareholders, but also provide strong support for paying dividends on Preference Shares according to the issuance plan*

The Company adopted a proactive cash dividend policy in 2019, 2020 and 2021, providing great returns for Ordinary Shareholders. The profits that the Company has accumulatively distributed in cash in 2019, 2020 and 2021 accounted for 60.11% of the annual average distributable profit for the last three years.

The Company will still maintain a good level of cash dividends and keep the continuity and stability of profit distribution policy in the future. Dividends on the Preference Shares shall be paid in cash and the Preference Shareholders shall have priority over the Ordinary Shareholders in dividend distribution. Therefore, the proactive cash dividend policy implemented by the Company in the long run will not only provide great returns for Ordinary Shareholders, but also provide strong support for the normal payment of dividends on Preference Shares.

3. ***The sufficient accumulative undistributed profits of the Company will provide a reliable guarantee for paying dividends on Preference Shares or exercising the right to repurchase Preference Shares according to the issuance plan***

As of 30 September 2022, the accumulative undistributed profits in the consolidated financial statements of the Company and the parent company amounted to RMB161,566 million and RMB34,032 million, respectively. The sufficient accumulative undistributed profits of the Company will provide a reliable guarantee for paying dividends on Preference Shares or exercising the right to repurchase Preference Shares according to the issuance plan in the future.

4. ***The benefits generated from the Proceeds of the Preference Shares can be used as a key source of dividend payment for the Preference Shares***

The dividend rate of the Preference Shares shall not be higher than the annual average weighted return on net assets of the Company for the latest two accounting years according to the relevant provisions on the issuance of Preference Shares, thus the dividend rate of the Preference Shares will be lower than the return on net assets of the Company under normal circumstances. Therefore, the benefits generated from the Proceeds of the Preference Shares can cover the dividends to be paid on the Preference Shares and will be a key source of dividend payment for the Preference Shares if the business development and profitability of the Company remain basically stable.

5. ***The outstanding bonds of the Company will not have a material adverse effect on the dividend payment for Preference Shares or the exercise of the right to repurchase Preference Shares according to the issuance plan***

For the currently outstanding bonds of the Company, the Company will make reasonable arrangements for the repayment of principal and payment of interest for such bonds with its own capital and funds raised through other financing channels. Repayment of principal and payment of interest for such outstanding bonds will not have a material adverse effect on dividend payment for the Preference Shares or the exercise of the right to repurchase Preference Shares under the Proposed Issuance.

In conclusion, the Company is fully capable of paying dividends on Preference Shares on time or exercising the right to repurchase Preference Shares according to the issuance plan.

VII. STATEMENT AND COMMITMENTS OF THE BOARD IN CONNECTION WITH THE PROPOSED ISSUANCE**(I) Statement of the Board on whether there are equity financing plans in the next 12 months other than the Proposed Issuance**

The Board of the issuer has made the following statement: the Company will not exclude the possibility of raising funds through equity financing and other means in accordance with the actual situation of the Company, such as business operation and financial position, in the next 12 months other than the Proposed Issuance of Preference Shares. However, as of the announcement date of this Preliminary Plan, the Company has no other specific equity financing plan except for the Proposed Issuance of Preference Shares.

(II) Where there is a dilution in the current return resulting from the Proposed Issuance, the Board of the issuer makes commitments on specific measures to remedy returns and will realise such commitments in accordance with the relevant requirements of the State Council and the CSRC***1. Specific measures***

To ensure the effective use of the proceeds, effectively prevent the dilution of current return, and increase the return in the future, the Company undertakes that it will accelerate the development of its principal business and improve its profitability through strictly implementing the proceed management system and actively enhancing the efficiency of use of proceeds, continue to improve profit distribution policies, strengthen investor return mechanism and other measures, so as to improve asset quality, increase revenue, improve return in the future and achieve sustainable development to make up returns. Specific measures are as follows:

(1) Standardizing proceeds management to ensure the safe use of proceeds

To standardize the management and use of proceeds, the Company has developed and improved its Administrative Measures for the Use of Proceeds in accordance with the provisions and requirements of the Company Law, the Securities Law, Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds Raised by Listed Companies (2022 Revision) (《上市公司監管指引第2號 – 上市公司募集資金管理和使用的監管要求(2022年修訂)》) and other laws and regulations, and taking into account the actual conditions of the Company, which specifies that proceeds shall be deposited in special accounts and only be used for their specific purposes. The Board will standardize the management of proceeds to ensure its safe use in strict compliance with relevant laws and regulations as well as the requirements of the proceeds management system of the Company.

- (2) *Constantly improving profit distribution policies to strengthen investor return mechanism*

The Company will attach greater importance to the reasonable returns of investors. Pursuant to the requirements of the Notice on Further Implementation of Cash Dividends Distribution of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), and Regulatory Guidance for Listed Companies No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號 – 上市公司現金分紅》) issued by the CSRC, the Company has formulated the Shareholders' Return Plan for the Next Three Years (2023–2025) of China Communications Construction Company Limited in accordance with the provisions of relevant laws and regulations. The Company will strictly carry out relevant provisions to safeguard the legitimate interests of investors and strengthen the mechanism that safeguards the interests of minority investors.

- (3) *Improving corporate governance structure to enhance operation and management efficiency*

Upon receiving the proceeds from the Proposed Issuance, the Company will continue to enhance its internal operation and management level and optimize its business procedures and internal control system, with a view to reducing the operation costs and improving the asset operation efficiency of the Company. In addition, the Company will continue to promote the establishment of talent development system and optimize incentive mechanism to motivate all employees of the Company and inspire their creativity. The measures above will enhance the operation efficiency and reduce the cost of the Company, thus improving the operation performance of the Company.

2. *Relevant undertakings*

In addition to the above measures, upon the completion of the issuance of Preference Shares to specific subscribers, the Directors and senior management of the Company will continue to perform duties and uphold the legitimate rights and interests of the Company and all Shareholders faithfully and diligently, and make the following undertakings pursuant to relevant requirements of the CSRC and the SSE to secure the effective implementation of the remedial measures of the Company:

- “(i) I hereby undertake to perform my duties and uphold the legitimate rights and interests of the Company and all Shareholders faithfully and diligently;
- (ii) I hereby undertake not to convey any benefits to other entities or individuals for free or under unfair terms or otherwise jeopardise the interests of the Company;
- (iii) I hereby undertake to limit my spending when performing my duties;
- (iv) I hereby undertake not to use the assets of the Company in making investments or expenditures other than in relation to the performance of my duties;

- (v) I hereby undertake to procure that the remuneration package formulated by the Board or the Remuneration Committee shall be correlated with the implementation of the remedial measures of the Company, and I shall vote for the resolutions regarding the remuneration package to be considered by the Board (if entitled to vote or have voting rights);
- (vi) If the Company proposes to implement any share incentive scheme in the future, I undertake to procure that the conditions for exercising options under the share incentive scheme to be announced shall be correlated with the implementation of the remedial measures of the Company, and I shall vote for the resolutions regarding such scheme to be considered by the Board (if entitled to vote or have voting rights);
- (vii) From the date of this undertaking letter to the completion of implementation of the Proposed Issuance, if the CSRC promulgates other new regulatory provisions on remedial measures and the relevant undertakings, and the above undertakings cannot satisfy such regulatory provisions as promulgated by the CSRC, I undertake to issue supplementary undertakings then according to the latest stipulations of the CSRC;
- (viii) I undertake to fully execute the relevant remedial measures formulated by the Company and each undertaking I made in relation to remedial measures. If I breach such undertakings and cause any loss to the Company or investors, I am willing to bear the relevant legal responsibility in accordance with the laws.”

CCCG, the controlling Shareholder of the Company has undertaken the following to secure the effective implementation of the remedial measures of the Company:

- “(i) The company will strictly comply with laws and regulations and relevant regulatory rules of the China Securities Regulatory Commission (“CSRC”) and the regulatory rules of the stock exchange on which the Company’s shares are listed, shall not interfere with the business and management activities of the listed companies beyond its authority, and shall not encroach on the interests of listed companies;
- (ii) From the date of this undertaking letter to the completion of implementation of the Proposed Issuance, if the CSRC promulgates other new regulatory provisions on remedial measures and the relevant undertakings, and the above undertakings cannot satisfy such regulatory provisions as promulgated by the CSRC, the company undertakes to issue supplementary undertakings then according to the latest stipulations of the CSRC;

- (iii) The company undertake to fully execute the relevant remedial measures formulated by listed companies and each undertaking the company made in relation to remedial measures. If the company breach such undertakings and cause any loss to the listed companies or investors, the company is willing to indemnify the listed companies or investors in respect of any losses incurred in accordance with the laws.”

SECTION VI AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN RELATION TO THE PROPOSED ISSUANCE

The Company proposed to make the issuance of Preference Shares to specific subscribers. In accordance with the Company Law, the Securities Law, the State Council’s Guiding Opinions on the Launching of the Pilot Scheme of Preference Shares (《國務院關於開展優先股試點的指導意見》), the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》), the Guidelines on the Bylaws of Listed Companies (《上市公司章程指引》) and other laws, regulations and normative documents, and taking into account the actual conditions, the Company proposed to amend certain articles of the Articles of Association accordingly. The proposed amended Articles of Association, subject to the consideration and approval of the Board and general meeting(s), shall take effect from the date of issuance of the Preference Shares. Details of amendments are as follows:

I. PROFIT DISTRIBUTION

(I) Dividends rate of Preference Shares

Dividends on the Preference Shares will be paid by the Company in cash. Dividends on the Preference Shares shall be paid annually. The dividends will be accrued from the last day for receiving investors’ subscription payments for the current Preference Shares issued by the Company. The dividend distribution date shall be the anniversary date of the last day for receiving investors’ subscription payments for the current Preference Shares. If any dividend distribution date falls on a statutory holiday or weekend, it shall be deferred to the next working day. Any tax payable for the dividend on the Preference Shares received by Preference Shareholders shall be borne by Preference Shareholders in accordance with relevant laws and regulations.

(II) Preference Shareholders are not entitled to distribution of remaining profit

The preference shareholders of the Company under the Proposed Issuance, upon receiving dividends at the agreed coupon rate, shall not be entitled to the distribution of the remaining profit together with Ordinary Shareholders.

(III) Non-mandatory distribution of dividends on Preference Shares

Unless the occurrence of any trigger events for compulsory payment, the general meeting of the Company shall be entitled to determine to cancel the payment of part of or full current dividend on the Preference Shares, which shall not constitute a default by the Company. Trigger events for compulsory payment mean the occurrence of any of the following events within 12 months prior to the dividend payment date:

1. the payment of dividend to the Ordinary Shareholders by the Company (including cash, shares, a combination of both cash and shares and other methods in compliance with the laws and regulations);
2. the reduction of registered share capital (except for the redemption and cancellation of Shares due to share incentive plan or the redemption and cancellation of Ordinary Shares as a result of issuing Preference Shares).

(IV) Cumulative dividends on preference shares

Dividends on Preference Shares under the Proposed Issuance will be cumulative, which means that the shortfall arising from any dividends not paid in full to the Preference Shareholders for the previous year will be accumulated to the following year, and shall not constitute a default by the Company.

(V) Priority distribution of dividends on Preference Shares

The Company may distribute fixed dividends to the Preference Shareholders of the Company calculated at the corresponding dividend rate at first if there are distributable profit left after recovering losses and making allocations to its reserve fund according to relevant laws, and the remaining should be distributed to the Ordinary Shareholders in proportion to their shareholding, save for distribution which is not made in proportion to shareholding as specified in the Articles of Association.

The Board, subject to the authorization of the general meeting, shall declare and pay all dividends on the Preference Shares under the framework and principles considered and approved by the general meeting in relation to the Preference Shares and in accordance with the agreements set out in the issuance documents. In case of the cancellation of payment of part of or full current dividend on the Preference Shares, such matter shall also be considered and approved at the general meeting of the Company and shall be informed to the Preference Shareholders by the Company at least 10 working days prior to the dividend payment date in accordance with the requirements by relevant regulatory departments.

The Preference Shares issued in different tranches will have equal priority to dividend distribution. The Preference Shareholders shall take precedence over Ordinary Shareholders in distribution of dividends. The Company will not distribute any profit to Ordinary Shareholders unless the agreed current dividend on Preference Shares has been fully paid.

II. DISTRIBUTION OF REMAINING PROPERTY

If the Company is subject to liquidation as a result of dissolution, bankruptcy or other reasons, the residual property of the Company after settlement in accordance with the relevant requirements of laws and regulations, shall be distributed to the shareholders in the following sequences and method:

1. pay the sum of par value of the Preference Shares plus the current declared but unpaid dividends to the Preference Shareholders. If the residual property is not sufficient, then such distribution shall be made on a pro rata basis in accordance with the shareholding percentages of the Preference Shareholders in the total Preference Shares;
2. distribute to the Ordinary Shareholders on a pro rata basis in accordance with the shareholding percentages of the Ordinary Shareholders in the total ordinary shares.

III. VOTING RIGHT RESTRICTION AND RESTORATION**(I) Restrictions on voting rights of Preference Shares**

The Preference Shareholders have no right to make a request to, convene, preside over, attend, or attend by proxy any general meeting, nor do they have voting rights, save as the matters to be voted by the Preference Shareholders in accordance with the laws and regulations or the Articles of Association.

In any of the following events, the notice of the general meeting shall be delivered to the Preference Shareholders prior to convention of such meeting by the Company. The Preference Shareholders vote on the following matters separately from the Ordinary Shareholders. Each Preference Share shall have one vote, but the Preference Shares held by the Company shall have no voting right:

1. any amendment to the provisions of the Articles of Association regarding the Preference Shares;
2. any reduction of the registered share capital of the Company by more than 10%, whether on an individual or cumulative basis;
3. any merger, division, dissolution or change of organizational form of the Company;
4. any issuance of Preference Shares;
5. any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.

Resolutions on the matters above shall be approved by at least two thirds of the votes represented by the Preference Shareholders present at the meeting (excluding the Preference Shareholders with voting rights restored), in addition to the approval by at least two thirds of the votes represented by the Ordinary Shareholders present at the meeting (including the Preference Shareholders with voting rights restored).

(II) Restoration of voting rights of preference shareholders

If the Company fails to pay dividends to the Preference Shareholders as agreed for three accounting years in aggregate or two consecutive accounting years, the Preference Shareholders shall have the same right to attend and vote at the general meetings with Ordinary Shareholders from the date immediately following the day when the general meeting has approved the cancellation of payment of current dividend on the Preference Shares or the date immediately following the day when the current dividend has not been paid as agreed.

The number of voting rights of Ordinary A Shares entitled to each Preference Share at the time of restoring the voting rights shall be calculated using the following formula: $N=V/P_n$. Wherein, V is the total par value of Preference Shares held by the Preference Shareholders; P_n , the stimulated conversion price, is the net asset value per Share attributable to owners of the parent as disclosed in the Company's audited consolidated financial statements as at 31 December 2021, namely RMB14.01 per Share. The number of voting rights restored shall be rounded down to the nearest integer.

The stimulated conversion price at the time of restoring the voting rights will be adjusted as prescribed by the issuance plan.

After the voting rights are restored, the voting rights of the Preference Shareholders under the voting rights restoration terms from the date of full payment shall be immediately terminated when the Company has fully paid the owed and payable dividends, unless the laws, regulations and the Articles of Association stipulate otherwise. The voting rights of Preference Shareholders will be restored again if subsequent event retriggers the voting rights restoration term.

IV. SPECIFIC CONDITIONS ON REPURCHASE OF PREFERENCE SHARES

If the Company repurchase its Ordinary Shares, or is subject to a merger, division or any other circumstances that may lead to changes in the Company's Shares and Shareholders' interest and thereby affect the rights and interests of the Preference Shareholders, the Company is entitled to adjust the stimulated conversion price upon voting rights restoration in a fair, just and equitable manner in order to fully protect and keep balance of the rights and interests of the Preference Shareholders and the Ordinary Shareholders. The contents and the mechanism relating to the adjustment of the stimulated conversion price upon voting rights restoration applicable to such circumstances will be formulated in accordance with applicable PRC laws and regulations.

The Company may repurchase the Preference Shares of the Company in accordance with the Articles of Association, subject to the conditions set forth in the relevant laws and regulations.

The redemption right of the Preference Shares of the Company rests on the Company, and no resale clauses for investors are provided.

The redemption period of the Preference Shares is from the fifth anniversary of the first dividend accruing date (in the event of issuing by tranches, on the first dividend accruing date of each tranche respectively) up to the date of full redemption.

Following the fifth anniversary of the first dividend accruing date (in the event of issuing by tranches, on the first dividend accruing date of each tranche respectively), the Company is entitled to redeem and cancel all or part of the Preference Shares on every dividend distribution date. Where a partial redemption was decided to be carried out by the Company, the Company shall redeem the Preference Shares from all Preference Shareholders of the same tranche by the corresponding proportion. Save for the requirements of the laws and regulations, the redemption of the Preference Shares is not subject to other conditions.

The total number of outstanding Preference Shares shall be written down accordingly upon repurchase of Preference Shares by the Company in accordance with the Articles of Association.

The redemption price of the preference shares shall be the par value plus the current resolved payment of but unpaid dividends on the preference shares.

The general meeting authorizes the Board, under the framework and principles considered and approved by the general meeting, to deal with, at its sole discretion, all matters in relation to the redemption in accordance with the relevant laws and regulations, approvals and market conditions.

V. OTHER AMENDMENTS IN THE ARTICLES OF ASSOCIATION REGARDING THE PREFERENCE SHARES

(I) Arrangements for the issuance of preference shares

Except prescribed otherwise by laws, administrative regulations, departmental rules and regulations, the local securities supervision and administration authorities at the place of listing the Company's shares and the Articles of Association, the rights and obligations of the Preference Shareholders and the management of the Preference Shares shall comply with the relevant stipulations in the Articles of Association. With the approval of the SSE and registration with the securities regulatory body under the State Council, the Company may issue the preference shares. The issued Preference Shares of the Company shall not exceed 50% of the total number of the Ordinary Shares of the Company and the amount of funds raised shall not exceed 50% of the net assets before the issuance. The Preference Shares repurchased or converted shall not be included in the calculation.

(II) Arrangements for equal rights and obligations in respect of the same class of shares

The issuance of shares by the Company shall adhere to the principles of openness, fairness and justice. Ordinary Shares shall rank *pari passu* with each other; Preference Shares of the same terms of issuance shall rank *pari passu* with each other.

(III) Rights of Preference Shareholders

Shareholders holding the Preference Shares of the Company shall be entitled to the following rights:

1. To obtain the dividend in accordance with the terms and proportion of their Preference Shares held;
2. In the case of meeting the conditions prescribed by Article 293 of the Articles of Association, the Preference Shareholders of the Company shall be entitled to attend and vote at the general meeting of the Company;
3. To inspect the Articles of Association, the Shareholders' register, the counterfoils of corporate bonds, the minutes of the general meeting, the resolutions of the Board Meeting, the Meeting Resolutions of the Supervisory Committee and the financial and accounting reports;
4. In the case of occurring the situations prescribed in Article 294 of the Articles of Association, to restore the voting rights in accordance with the means stipulated by the article, until the date on which the Company has fully paid the payable dividends on the current Preference Shares;
5. To be distributed the remaining properties of the Company superior to the Ordinary Shareholders;
6. Other rights entitled to the Preference Shareholders as prescribed by laws, administrative regulations, departmental rules and regulations and the Articles of Association.

I. USE OF PROCEEDS

The Company proposes to issue up to 300 million Preference Shares with the total proceeds not more than RMB30 billion, and the net proceeds after deducting the issuance expenses will be entirely used for replenishing working capital.

II. NECESSITY ANALYSIS OF THE USE OF PROCEEDS

The transportation infrastructure industry in which the Company is engaged is capital-intensive. Infrastructure investment projects are characterized by large initial capital investment and long investment return cycle, so the Company must have sufficient liquidity to maintain project operations and meet the needs of the Company amid its continuous business development. Since the issuance of preference shares in 2015, the Company has met its daily production and operation and investment needs mainly through bank loans and the issuance of debt financing instruments such as corporate bonds and short-term financing bonds, and its gearing ratio has been maintaining at a high level.

As of 30 September 2022, relevant financial indicators of the Company and comparable listed companies engaged in the same industry are as follows:

Name of the company	Current ratio (times)	Quick ratio (times)	Gearing ratio (%)
China State Construction	1.35	0.80	74.32
China Railway	1.05	0.79	73.84
China Railway Construction	1.11	0.77	75.94
China Metallurgical	1.14	0.96	75.05
PowerChina	0.94	0.90	78.68
China National Chemical Engineering	1.19	1.13	70.17
China Energy Engineering	1.14	0.95	75.04
Average	1.13	0.90	74.72
CCCC	0.96	0.85	73.21

Source: Publicly disclosed information of listed companies

According to the above table, the levels of current ratio and quick ratio of CCCC are slightly lower than the average level of comparable companies in the same industry, and the level of gearing ratio is slightly better than the average level of comparable companies in the same industry.

The proceeds from the Proposed Issuance are intended to be entirely used to replenish the working capital. Such proceeds will, on the one hand, further optimize the capital structure of CCCC, significantly enhance the stability and adequacy of the Company's working capital, reduce the gearing ratio and increase the current ratio and quick ratio, which is in turn conducive to reducing financial risks and improving the Company's comprehensive risk-resistance capacity. On the other hand, it will also help meet the capital needs of the Company amid its business development and provide long-term stable financial support for its high-quality development.

III. FEASIBILITY ANALYSIS OF THE USE OF PROCEEDS

(I) The Proposed Issuance of Preference Shares and use of proceeds are in compliance with laws and regulations

CCCC has a sound corporate governance structure, comprehensive internal control system, excellent asset quality, good financial position and sustainable profitability. The Company's proposed issuance of Preference Shares to specific subscribers and the use of all the proceeds to replenish working capital are in compliance with provisions of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision) (《優先股試點管理辦法(2023年修訂)》), the Opinions on the Application of the Relevant Provisions of Rules 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures on the Registration of Securities Issuance by Listed Companies – Opinions on the Application of Securities and Futures Law No. 18 (《〈上市公司證券發行註冊管理辦法〉第九條、第十條、第十一條、第十三條、第四十條、第五十七條、第六十條有關規定的適用意見 – 證券期貨法律適用意見第18號》) and other relevant laws and regulations, and are feasible.

(II) The Company has established sound governance standards and internal control system for the use of proceeds

In order to regulate the management and use of proceeds of the Company and protect the rights and interests of investors, the Company has established a system for the management of proceeds in accordance with relevant laws and regulations and the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds Raised by Listed Companies (2022 Revision) (《上市公司監管指引第2號 – 上市公司募集資金管理和使用的監管要求(2022年修訂)》), which expressly stipulates provisions for the storage, use and management of proceeds to ensure the standard, safety and efficiency in use of the proceeds. After the proceeds from the proposed issuance of Preference Shares to specific subscribers are available, the Company will deposit such proceeds in a special account designated by the Board in accordance with requirements of the rules and make sure they are used for their designated purposes, so as to ensure the reasonable and regulated use of the proceeds and prevent risks associated with the use of the proceeds.

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Resolutions on the issuance of Preference Shares to specific subscribers were considered by CCCC at the sixteenth meeting of the fifth session of the Board held on 21 March 2023. Pursuant to the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights of Minority Investors in the Capital Market (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) (Guo Ban Fa [2013] No. 110), the Opinions of the State Council on Further Promoting the Sound Development of Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》) (Guo Fa [2014] No. 17) and the Guiding Opinions on Matters Concerning the Dilution of Current Return by IPO, Refinancing and Material Asset Reorganization (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) (CSRC Announcement [2015] No. 31) and the requirements of other relevant documents, the Company has truly and properly conducted an analysis on the dilution of returns for the current period due to the issuance of Preference Shares to specific subscribers and proposed specific measures to make up the returns, in order to protect the rights to knowledge and safeguard the interests of minority investors. The relevant parties have made commitments to properly implement the remedial measures of the Company. Details are set out as follows:

I. ESTIMATION OF THE IMPACT OF THE DILUTION OF RETURNS FOR THE CURRENT PERIOD BY THE ISSUANCE OF PREFERENCE SHARES TO SPECIFIC SUBSCRIBERS ON MAJOR FINANCIAL INDICATORS OF THE COMPANY

(I) Assumptions

1. Assuming that no significant changes occur in the macro-economic environment, the general policy of the industry, the development trend of the industry and other respects;
2. The effect of the proceeds from the Proposed Issuance on the production, operation and financial status (such as financial expenses and investment income) of the Company is not considered;
3. Assuming that the number of Preference Shares under the Proposed Issuance does not exceed 300,000,000 shares and that the Company could raise total proceeds of not more than RMB30.0 billion from the issuance (without considering the impact of issuance expenses). The above number of Preference Shares to be issued thereunder and the total proceeds to be raised from the issuance are assumed amounts only, and the actual number of Preference Shares and the final total proceeds are subject to factors including approval of the SSE and registration with the CSRC, subscription under the issuance and issuance expenses;
4. Assuming that the net profit attributable to the Ordinary Shareholders of the Company and the net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses for 2022 shall be the annualized data of those amounts for the third quarter of 2022; and on this basis, further assuming that the net profit attributable to the Ordinary Shareholders of the Company and the net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses for 2023 shall increase at estimated growth rates of 0%, 10% and 20%, respectively;

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This profit assumption is for illustrative purpose only, and does not represent the profit forecast of the Company for the net profit in 2023;

5. Assuming that the issuance of Preference Shares to specific subscribers will be completed in the second half of 2023 (for illustration purpose only and not representing the actual time of the Proposed Issuance, which will be subject to the actual time of completion upon registration being finished with the CSRC for the Proposed Issuance; and investors shall not make investment decisions in reliance of such assumption, and the Company disclaims any responsibility for any losses of the investors arising from investment decisions based thereon). Pursuant to the issuance plan for Preference Shares, the annual dividend payment date shall be the anniversary date of the last day for payment for the issuance of Preference Shares. However, for prudential reasons, the Company has made the following illustrations assuming that the Preference Shares will be in issue in the beginning of 2023 and dividends will be paid in full in respect of the full year of 2023 with a dividend rate of 5.00% (for illustration purpose only and not representing the expected dividend rate of the Preference Shares under the Proposed Issuance of the Company);
6. The anticipated total share capital of the Company is based on the total share capital of 16,165,711,425.00 shares of the Company as at 31 December 2022, with impact of the issuance of Preference Shares considered alone and without taking account of changes resulting from any other factors;
7. The anticipated net assets of the Company upon the issuance do not take into account the impact of factors other than cash dividends and net profit on the net assets;
8. The above assumptions are for illustration purpose only, and do not constitute our commitment, profit forecast or guarantee for the performance of the Company. Investors shall not make investment decisions in reliance on such assumptions and the Company disclaims any responsibility for any losses of the investors arising from investment decisions based thereon.

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(II) Process of measurement

Based on the above-mentioned assumptions, the impact of the dilution of current return for the issuance of Preference Shares to specific subscribers on the key financial indicators of the Company is calculated as follows:

Items	2022/31 December 2022	Before the Proposed Issuance (2023/31 December 2023)	After the Proposed Issuance (2023/31 December 2023)
Ordinary share capital (shares)	16,165,711,425.00	16,165,711,425.00	16,165,711,425.00
Preference share capital (shares)	–	–	300,000,000.00
Total proceeds from the Proposed Issuance (RMB)			30,000,000,000.00
Scenario 1: the net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses for 2023 increased by 0% as compared with that for 2022			
Net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses (RMB)	15,130,821,448.00	15,130,821,448.00	13,630,821,448.00
Basic earnings per share after deducting extraordinary profits or losses (RMB)	0.94	0.94	0.84
Diluted earnings per share after deducting extraordinary profits or losses (RMB)	0.94	0.94	0.84
Weighted average return on net assets deducting extraordinary profits or losses (%)	6.45%	5.96%	5.39%
Scenario 2: the net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses for 2023 increased by 10% as compared with that for 2022			
Net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses (RMB)	15,130,821,448.00	16,643,903,592.80	15,143,903,592.80
Basic earnings per share after deducting extraordinary profits or losses (RMB)	0.94	1.03	0.94
Diluted earnings per share after deducting extraordinary profits or losses (RMB)	0.94	1.03	0.94
Weighted average return on net assets deducting extraordinary profits or losses (%)	6.45%	6.53%	5.96%

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Items	2022/31 December 2022	Before the Proposed Issuance (2023/31 December 2023)	After the Proposed Issuance (2023/31 December 2023)
Scenario 3: the net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses for 2023 increased by 20% as compared with that for 2022			
Net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses (RMB)	15,130,821,448.00	18,156,985,737.60	16,656,985,737.60
Basic earnings per share after deducting extraordinary profits or losses (RMB)	0.94	1.12	1.03
Diluted earnings per share after deducting extraordinary profits or losses (RMB)	0.94	1.12	1.03
Weighted average return on net assets deducting extraordinary profits or losses (%)	6.45%	7.10%	6.53%

Note 1: Net profit attributable to the Ordinary Shareholders of the Company after deducting extraordinary profits or losses = net profit attributable to the Ordinary Shareholders of the Company – extraordinary profits or losses – dividends to which the Preference Shares are entitled for the current period – interests of perpetual bonds

Note 2: The calculation formula for basic earnings per share after deducting extraordinary profits or losses, diluted earnings per share after deducting extraordinary profits or losses, and weighted average return on net assets after deducting extraordinary profits or losses is calculated in accordance with the requirements of the Guiding Opinions on Matters Concerning the Dilution of Current Return by IPO, Refinancing and Material Asset Reorganization (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) formulated by the China Securities Regulatory Commission and the provisions in the Rules for the Preparation and Reporting of Information Disclosure by Companies with Public Offering No. 9 – the Calculation and Disclosure of Return on Net Assets and Earnings per Share (《公開發行證券的公司信息披露編報規則第9號 – 淨資產收益率和每股收益的計算及披露》).

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II. SPECIAL RISK WARNING REGARDING THE DILUTED RETURN OF THE ISSUANCE OF PREFERENCE SHARES TO SPECIFIC SUBSCRIBERS

As the Preference Shareholders take priority over the Ordinary Shareholders in profit distribution based on the agreed dividend rate, expenditures of dividends on Preference Shares will dilute the after-tax net profit of the Company attributable to the Ordinary Shareholders to a certain extent without taking into account any financial returns that may be generated from the use of proceeds. As a result, in the short term, the indicators such as the return on the Company's net assets and basic earnings per share may decline by a certain extent, and the Ordinary Shareholders may be exposed to risks of dilution of current return by the issuance of Preference Shares after receiving the proceeds.

Investors are hereby reminded to pay attention to the risk of dilution of current return on Ordinary Shares by the issuance of Preference Shares to specific subscribers. Meanwhile, the Company's remedial measures against the dilution of current return do not constitute the Company's guarantee for future profit. The Company will continue to disclose in periodic reports the completion status of the remedial measures for the dilution on the current return and the performance of commitments made by the relevant commitment parties.

III. THE ILLUSTRATION BY THE BOARD ON THE NECESSITY AND RATIONALITY OF THE ISSUANCE OF PREFERENCE SHARES TO SPECIFIC SUBSCRIBERS

The Company proposes to issue up to 300 million Preference Shares with the total proceeds not more than RMB30 billion, and the net proceeds after deducting issuance expenses will be entirely used for replenishing working capital.

(I) Analysis of the rationality of replenishing liquidity

The transportation infrastructure industry in which the Company is engaged is capital-intensive. Infrastructure investment projects are characterized by large initial capital investment and long investment return cycle, so the Company must have sufficient liquidity to maintain project operations and meet the needs of the Company amid its continuous business development. Since the issuance of preference shares in 2015, the Company has met its daily production and operation and investment needs mainly through bank loans and the issuance of debt financing instruments such as corporate bonds and short-term financing bonds, and its gearing ratio has been maintaining at a high level.

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As of 30 September 2022, relevant financial indicators of the Company and comparable listed companies engaged in the same industry are as follows:

Name of the company	Current ratio (times)	Quick ratio (times)	Gearing ratio (%)
China State Construction	1.35	0.80	74.32
China Railway	1.05	0.79	73.84
China Railway Construction	1.11	0.77	75.94
China Metallurgical	1.14	0.96	75.05
PowerChina	0.94	0.90	78.68
China National Chemical Engineering	1.19	1.13	70.17
China Energy Engineering	1.14	0.95	75.04
Average	1.13	0.90	74.72
CCCC	0.96	0.85	73.21

Source: Publicly disclosed information of listed companies

According to the above table, the levels of current ratio and quick ratio of CCCC are slightly lower than the average level of comparable companies in the same industry, and the level of gearing ratio is slightly better than the average level of comparable companies in the same industry.

The proceeds from the issuance are intended to be entirely used to replenish the working capital. Such proceeds will, on the one hand, further optimize the capital structure of CCCC, significantly enhance the stability and adequacy of the Company's working capital, reduce the gearing ratio and increase the current ratio and quick ratio, which is in turn conducive to reducing financial risks and improving the Company's comprehensive risk-resistance capacity. On the other hand, it will also help meet the capital needs of the Company amid its business development and provide long-term stable financial support for its high-quality development.

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IV. RELATIONSHIPS BETWEEN THE INVESTMENT PROJECTS TO BE FINANCED WITH THE PROCEEDS AND THE EXISTING BUSINESSES OF THE COMPANY, AND PREPARATIONS IN TERMS OF HUMAN RESOURCES, TECHNOLOGIES AND MARKET MADE FOR THE INVESTMENT PROJECTS TO BE FINANCED WITH THE PROCEEDS

The proceeds from the Proposed Issuance are intended to be used for replenishing working capital. The replenishment of working capital with the proceeds will further strengthen the capital strength of the Company, and improve its market competitiveness, thus boosting the growth of its principal businesses. The investment projects to be financed with the proceeds from the issuance of the Preference Shares to specific subscribers do not involve any preparation in terms of human resources, technologies and market.

V. REMEDIAL MEASURES FOR DILUTED CURRENT RETURNS OF THE ISSUANCE OF THE PREFERENCE SHARES TO SPECIFIC SUBSCRIBERS BY THE COMPANY

To ensure the effective use of the proceeds, effectively prevent the dilution of current return, and increase the return in the future, the Company undertakes that it will accelerate the development of its principal business and improve its profitability through strictly implementing the proceed management system and actively enhancing the efficiency of the use of proceeds, continue to improve profit distribution policies, strengthen investor return mechanism and other measures, so as to improve asset quality, increase revenue, improve return in the future and achieve sustainable development to make up returns. Specific measures are as follows:

1. Standardizing proceeds management to ensure the safe use of proceeds

To standardize the management and use of proceeds, the Company has developed and improved its Administrative Measures for the Use of Proceeds in accordance with the provisions and requirements of the Company Law, the Securities Law, the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds Raised by Listed Companies (2022 Revision) (《上市公司監管指引第2號 – 上市公司募集資金管理和使用的監管要求(2022年修訂)》) and other laws and regulations, and taking into account the actual conditions of the Company, which specifies that proceeds shall be deposited in special accounts and only be used for their specific purposes. The Board will standardize the management of proceeds to ensure its safe use in strict compliance with relevant laws and regulations as well as the requirements of the proceeds management system of the Company.

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2. Constantly improving profit distribution policies to strengthen investor return mechanism

The Company will attach greater importance to the reasonable returns of investors. Pursuant to the requirements of the Notice on Matters Relating to the Further Implementation of Cash Dividend Payment by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), and Regulatory Guidance to Listed Companies No. 3 – Cash Dividend Payments by Listed Companies (《上市公司監管指引第3號 – 上市公司現金分紅》) issued by the CSRC, the Company has formulated the Shareholders' Return Plan for the Next Three Years (2023–2025) of China Communications Construction Company Limited in accordance with the provisions of relevant laws and regulations. The Company will strictly carry out relevant provisions to safeguard the legitimate interests of investors and strengthen the mechanism that safeguards the interests of minority investors.

3. Improving corporate governance structure to enhance operation and management efficiency

Upon receiving the proceeds from the Proposed Issuance, the Company will continue to enhance its internal operation and management level and optimize its business procedures and internal control system, with a view to reducing the operation costs and improving the asset operation efficiency of the Company. In addition, the Company will continue to promote the establishment of talent development system and optimize incentive mechanism to motivate all employees of the Company and inspire their creativity. The measures above will enhance the operation efficiency and reduce the cost of the Company, thus improving the operation performance of the Company.

VI. UNDERTAKINGS GIVEN BY DIRECTORS AND SENIOR MANAGEMENT IN RELATION TO REMEDIAL MEASURES FOR DILUTED CURRENT RETURN OF THE ISSUANCE OF PREFERENCE SHARES TO SPECIFIC SUBSCRIBERS BY THE COMPANY

Upon the completion of the issuance of Preferred Shares to specific subscribers, the Directors and senior management of the Company will continue to perform duties and uphold the legitimate rights and interests of the Company and all Shareholders faithfully and diligently, and make the following undertakings pursuant to relevant requirements of the CSRC and the Shanghai Stock Exchange to secure the effective implementation of the remedial measures of the Company:

1. I hereby undertake to perform my duties and uphold the legitimate rights and interests of the Company and all Shareholders faithfully and diligently;
2. I hereby undertake not to convey any benefits to other entities or individuals for free or under unfair terms or otherwise jeopardise the interests of the Company;
3. I hereby undertake to limit my spending when performing my duties;
4. I hereby undertake not to use the assets of the Company in making investments or expenditures other than in relation to the performance of my duties;

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5. I hereby undertake to procure that the remuneration package formulated by the Board or the Remuneration Committee shall be correlated with the implementation of the remedial measures of the Company, and I shall vote for the resolutions regarding the remuneration package to be considered by the Board (if entitled to vote or have voting rights);
6. If the Company proposes to implement any share incentive scheme in the future, I undertake to procure that the conditions for exercising options under the share incentive scheme to be announced shall be correlated with the implementation of the remedial measures of the Company, and I shall vote for the resolutions regarding such scheme to be considered by the Board (if entitled to vote or have voting rights);
7. From the date of this undertaking letter to the completion of implementation of the Proposed Issuance, if the CSRC promulgates other new regulatory provisions on remedial measures and the relevant undertakings, and the above undertakings cannot satisfy such regulatory provisions as promulgated by the CSRC, I undertake to issue supplementary undertakings then according to the latest stipulations of the CSRC;
8. I undertake to fully execute the relevant remedial measures formulated by the Company and each undertaking I made in relation to remedial measures. If I breach such undertakings and cause any loss to the Company or investors, I am willing to bear the relevant legal responsibility in accordance with the laws.

**VII. UNDERTAKINGS GIVEN BY CONTROLLING SHAREHOLDERS IN RELATION TO
REMEDIAL MEASURES FOR DILUTED CURRENT RETURN OF THE ISSUANCE OF
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CCCG, the controlling Shareholder of the Company has undertaken the following to secure the effective implementation of the remedial measures of the Company:

1. The Company will strictly comply with laws and regulations and relevant regulatory rules of the China Securities Regulatory Commission (“CSRC”) and the regulatory rules of the stock exchange on which the Company’s shares are listed, shall not interfere with the business and management activities of the listed companies beyond its authority, and shall not encroach on the interests of listed companies;
2. From the date of this undertaking letter to the completion of implementation of the Proposed Issuance, if the CSRC promulgates other new regulatory provisions on remedial measures and the relevant undertakings, and the above undertakings cannot satisfy such regulatory provisions as promulgated by the CSRC, the Company undertakes to issue supplementary undertakings then according to the latest stipulations of the CSRC;
3. The Company undertake to fully execute the relevant remedial measures formulated by listed companies and each undertaking the Company made in relation to remedial measures. If the Company breach such undertakings and cause any loss to the listed companies or investors, the Company is willing to indemnify the listed companies or investors in respect of any losses incurred in accordance with the laws.

To perfect and improve the scientific, sustainable and stable dividends distribution decision-making and supervision mechanism of China Communications Construction Company Limited (hereinafter referred to as the “**Company**”), proactively generate returns to Shareholders and steer Shareholders towards long-term and reasonable investment, the Shareholders’ Return Plan for the Next Three Years (2023–2025) of China Communications Construction Company Limited (hereinafter referred to as the “**Plan**”) has been hereby formulated by the Board of the Company in accordance with the Company Law of the People’s Republic of China, Notice on Matters Relating to the Further Implementation of Cash Dividend Payment by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) (Zheng Jian Fa [2012] No. 37), Regulatory Guidance to Listed Companies No. 3 – Cash Dividend Payments by Listed Companies (2022 Revision) (《上市公司監管指引第3號 – 上市公司現金分紅(2022年修訂)》) (CSRC Announcement [2022] No. 3) issued by China Securities Regulatory Commission and other laws and regulations as well as the Articles of Association of China Communications Construction Company Limited (hereinafter referred to as the “**Articles of Association**”) and other relevant requirements, taking into account the Company’s actual situations.

I. THE FUNDAMENTAL PRINCIPLES ON WHICH THE PLAN IS FORMULATED

The formulation of the Plan shall comply with the relevant laws and regulations and the requirements of the Articles of Association, pay attention to the reasonable returns for investors and give consideration to the sustainable growth of the Company and fully listen to the opinions and demands of Shareholders (especially minority Shareholders), while taking into account the opinions of the independent Directors and supervisors. Provided that the requirements for the normal production and operation of the Company are met, the Company will implement positive, continuous and stable profit distribution policy.

II. CONSIDERATIONS OF THE COMPANY IN THE FORMULATION OF THE PLAN

The Plan has been formulated by the Company based on the features of the industry where the Company operates and its development trend, with consideration of various factors, such as the actual circumstances and development goals of the Company, wishes and desires of the Shareholders, external financing costs, financing environment, so as to achieve long-term and sustainable development of the Company and establish a sustainable, stable and scientific return mechanism for the investors to maintain the continuity and stability of the profit distribution policy.

III. SPECIFIC SHAREHOLDERS’ RETURN PLAN OF THE COMPANY FOR THE NEXT THREE YEARS (2023–2025)

(I) Profit distribution form

1. The Company may distribute dividends in cash, shares, or a combination of both cash and shares, and shall give priority to adopting cash dividends for profit distribution.

2. In accordance with the Company Law and other relevant laws and regulations and the provisions of the Articles of Association, after recovering losses, full provisions of statutory reserve and discretionary reserve, the profit distributed to the Ordinary Shareholders in cash by the Company for each year shall be no less than ten percent of the profit available for distribution to the Ordinary Shareholders in such year. The specific ratio of the cash dividend for each year shall be formulated by the Board of the Company pursuant to the relevant requirements of the China Securities Regulatory Commission and the Company's actual situations and shall be considered and approved by the general meeting of the Company.

The conditions of cash dividends are as follows:

- (1) The Company's distributable profit (i.e., the Company's after-tax profit after recovering losses, provisions of reserve and payment of dividends on the Preference Shares) and the accumulated undistributed profit for the year are positive;
- (2) The auditor issues a standard unqualified audit report on the Company's financial reports for the year.

Save for the abovementioned conditions of dividends, for the next three years (2023–2025), the Board of the Company shall also comprehensively take into account the features of the industry where the Company operates, its stage of development, its own business model, and profitability and the factors such as whether there is substantial capital expenditure arrangement to determine the minimum ratio of profit distribution of the Company in cash for each year by distinguishing the following situations:

- (1) Where the Company is in a developed stage without substantial capital expenditure arrangements, the cash dividends shall be no less than 80% of the total profit distribution;
- (2) Where the Company is in a developed stage with substantial capital expenditure arrangements, the cash dividends shall be no less than 40% of the total profit distribution; and
- (3) Where the Company is in a developing stage with substantial capital expenditure arrangements, the cash dividends shall be no less than 20% of the total profit distribution.

In the case that it is difficult to distinguish the Company's stage of development but the Company has substantial capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provision.

3. The Company may otherwise distribute profits in the form of additional stock dividends when the Board believes that the Company's equity situation does not match the scale of the Company's growing operation, provided that the requirements for minimum cash dividends are met.

Conditions of distribution of stock dividends:

- (1) The Company has positive undistributed profits, positive distributable profits for the current period, and the cash flow of the Company can meet the needs of normal operation and sustainable development of the Company;
- (2) The auditor issues a standard unqualified audit report on the Company's financial reports for the year;
- (3) The Board considers that the price of the Company's shares does not match the size of the share capital of the Company. The Company shall include practical and reasonable factors such as the growth of the Company and the dilution of net assets per share, and has made the necessary analysis or explanation on the reasonableness of relevant factors in the public disclosure document. The Company may propose a stock dividend distribution proposal subject to the abovementioned conditions of cash dividends when the distribution of stock dividends is beneficial to the overall interests of all Shareholders of the Company.

(II) Intervals between cash dividends

Subject to the abovementioned conditions of cash dividends, the Company will proactively distribute dividends in cash. In principle, the cash dividends should be distributed once a year. The Board of the Company may make the proposal of conducting interim cash dividends according to the Company's profitability and capital demand. The specific distribution plans shall be formulated by the Board of the Company in accordance with the Company's actual operation and financial status and approved at the general meetings of the Company.

(III) Decision mechanism for profit distribution policy and plan

1. The profit distribution plan of the Company for each year shall be proposed by the Board in accordance with the Company's annual profitability and capital demand, on which the independent Directors shall express their clear and independent opinions. The plan shall be approved by more than half of the votes of all the Directors of the Board, and after that shall be submitted to the general meeting for consideration and approval.

2. When considering the specific cash dividend plan, the Board shall carefully study and establish matters such as the timing, conditions and minimum ratio, conditions for adjustment and requirements for decision-making process. Independent Directors shall express a clear opinion. Independent Directors can collect the views from minority Shareholders and make a proposal for dividend distribution and directly submit it to the Board for consideration and approval.
3. While considering the specific cash dividend plan on the Shareholders' general meeting, the Company should maintain active communications and exchange with Shareholders, particularly minority Shareholders through various channels (telephone, fax, e-mail, interactive platform and online voting, etc.), fully listen to opinions and appeals of minority Shareholders and answer their concerns in a timely manner.
4. When the conditions of cash dividends are met in the year and the Board does not make the proposal for profit distribution in cash or proposes to distribute profit with a cash dividend ratio lower than required by the Plan in that year, the reasons shall be provided and disclosed in the annual report and the independent Directors shall individually express their opinion on such condition. The profit distribution plan of the Company in that year shall be approved by a two-third majority of the Shareholders attending the general meeting.

(IV) Adjustment procedures for profit distribution policy

The Company may adjust its profit distribution policy based on factors including operation conditions, investment planning, and long-term development needs. Resolutions for the adjustment in profit distribution policy shall be proposed by the Board of the Company based on the actual condition and submitted to the general meeting for consideration and approval and shall be passed with a two-third majority of the Shareholders attending the general meeting. The adjusted profit distribution policy shall focus on protecting the interests of Shareholders and shall not contravene the relevant requirements of China Securities Regulatory Commission and stock exchange.

IV. OTHERS

Any matters not covered in the Plan are subject to the relevant laws, regulations, regulatory documents and the Articles of Association. The right to interpret the Plan shall go to the Board. The Plan will come into force from the date of approval of the resolution at the general meeting.

Details of proposed amendments to the Articles of Association are set out as follows:

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 1	These Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Guidelines on Articles of Association of Listed Companies (hereinafter referred to as the “Guidelines on Articles”), the Listing Rules of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Constitution of the Communist Party of China (hereinafter referred to as the “Party Constitution”), Working Rules of Basic Organizations of the State-owned Enterprises of the Communist Party Committee of China (Trial) and other relevant requirements with an aim to safeguard the legal interests of China Communications Construction Company Limited (hereinafter referred to as the “Company”), its shareholders and creditors and regulate the organization and conduct of the Company.	Article 1	These Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Guidelines on Articles of Association of Listed Companies (hereinafter referred to as the “Guidelines on Articles”), the Listing Rules of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, <u>the State Council’s Guiding Opinions on the Launching of the Pilot Scheme of Preference Shares, the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision)</u> , the Constitution of the Communist Party of China (hereinafter referred to as the “Party Constitution”), Working Rules of Basic Organizations of the State-owned Enterprises of the Communist Party Committee of China (Trial) and other relevant requirements with an aim to safeguard the legal interests of China Communications Construction Company Limited (hereinafter referred to as the “Company”), its shareholders and creditors and regulate the organization and conduct of the Company.	Supplement the legal basis for amending the Articles of Association.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 15	The shares issued by the Company shall have a par value. The ordinary shares have a par value of RMB1 per share.	Article 15	The shares issued by the Company shall have a par value. <u>Of which</u> the ordinary shares have a par value of RMB1 per share, and the preference shares have a par value of RMB100 per share.	Amendments are made in accordance with Item 1 under Article 32 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision).
Article 20	... On 23 October 2020, after the cancellation of 9,024,000 overseas-listed foreign shares repurchased by the Company, the Company's registered share capital and total share capital changed to RMB16,165,711,425 and 16,165,711,425 shares, comprising 11,747,235,425 RMB-denominated ordinary shares and 4,418,476,000 overseas-listed foreign shares, representing 72.67% and 27.33% of the registered capital, respectively.	Article 20	... On 23 October 2020, after the cancellation of 9,024,000 overseas-listed foreign shares repurchased by the Company, the Company's registered share capital and total share capital changed to RMB16,165,711,425 and 16,165,711,425 shares, comprising 11,747,235,425 RMB-denominated ordinary shares and 4,418,476,000 overseas-listed foreign shares, representing 72.67% and 27.33% of the registered capital, respectively. <u>Approved by the Shanghai Stock Exchange and registered with the CSRC on [•] 2023, the Company issued a total of [•] preference shares by the issuance to specific subscribers which were listed on the Shanghai Stock Exchange on [•] 2023.</u>	Amendments are made in accordance with Article 3 of the Guidelines on the Bylaws of Listed Companies.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 27	<p>...</p> <p>The Directors, Supervisors and senior management of the Company shall declare to the Company their holdings in the Company's shares and inform the same if there are any changes in their holdings subsequently. During their terms of office, shares being transferred every year must not exceed twenty-five percent of their holdings in the Company's shares in the same class. No transfer of their holdings shall be made within one year after the Company's ordinary shares were listed. No transfer of their holdings in the Company's shares shall be made within six months after they cease to hold their respective offices.</p>	Article 27	<p>...</p> <p>The Directors, Supervisors and senior management of the Company shall declare to the Company their holdings in the Company's shares <u>(including preference shares)</u> and inform the same if there are any changes in their holdings subsequently. During their terms of office, shares being transferred every year must not exceed twenty-five percent of their holdings in the Company's shares in the same class. No transfer of their holdings shall be made within one year after the Company's ordinary shares were listed. No transfer of their holdings in the Company's shares shall be made within six months after they cease to hold their respective offices.</p>	Amendments are made in accordance with Article 29 of the Guidelines on the Bylaws of Listed Companies.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 28	<p>When Directors, Supervisors or senior management of the Company or shareholders holding more than 5% of the voting shares of the Company sell their ordinary shares within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the Board of the Company shall repatriate any profits derived from such dealings and the profits derived shall be vested in the Company. However, securities companies holding over five percent of the ordinary shares of the Company as a result of acquiring remaining ordinary shares as an underwriter are not subject to the six-month restriction when selling shares.</p> <p>...</p>	Article 28	<p>When Directors, Supervisors or senior management of the Company or shareholders holding more than 5% of the voting shares of the Company sell their shares or other securities of equity nature within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the Board of the Company shall repatriate any profits derived from such dealings and the profits derived shall be vested in the Company. However, securities companies holding over five percent of the ordinary shares of the Company as a result of acquiring remaining ordinary shares as an underwriter and other circumstances stipulated by the CSRC are not subject to the six-month restriction when selling shares.</p> <p><u>The shares or other securities of equity nature held by Directors, Supervisors, senior management or natural person shareholders referred to in the preceding paragraph shall include the shares or other securities of equity nature held by their spouses, parents or children, and those held through the accounts of others.</u></p> <p>...</p>	Amendments are made in accordance with Article 30 of the Guidelines on the Bylaws of Listed Companies.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 36	If the Company cancels those shares it has bought back, which results in the change in the Company's registered capital, it shall apply for altering the registration of registered capital at the former registry. The total nominal value of the cancelled shares mentioned-above shall be subtracted from the Company's registered capital.	Article 36	If the Company cancels those shares it has bought back, which results in the change in the Company's registered capital, it shall apply for altering the registration of registered capital at the former registry. The total nominal value of the cancelled shares mentioned-above shall be subtracted from the Company's registered capital. <u>The total number of outstanding preference shares shall be written down accordingly upon repurchase of preference shares by the Company in accordance with the provisions hereof.</u>	Amendments are made in accordance with Article 26 of the Guidelines on the Bylaws of Listed Companies.
Article 105	When shareholders (including proxies) vote at a shareholders' general meeting, they shall exercise their voting rights represented by the number of voting shares. Each share held by ordinary shareholders shall have one voting right.	Article 105	When shareholders (including proxies) vote at a shareholders' general meeting, they shall exercise their voting rights represented by the number of voting shares. Each share held by ordinary shareholders shall have one voting right. <u>The holders of preference shares shall be entitled to have corresponding voting rights in accordance with the provisions of Article 293 and Article 294 of the Articles of Association.</u>	Amendments are made in accordance with Note to Article 76 of the Guidelines on the Bylaws of Listed Companies.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 110	<p>The following matters shall be passed by special resolution at a shareholder’s general meeting:</p> <p>(1) the Company’s increase or decrease of registered capital and issuance of any class of shares, warrants and other similar securities;</p> <p>(2) the Company’s issuance of corporate bonds;</p> <p>(3) the division, merger, dissolution and liquidation of the Company;</p> <p>(4) amendments to these Articles of Association;</p> <p>(5) Company’s purchase or sale of major assets or guaranteed amounts within one year in excess of thirty percent of the latest audited total assets of the Company;</p> <p>(6) equity incentive plans;</p> <p>(7) other matters which are required to be passed by special resolution under laws, administrative regulations or these Articles of Association, which are supposed to have a significant impact on the Company if they are passed by ordinary resolution at a shareholders’ general meeting, and which are required to be passed by special resolution.</p>	Article 110	<p>The following matters shall be passed by special resolution at a shareholder’s general meeting:</p> <p>(1) the Company’s increase or decrease of registered capital and issuance of any class of shares, warrants and other similar securities;</p> <p>(2) the Company’s issuance of corporate bonds;</p> <p>(3) the division, spin-off, merger, dissolution and liquidation of the Company;</p> <p>(4) amendments to these Articles of Association;</p> <p>(5) Company’s purchase or sale of major assets or guaranteed amounts within one year in excess of thirty percent of the latest audited total assets of the Company;</p> <p>(6) equity incentive plans;</p> <p>(7) other matters which are required to be passed by special resolution under laws, administrative regulations or these Articles of Association, which are supposed to have a significant impact on the Company if they are passed by ordinary resolution at a shareholders’ general meeting, and which are required to be passed by special resolution.</p>	Amendments are made in accordance with Article 78 of the Guidelines on the Bylaws of Listed Companies.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 124	Resolutions made at a shareholders' general meeting shall be announced promptly in accordance with the listing rules of the place of listing of the Company's shares. The announcement shall set out details on the number of shareholders and proxies present at the meeting, the total number of voting shares held and the percentage of the total number of voting shares of the Company, voting method, voting results of each proposal and the details of the resolutions passed. The announcement shall contain respective statistical figures on the holders of domestic and foreign shares present at the meeting as well as their voting, and an announcement thereon shall be made.	Article 124	Resolutions made at a shareholders' general meeting shall be announced promptly in accordance with the listing rules of the place of listing of the Company's shares. The announcement shall set out details on the number of shareholders and proxies present at the meeting, the total number of voting shares held and the percentage of the total number of voting shares of the Company, voting method, voting results of each proposal and the details of the resolutions passed. The announcement shall contain respective statistical figures on the holders of domestic, foreign shares, <u>and preference shareholders with voting rights</u> present at the meeting as well as their voting, and an announcement thereon shall be made.	Amendments are made in accordance with Article 60 of the Guidelines on the Bylaws of Listed Companies.
Article 132	... (1) when the Company makes a buyback offer to all shareholders by the same proportion in accordance with Article 33 hereof, or buys back its own shares through public trading on a stock exchange, "interested shareholders" mean the controlling shareholders as defined under Article 292 hereof; ...	Article 132	... (1) when the Company makes a buyback offer to all shareholders by the same proportion in accordance with Article 33 hereof, or buys back its own shares through public trading on a stock exchange, "interested shareholders" mean the controlling shareholders as defined under Article 305 hereof; ...	As the Article numbers are changed due to the new Articles hereof, the quoted Article number are changed accordingly.
Article 155	The Board shall exercise the following duties and powers: ... (8) to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage/pledge, external guarantee, asset management mandate and connected transaction within the authorisation of the general meeting; ...	Article 155	The Board shall exercise the following duties and powers: ... (8) to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage/pledge, external guarantee, asset management mandate, connected transaction <u>and external donation</u> within the authorisation of the general meeting; ...	Amendments are made in accordance with Article 107 of the Guidelines on the Bylaws of Listed Companies.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 165	In making decisions on issues such as external investment, asset acquisition and disposal, asset mortgage or pledge, external guarantee, asset management mandate and connected transaction, the Board shall establish strict examination and decision making procedures; and organise relevant experts and professionals to make assessments on major investment projects. ...	Article 165	In making decisions on issues such as external investment, asset acquisition and disposal, asset mortgage or pledge, external guarantee, asset management mandate, connected transaction and external donation , the Board shall establish strict examination and decision making procedures; and organise relevant experts and professionals to make assessments on major investment projects. ...	Amendments are made in accordance with Article 110 of the Guidelines on the Bylaws of Listed Companies.
Article 241	... Upon making up for the losses incurred and allocating to the statutory reserve, the balance of after-tax profits should be distributed to the ordinary Shareholders in proportion to their shareholding, save for distribution which is not made in proportion to shareholding as specified in these articles of association. If the aforementioned regulations are violated at the general meeting where the Company distributes profits to the Shareholders prior to making up for losses and allocating to the statutory reserve, the Shareholders shall return to the Company the profits distributed as a result of violation of the regulations. The shares of the Company owned by the Company shall not form part of the profits distribution.	Article 241	... Upon making up for the losses incurred and allocating to the statutory reserve, the balance of after-tax profits shall be paid for the preference shares dividends at first and the remaining should be distributed to the ordinary Shareholders in proportion to their shareholding, save for distribution which is not made in proportion to shareholding as specified in these articles of association. If the aforementioned regulations are violated at the general meeting where the Company distributes profits to the Shareholders prior to making up for losses and allocating to the statutory reserve, the Shareholders shall return to the Company the profits distributed as a result of violation of the regulations. The shares of the Company owned by the Company shall not form part of the profits distribution.	Amendments are made in accordance with Note to Article 153 of the Guidelines on the Bylaws of Listed Companies.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Article 282	<p>After the Company’s property has been sorted out and the balance sheet and a list of property have been prepared, the liquidation team shall formulate a proposal for liquidation and report the same to the shareholders’ general meeting or the people’s court for confirmation.</p> <p>The residual property after the respective settlement of the liquidation expenses, staff wages, social insurance expenses and statutory compensation, the payment of taxes in arrears and the discharge of the Company’s liabilities shall be distributed according to shareholdings of ordinary shares held by the shareholders.</p> <p>During the period of liquidation, the Company shall subsist, but cannot carry on any operating activities that are not related to the liquidation. The property of the Company shall not be distributed among the shareholders before the completion of the settlements as provided for in the preceding article.</p>	Article 282	<p>After the Company’s property has been sorted out and the balance sheet and a list of property have been prepared, the liquidation team shall formulate a proposal for liquidation and report the same to the shareholders’ general meeting or the people’s court for confirmation.</p> <p>The residual property after the respective settlement of the liquidation expenses, staff wages, social insurance expenses and statutory compensation, the payment of taxes in arrears and the discharge of the Company’s liabilities <u>shall be distributed to shareholders in accordance with Article 303 of the Articles of Association.</u></p> <p>During the period of liquidation, the Company shall subsist, but cannot carry on any operating activities that are not related to the liquidation. The property of the Company shall not be distributed among the shareholders before the completion of the settlements as provided for in the preceding article.</p>	Amendments are made in accordance with Article 184 of the Guidelines on the Bylaws of Listed Companies, the issuance plan and the preliminary plan.
Addition	--	<u>Chapter 22</u>	<u>Special Provisions of Preference Shares</u>	In order to facilitate the amendments to the Articles of Association based on the issuance of preference shares and later redemption, the amendments to the Articles of Association related to the issuance of preference shares shall be listed in a single chapter.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 291</u>	<u>Except prescribed otherwise by laws, administrative regulations, departmental rules and regulations, the local securities supervision and administration authorities at the place of listing the Company's shares and the Articles of Association, the rights and obligations of the preference shareholders and the management of the preference shares shall comply with the relevant stipulations in the Articles of Association. With the approval of the Shanghai Stock Exchange and the registration with the securities regulatory body under the State Council, the Company may issue the preference shares. The issued preference shares of the Company shall not exceed 50% of the total number of the ordinary shares of the Company and the amount of funds raised shall not exceed 50% of the net assets before the issuance. The preference shares repurchased or converted shall not be included in the calculation.</u>	Amendments are made in accordance with Article 20 of the Guidelines on the Bylaws of Listed Companies, Article 3 and Article 39 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 292</u>	<p><u>The preference shareholders of the Company shall be entitled to the following rights:</u></p> <p><u>(1) To obtain the dividend in accordance with the terms and proportion of their preference shares held;</u></p> <p><u>(2) In the case of meeting the conditions prescribed by Article 293 thereof, the preference shareholders of the Company shall be entitled to attend and vote at the shareholders' general meeting of the Company;</u></p> <p><u>(3) To inspect the Articles of Association, the shareholders' register, the counterfoils of corporate bonds, the minutes of the shareholders' general meeting, the resolutions of the Board Meeting, the Meeting Resolutions of the Supervisory Committee and the financial and accounting reports;</u></p> <p><u>(4) In the case of occurring the situations prescribed in Article 294, to restore the voting rights in accordance with the means stipulated by the article, until the Company has fully paid the dividends owed;</u></p> <p><u>(5) To be distributed the remaining properties of the Company superior to the ordinary shareholders;</u></p> <p><u>(6) Other rights entitled to the preference shareholders as prescribed by laws, administrative regulations, departmental rules and regulations and the Articles of Association.</u></p>	Amendments are made in accordance with Article 33 of the Guidelines on the Bylaws of Listed Companies, Article 8 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 293</u>	<p><u>The preference shareholders have no right to make a request to, convene, preside over, attend, or attend by proxy any shareholders' general meeting, nor do they have voting rights, save as the matters to be voted by the preference shareholders in accordance with the laws and regulations or the Articles of Association.</u></p> <p><u>In any of the following events, the notice of the shareholders' general meeting shall be delivered to the preference shareholders prior to convention of such meeting by the Company. The Company shall also comply with the notice procedure for ordinary shareholders set forth in the Company Law and the Articles of Association. The preference shareholders are entitled to attend the shareholders' general meetings and vote on the following matters separately from the ordinary shareholders. Each preference share shall have one vote, but the preference shares held by the Company shall have no voting right:</u></p> <p><u>1. any amendment to the provisions of the Articles of Association regarding the preference shares;</u></p> <p><u>2. any reduction of the registered share capital of the Company by more than 10%, whether on an individual or cumulative basis;</u></p> <p><u>3. any merger, division, dissolution or change of organizational form of the Company;</u></p> <p><u>4. any issuance of preference shares;</u></p> <p><u>5. any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.</u></p>	Amendments are made in accordance with Article 33 of the Guidelines on the Bylaws of Listed Companies, Article 10 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
			<u>Resolutions on the matters above shall be approved by at least two thirds of the votes represented by the preference shareholders present at the meeting (excluding the preference shareholders with voting rights restored), in addition to the approval by at least two thirds of the votes represented by the ordinary shareholders present at the meeting (including the preference shareholders with voting rights restored).</u>	
Addition	—	<u>Article 294</u>	<p><u>If the Company fails to pay dividends to the preference shareholders as agreed for three accounting years in aggregate or two consecutive accounting years, the preference shareholders shall have the same right to attend and vote at the general meetings with ordinary shareholders from the date immediately following the day when the general meeting has approved the cancellation of payment of current dividend on the preference shares or the date immediately following the day when the current dividend has not been paid as agreed.</u></p> <p><u>The number of voting rights of ordinary shares entitled to each preference share at the time of restoring the voting rights shall be calculated using the following formula: $N=V/P_n$. Wherein, V is the total par value of preference shares held by the preference shareholders; P_n, the stimulated conversion price, is the net asset value per share attributable to owners of the parent as disclosed in the Company's audited consolidated financial statements as at 31 December 2021, namely RMB14.01 per share. The number of voting rights restored shall be rounded down to the nearest integer.</u></p> <p><u>The stimulated conversion price at the time of restoring the voting rights will be adjusted as prescribed by the issuance plan.</u></p>	Amendments are made in accordance with Article 16 of the Guidelines on the Bylaws of Listed Companies, Article 11 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 295</u>	<u>After the voting rights are restored, the voting rights of the preference shareholders under the voting rights restoration terms from the date of full payment shall be immediately terminated when the Company has fully paid the owed and payable dividends, unless the laws, regulations and the Articles of Association stipulate otherwise. The voting rights of preference shareholders will be restored again if subsequent event retriggers the voting rights restoration term.</u>	Amendments are made in accordance with Article 16 of the Guidelines on the Bylaws of Listed Companies, Article 11 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.
Addition	—	<u>Article 296</u>	<u>If the Company repurchase its ordinary shares, or is subject to a merger, division or any other circumstances that may lead to changes in the Company's shares and shareholders' interest and thereby affect the rights and interests of the preference shareholders, the Company is entitled to adjust the stimulated conversion price upon voting rights restoration in a fair, just and equitable manner in order to fully protect and keep balance of the rights and interests of the preference shareholders and the ordinary shareholders. The contents and the mechanism relating to the adjustment of the stimulated conversion price upon voting rights restoration applicable to such circumstances will be formulated in accordance with applicable PRC laws and regulations.</u>	Amendments are made in accordance with Article 33 of the Guidelines on the Bylaws of Listed Companies, Article 11 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 297</u>	<p><u>The Company may repurchase the preference shares of the Company in accordance with the Articles of Association, subject to the conditions set forth in the relevant laws and regulations.</u></p> <p><u>The redemption right of the preference shares of the Company rests on the Company, and no resale clauses for investors are provided.</u></p> <p><u>The redemption period of the preference shares is from the fifth anniversary of the first dividend accruing date (in the event of issuing by tranches, on the first dividend accruing date of each tranche respectively) up to the date of full redemption.</u></p> <p><u>Following the fifth anniversary of the first dividend accruing date (in the event of issuing by tranches, on the first dividend accruing date of each tranche respectively), the Company is entitled to redeem and cancel all or part of the preference shares on every dividend distribution date. Where a partial redemption was decided to be carried out by the Company, the Company shall redeem the preference shares from all preference shareholders of the same tranche by the corresponding proportion. Save for the requirements of the laws and regulations, the redemption of the preference shares is not subject to other conditions.</u></p> <p><u>The redemption price of the preference shares shall be the par value plus the current resolved payment of but unpaid dividends on the preference shares.</u></p> <p><u>The general meeting authorizes the Board, under the framework and principles considered and approved by the general meeting, to deal with, at its sole discretion, all matters in relation to the redemption in accordance with the relevant laws and regulations, approvals and market conditions.</u></p>	Amendments are made in accordance with Article 24 of the Guidelines on the Bylaws of Listed Companies, Article 13 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 298</u>	<p><u>The Company may distribute fixed dividends to the preference shareholders of the Company calculated at the corresponding dividend rate if there are distributable profit left after recovering losses and making allocations to its reserve fund according to relevant laws.</u></p> <p><u>The Board, subject to the authorization of the general meeting, shall declare and pay all dividends on the preference shares under the framework and principles considered and approved by the general meeting in relation to the preference shares and in accordance with the agreements set out in the issuance documents. In case of the cancellation of payment of part of or full current dividend on the preference shares, such matter shall also be considered and approved at the general meeting of the Company and shall be informed to the preference shareholders by the Company at least 10 working days prior to the dividend payment date in accordance with the requirements by relevant regulatory departments.</u></p> <p><u>The preference shares issued in different tranches will have equal priority to dividend distribution. The preference shareholders shall take precedence over ordinary shareholders in distribution of dividends. The Company will not distribute any profit to ordinary shareholders unless the agreed current dividend on preference shares has been fully paid.</u></p>	Amendments are made in accordance with Article 16 of the Guidelines on the Bylaws of Listed Companies, Article 28 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 299</u>	<p><u>Unless the occurrence of any trigger events for compulsory payment, the general meeting of the Company shall be entitled to determine to cancel the payment of part of or full current dividend on the preference shares, which shall not constitute a default by the Company. Trigger events for compulsory payment mean the occurrence of any of the following events within 12 months prior to the dividend payment date:</u></p> <p><u>(1) the payment of dividend to the ordinary shareholders by the Company (including cash, shares, a combination of both cash and shares and other methods in compliance with the laws and regulations);</u></p> <p><u>(2) the reduction of registered share capital (except for the redemption and cancellation of shares due to share incentive plan or the redemption and cancellation of ordinary shares as a result of issuing preference shares).</u></p>	Amendments are made in accordance with the issuance plan and the preliminary plan.
Addition	—	<u>Article 300</u>	<p><u>Dividends on the preference shares will be paid by the Company in cash.</u></p> <p><u>Dividends on the preference shares of the Company shall be paid annually. The dividends will be accrued from the last day for receiving investors' subscription payments for the current preference shares issued by the Company. The dividend distribution date shall be the anniversary date of the last day for receiving investors' subscription payments for the current preference shares. If any dividend distribution date falls on a statutory holiday or weekend, it shall be deferred to the next working day. Any tax payable for the dividend on the preference shares received by preference shareholders shall be borne by preference shareholders in accordance with relevant laws and regulations.</u></p>	Amendments are made in accordance with the Note to Article 153 of the Guidelines on the Bylaws of Listed Companies, the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 301</u>	<u>Dividends on preference shares issued by the Company will be cumulative, which means that the shortfall arising from any dividends not paid in full to the preference shareholders for the previous year will be accumulated to the following year, and shall not constitute a default by the Company.</u>	Amendments are made in accordance with Article 16 of the Guidelines on the Bylaws of Listed Companies, Article 28 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.
Addition	—	<u>Article 302</u>	<u>Once the preference shareholders have received dividends at the agreed dividend rate, they shall not be entitled to the distribution of the remaining profit together with ordinary shareholders.</u>	Amendments are made in accordance with Article 16 of the Guidelines on the Bylaws of Listed Companies, Article 28 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision), the issuance plan and the preliminary plan.

Original Articles		New Articles		Basis for the Amendments
Article No.	Details of Article	Article No.	Details of Article	
Addition	—	<u>Article 303</u>	<p><u>If the Company is subject to liquidation as a result of dissolution, bankruptcy or other reasons, the residual property of the Company after settlement in accordance with the relevant requirements of laws and regulations, shall be distributed to the shareholders in the following sequences and method:</u></p> <p><u>(1) pay the sum of par value of the preference shares plus the current declared but unpaid dividends to the preference shareholders. If the residual property is not sufficient, then such distribution shall be made on a pro rata basis in accordance with the shareholding percentages of the preference shareholders in the total preference shares;</u></p> <p><u>(2) distribute to the ordinary shareholders on a pro rata basis in accordance with the shareholding percentages of the ordinary shareholders in the total ordinary shares.</u></p>	Amendments are made in accordance with Article 184 of the Guidelines on the Bylaws of Listed Companies, the issuance plan and the preliminary plan.

Note: Due to the additional Articles, the subsequent Articles will be renumbered accordingly.

NOTICE OF 2023 THIRD EXTRAORDINARY GENERAL MEETING



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

NOTICE OF 2023 THIRD EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that 2023 third extraordinary general meeting (the “EGM”) of China Communications Construction Company Limited (the “Company”) will be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 2:00 p.m. on Friday, 30 June 2023 to consider and, if thought fit, to pass the following resolutions (unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 9 June 2023):

Special Resolutions

1. To consider and approve the following as a special resolution:

“THAT

- (i) the Board will be authorized during the Relevant Period (as defined below), unconditionally, either separately or concurrently, to allot, issue and/or deal with new A Shares and/or H Shares and/or Preference Shares and to make, grant or enter into offers, agreements and/or options in respect thereof, subject to the following conditions:
 1. such mandate shall not extend beyond the Relevant Period save that the Board may, during the Relevant Period, make, enter into or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;
 2. the number of (a) A Shares and/or H Shares; and/or (b) Preference Shares (based on the equivalent number of A Shares and/or H Shares which would result from the simulated conversion of the restored voting rights of Preference Shares at the initial simulated conversion price) to be separately or concurrently allotted, issued and/or dealt with by the Board, shall not exceed 20% of each of the existing A Shares and/or H Shares of the Company in issue as at the date of the passing of this resolution; and
 3. the Board will only exercise its power under such mandate in accordance with the Company Law and the Hong Kong Listing Rules and only if all necessary approvals from relevant PRC government authorities are obtained.

NOTICE OF 2023 THIRD EXTRAORDINARY GENERAL MEETING

- (ii) the Board (or the authorized persons of the Board) will be authorized to make proper amendments to the Articles of Association as it thinks fit so as to increase the registered share capital and reflect the new share capital structure of the Company upon completion of such allotment, issuance of and dealing with new Shares; to take any necessary actions and to go through any necessary procedures (including but not limited to obtaining approvals from relevant regulatory authorities and completing registration with relevant industrial and commercial administration) in order to give effect to the issuance of Shares under this resolution; and to approve, execute and deal with or procure to execute and deal with, all such documents, deeds and matters as it may consider necessary, including but not limited to determining the issuance size, the issuance price or coupon rate of the issue, the use of proceeds from the issue, the target investors of the issue, the place and time of the issue, issuance arrangement in tranches, making all necessary applications to relevant authorities, entering into an underwriting agreement or any other agreements, and completing all necessary filings and registrations with relevant regulatory authorities in the PRC and Hong Kong.
- (iii) For the purpose of enhancing efficiency in the decision-making process and ensuring the success of issuance, it is proposed to the EGM to authorize the Board to delegate such authorization to the chairman of the Board and/or the president and/or the chief financial officer of the Company, to take charge of all matters related to the issuance of new Shares.
- (iv) For the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until the earliest of:
 - 1. the conclusion of the next annual general meeting of the Company following the passing of this resolution;
 - 2. the expiration of the 12-month period following the passing of this resolution; or
 - 3. the date on which the mandate set out in this resolution is revoked or varied by a special resolution of the Shareholders at the EGM.

The resolution on the general mandate to issue new Shares, if approved at the EGM, shall remain valid during the Relevant Period.

- 2. To consider and approve the issuance plan for Preference Shares to be issued in the PRC:
 - (i) type and number of the Preference Shares to be issued;
 - (ii) method of issuance, target investors or scope of target investors and placing plan to existing Shareholders, and whether or not to issue in multiple tranches;
 - (iii) par value, issuance price or pricing principles;
 - (iv) dividend rate and the principles for determination thereof;
 - (v) method of participation in profit distribution for the Preference Shareholders;

NOTICE OF 2023 THIRD EXTRAORDINARY GENERAL MEETING

- (vi) redemption clauses;
- (vii) voting right restriction and restoration;
- (viii) sequence of settlement and method of liquidation;
- (ix) credit rating and follow-up rating arrangement;
- (x) method and target of guarantee;
- (xi) listing or transfer arrangement upon issuance of the Preference Shares;
- (xii) uses of proceeds; and
- (xiii) validity period of the resolution in relation to the Proposed Issuance.

The above-mentioned 13 provisions shall be considered and approved item by item at the EGM by a special resolution. Any provision not been approved by voting shall be regarded as the whole resolution not been approved.

Ordinary Resolution

3. To consider and approve the resolution on the Company's satisfaction of the conditions for the issuance of Preference Shares to specific subscribers.

Special Resolutions

4. To consider and approve the resolution on the preliminary plan for the issuance of Preference Shares to specific subscribers (revised).
5. To consider and approve the resolution on the feasibility report of the use of proceeds (revised).
6. To consider and approve the resolution on the dilution of current return, remedial measures and commitments of the relevant parties of the issuance of Preference Shares to specific subscribers.

Ordinary Resolutions

7. To consider and approve the resolution on the statement on the exemption from the preparation of a report on the use of the previous proceeds.
8. To consider and approve the resolution on the Shareholders' return plan for the next three years (2023–2025).

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Special Resolutions

9. To consider and approve the resolution on the proposed amendments to the Articles of Association.
10. To consider and approve the resolution on the proposed authorization to the Board and its authorized persons to exercise full powers to deal with matters relating to the issuance of Preference Shares to specific subscribers.

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

Beijing, the PRC
9 June 2023

As at the date of this notice, the directors of the Company are WANG Tongzhou, WANG Haihui, LIU Xiang, MI Shuhua, LIU Hui[#], CHAN Wing Tak Kevin[#], WU Guangqi[#] and ZHOU Xiaowen[#].

[#] *Independent non-executive Director*

NOTICE OF 2023 THIRD EXTRAORDINARY GENERAL MEETING

Notes:

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

For purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 27 June 2023 to Friday, 30 June 2023 (both days inclusive), during which time no share transfers will be registered. Instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 26 June 2023. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Friday, 30 June 2023 are entitled to attend the EGM.

2. PROXY

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

A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM (i.e. before 2:00 p.m. on Thursday, 29 June 2023). If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar. Return of a form of proxy will not preclude a Shareholder of the Company from attending in person and voting at the EGM if he so wishes.

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

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

3. OTHERS

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

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, proxies and other attendees are required to comply with the latest epidemic prevention policy requirements of the PRC government and take necessary precautionary measures.