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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)**

**ANNOUNCEMENT**  
**CONNECTED TRANSACTION**  
**CAPITAL INCREASE IN SEVENTH HIGHWAY ENGINEERING**

The Board hereby announces that, in accordance with the resolution passed at the fifty-third meeting of the fifth session of the Board, on 29 August 2025, CIWE, CCCC Second Highway Engineering and Seventh Highway Engineering entered into the Capital Increase Agreement. Accordingly, CIWE agreed to make a capital increase in Seventh Highway Engineering with RMB346.3443 million in cash. Upon completion of the Capital Increase, Seventh Highway Engineering will no longer be a subsidiary of the Company and its financial results will cease to be consolidated into the consolidated financial statements of the Company.

As at the date of this announcement, CIWE is a subsidiary of CCCG, the controlling Shareholder which holds approximately 59.45% equity interests in the issued ordinary shares of the Company. CIWE is thus the connected person of the Company under the Hong Kong Listing Rules. As such, the Capital Increase contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the Capital Increase exceeds 0.1% but is less than 5%, the Capital Increase is subject to the announcement requirement but is exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

## BACKGROUND

The Board hereby announces that, in accordance with the resolution passed at the fifty-third meeting of the fifth session of the Board, on 29 August 2025, CIWE, CCCC Second Highway Engineering and Seventh Highway Engineering entered into the Capital Increase Agreement. Accordingly, CIWE agreed to make a capital increase in Seventh Highway Engineering with RMB346.3443 million in cash. Upon completion of the Capital Increase, Seventh Highway Engineering will no longer be a subsidiary of the Company and its financial results will cease to be consolidated into the consolidated financial statements of the Company.

### Capital Increase Agreement

The principal terms of the Capital Increase Agreement are set out below:

**Date:** 29 August 2025

**Parties:**

- (1) CIWE;
- (2) CCCC Second Highway Engineering; and
- (3) Seventh Highway Engineering.

**Subject matter:** Pursuant to the Capital Increase Agreement, CIWE agreed to make a capital increase in Seventh Highway Engineering with RMB346.3443 million in cash.

The following table sets out the shareholding structure of Seventh Highway Engineering (1) as at the date of this announcement; and (2) immediately upon completion of the Capital Increase:

Shareholder	As at the date of this announcement			Immediately upon completion of the Capital Increase		
	Registered capital	Capital reserve	Shareholding	Registered capital	Capital reserve	Shareholding
	(RMB0'000)	(RMB0'000)	(%)	(RMB0'000)	(RMB0'000)	(%)
CCCC Second Highway Engineering	9,000.00	0	100%	9,000.00	0	45.00
CIWE	-	0	-	11,000.00	23,634.43	55.00
Total	<u>9,000.00</u>	<u>0</u>	<u>100.00</u>	<u>20,000.00</u>	<u>23,634.43</u>	<u>100.00</u>

**Basis of determination of the consideration:**

The amount of capital contributions under the Capital Increase Agreement was determined by the parties after arm's length negotiations with reference to the appraised value of total shareholders' equity of Seventh Highway Engineering as at 31 December 2024 (the "**Valuation Benchmark Date**") as set out in the asset valuation report (the "**Asset Valuation Report**") prepared by China Faith Appraisers Co., Ltd. (北京國友大正資產評估有限公司), an independent and qualified valuer (the "**Valuer**") using the income approach (i.e., RMB283.3726 million), and taking into account of various factors, including the actual business operation, major asset composition, demand for working capital and future development plans of Seventh Highway Engineering.

In the Asset Valuation Report, the Valuer conducts the valuation of total shareholders' equity of Seventh Highway Engineering using the income approach and asset-based approach, and selects the result of the income approach as the final valuation conclusion. The difference of the results between such two valuation approaches is shown in the table below:

*Unit: RMB0'000*

Valuation method	Carrying amount	Valuation amount	Appreciation amount	Appreciation rate
Income approach	14,155.80	28,337.26	14,181.46	100.18%
Asset-based approach		14,528.86	373.06	2.64%
Difference		13,808.40		

Based on the following factors, the Valuer considers that the conclusion of income approach is more reasonable:

- (1) Seventh Highway Engineering mainly focuses on modern integrated transportation, municipal engineering, water conservancy projects, urban comprehensive development, and highway maintenance, among other infrastructure businesses. It pays particular attention to emerging businesses such as water environment management, ecological protection, land development, and urban renewal. It is committed to cultivating the Beibu Gulf region market, implementing comprehensive development and general contracting business management across the entire section, all business areas, and the entire industry chain. It aims to become a general contractor that integrates investment, construction, operation, and maintenance of modern integrated transportation and urban comprehensive infrastructure. It also strives to be a high-tech construction enterprise with strong comprehensive strength.
- (2) The asset-based approach is based on the balance sheet of the subject of the valuation as of the valuation benchmark date. It considers the value of each identifiable asset of the enterprise separately to determine the value of the subject of the valuation. On the other hand, the income approach uses the expected income of the assets as the value standard. It determines the value of the subject of the valuation by capitalizing or discounting the expected income, reflecting the size of the asset's operating capacity (profitability). This profitability is usually affected by a variety of conditions, including international and domestic macroeconomics, laws and regulations, import and export policies, exchange rates, government controls, and the effective use of assets. The Valuer believes that Seventh Highway Engineering belongs to the construction industry. Based on its operating performance during historical years, Seventh Highway Engineering has the foundation and conditions to continue as a going concern. It has sufficient historical operating and financial data, a relatively stable relationship between operations and incomes, and its future incomes and risks can be predicted and quantified.

- (3) The Valuer believes that Seventh Highway Engineering can be assessed as an independent profit-generating entity. In light of the purpose of this valuation, the investor primarily considers the future profitability that Seventh Highway Engineering can provide to the investor. Therefore, the appraisal result derived from the income approach is adopted as the final conclusion. For further information regarding the Asset Valuation Report (including key parameter values, etc.), please refer to Appendix III– Summary of the Asset Valuation Report of this announcement.

The Board has discussed with the Valuer and reviewed the Asset Valuation Report. After comprehensively considering the valuation approaches adopted by the Valuer and the valuation assumptions as set out in the section headed “PROFIT FORECAST REGARDING VALUATION APPROACH” below, the Board is of the view that the valuation results are fair and reasonable.

**Payment and completion:**

Within ten (10) working days from the effective date of the Capital Increase Agreement, CIWE shall pay the consideration in full in cash as agreed. The date on which the payment of the consideration is completed shall be the completion date (the “**Completion Date**”). Within ten (10) working days from the Completion Date, Seventh Highway Engineering shall complete the industrial and commercial change registration and filing procedures.

**Profit or loss during  
the transition period:**

Parties agreed that the profit or loss recorded by Seventh Highway Engineering during the period commencing from the Valuation Benchmark Date and ending on the Completion Date shall be enjoyed or borne by its original shareholder, being CCCC Second Highway Engineering, prior to the Capital Increase.

## **PROFIT FORECAST REGARDING VALUATION APPROACH**

Since the income approach is adopted in the Asset Valuation Report of Seventh Highway Engineering, the calculation of the valuation on equity interests of Seventh Highway Engineering contained in such report is deemed as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. As such, the Company discloses details of the valuation in accordance with Rule 14.60A of the Hong Kong Listing Rules as follows:

Set out below are details of the principal assumptions (including commercial assumptions on which the profit forecast of the equity interest in Seventh Highway Engineering is based):

### **(1) Basic Assumptions**

#### ***(i) Assumption of open market***

The assumption of open market is the kind of assumption on the conditions of the market where the assets are proposed to enter and the impact on the assets to be accepted under such market conditions. Open market refers to adequately developed and sound market conditions, and refers to a competitive market with voluntary buyers and sellers. In such market, buyers and sellers are equal and have sufficient opportunities and time to access the market information; and the transactions between them are conducted on voluntary, rational, non-mandatory or unrestricted conditions.

#### ***(ii) Assumption of continued in-situ use of assets***

It is assumed that the assets will continue to be used in their original location or installation.

#### ***(iii) Assumptions on change in the subject of ownership***

It is assumed that all assets to be appraised are in trade, and the Valuer performs the valuation by analogue market with conditions such as the transaction conditions of the assets to be appraised.

#### ***(iv) Assumption of going concern***

Assumption of going concern is a valuation assumption made by considering the whole assets of the enterprise as the target of valuation. That is, the enterprise, as a business entity, continues to operate in accordance with its business objectives in the external environment where it operates. The operator of the enterprise is responsible and competent for assuming responsibilities; and the enterprise operates legally and is able to make appropriate profits to maintain its ability to continue as a going concern.

## **(2) Specific Assumptions**

- (i) There are no material changes in the relevant prevailing state laws, regulations and policies of the State as well as the macro economy of the state, which Seventh Highway Engineering is currently following.
- (ii) There are no material changes in the political, economic business and social environments of regions where the parties to this transaction are located, and there are no material adverse impacts arising from other unforeseeable factors or force majeure factors.
- (iii) It is assumed that the operators of the Seventh Highway Engineering exercise due diligence and are in full compliance with all relevant laws and regulations, and the management of the Seventh Highway Engineering is competent in discharging its duties.
- (iv) It is assumed that the accounting policies to be adopted by Seventh Highway Engineering in the future are consistent with those adopted in the preparation of this report in material aspects.
- (v) It is assumed that the business scope and mode of Seventh Highway Engineering are consistent on the basis of the existing management approaches and level.
- (vi) There are no material changes in the relevant financial credit interest rates, taxation bases and tax rates, foreign exchange rates and government levies.
- (vii) There are no other force majeure factors and unforeseeable factors that may give rise to material adverse impacts on the production and operating activities of Seventh Highway Engineering.
- (viii) There will be no material changes in the business scope and mode of Seventh Highway Engineering in the future operating periods, and the structure of its principal business, the composition of its revenues and costs, and the sales strategy and cost control of its future business will remain as they have been in the recent years, without any significant changes. No consideration will be given to any future changes in operating capacity, business scale, business structure and other conditions that may be caused by changes in management, business strategies and additional investments, as well as changes in the business environment.
- (ix) Subject to maintaining the current scale of operations, only the depletion (depreciation) of existing assets will be updated in future years.

- (x) The various periodical expenses of Seventh Highway Engineering, such as operating and administrative expenses, will not change substantially from their existing bases in the future operating periods, and will remain on the same trend as they have been in recent years, and will change in tandem with changes in the scale of operations.
- (xi) It is assumed that Seventh Highway Engineering will not encounter significant problems in the collection of trade receivables in the future operating periods.

Ernst & Young, the auditor of the Company, has reviewed the arithmetical accuracy of the calculation of relevant forecast under the income approach, which does not involve the adoption of accounting policies and the reasonableness of assumptions. The Board confirms that the profit forecast for the equity interests of Seventh Highway Engineering in the Asset Valuation Report was made after due and careful enquiry. Letters issued by Ernst & Young and the Board are set out in Appendix I and Appendix II to this announcement, respectively.

The following is the qualification of the expert who has given an opinion or advice which is contained in this announcement:

<b>Name</b>	<b>Qualification</b>	<b>Date of conclusion or opinion</b>
Ernst & Young	Certified Public Accountants	29 August 2025

As at the date of this announcement, as far as the Directors are aware, the aforesaid expert was not beneficially interested in the share capital of any member of the Group nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate others to subscribe for any shares, convertible securities, warrants, options or derivative securities which carry voting rights in any member of the Group.

As at the date of this announcement, the aforesaid expert has given and has not withdrawn its consent to the issue of this announcement with the inclusion herein of its letter and reference to its name and letter, where applicable, in the form and context in which it appears.

## **INFORMATION ABOUT SEVENTH HIGHWAY ENGINEERING**

Seventh Highway Engineering was incorporated in the PRC on 7 December 2020. It is principally engaged in the fields of engineering construction, investment and operation, general contracting management and other transportation infrastructure construction. As at the date of this announcement, the Company, through its subsidiary CCCC Second Highway Engineering, holds 100% equity interest in Seventh Highway Engineering. Upon completion of the Capital Increase, the Company will hold 45% equity interest in Seventh Highway Engineering through CCCC Second Highway Engineering, while CCCG will hold 55% equity interest in Seventh Highway Engineering through CIWE.



According to the audited consolidated financial statements of Seventh Highway Engineering prepared in accordance with China Accounting Standards for Business Enterprises, as at 31 December 2024, the total assets and net assets of Seventh Highway Engineering amounted to RMB1,084.8456 million and RMB141.5580 million, respectively. The table below sets out the audited net profit/(loss) attributable to Seventh Highway Engineering (before and after taxes and extraordinary items) for the two financial years ended 31 December 2024:

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>
	<i>RMB million</i>	<i>RMB million</i>
Net profit/(loss) before tax and extraordinary items	673.6366	148.6442
Net profit/(loss) after tax and extraordinary items	615.0663	135.8763

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

CIWE is a domestic and international integrated operation entity of CCCG specialising in water conservancy, electricity and new type of clean energy business, while Seventh Highway Engineering is deeply engaged in the market of Beibu Gulf region, which is rich in water conservancy, electricity and new type of clean energy resources, and has been engaged in the business of infrastructure construction for a long period of time, with a certain customer base and industry reputation. The Capital Increase will combine the advantages of CIWE in the fields of water conservancy, electricity and new types of clean energy and the geographical advantages and established resources of Seventh Highway Engineering to effectively support the expansion of Seventh Highway Engineering business segments, which will be conducive to enhancing the core competitiveness of Seventh Highway Engineering, promoting its diversified development and achieving benign and sustainable growth, and in turn, increasing the Group's participation in the water conservancy and hydropower projects and accelerating the pace of development of the water conservancy business, which will be conducive to the overall benefits of the Company and its Shareholders.

## **FINANCIAL EFFECTS OF THE CAPITAL INCREASE**

As at the date of this announcement, Seventh Highway Engineering is a subsidiary of the Company. Upon completion of the Capital Increase, Seventh Highway Engineering will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Company. It is expected that the Company will receive a gain of RMB141.8226 million from the Capital Increase, which is determined based on the value of the entire equity interest in Seventh Highway Engineering, the carrying value of the net assets of Seventh Highway Engineering as at 31 December 2024, and the Company's shareholding ratio in Seventh Highway Engineering, and other factors.

The Company expects the gain arising from the Capital Increase to be unaudited information, which is ultimately based on the information disclosed by the Company in its annual report. Taking into account the specific circumstances of the Company, it is intended that the income from the Capital Increase will be utilised flexibly in the Group's daily production and operating activities.

## **CONFIRMATION FROM DIRECTORS**

Mr. SONG Hailiang, Mr. ZHANG Bingnan and Mr. LIU Xiang, being the Directors of the Company, are also the directors or senior management of CCCG, and therefore are deemed to have material interests in the transaction under the Capital Increase Agreement, and have abstained from voting on the relevant Board resolution. Save for the above Directors, none of the other Directors has or is deemed to have a material interest in the abovementioned connected transaction.

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

## **IMPLICATIONS OF HONG KONG LISTING RULES**

As at the date of this announcement, CIWE is the wholly-owned subsidiary of CCCG, the controlling Shareholder which holds approximately 59.45% equity interests in the issued ordinary shares of the Company. CIWE is thus the connected person of the Company under the Hong Kong Listing Rules. As such, the Capital Increase contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the Capital Increase exceeds 0.1% but is less than 5%, the Capital Increase is subject to the announcement requirement but is exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

## **GENERAL INFORMATION**

### **(1) The Company**

The Company is a leading global mega-infrastructure integrated service provider, focusing on “five wholes, four bigs and five types (五全四大五型)” providing integrated system solutions and its core businesses covering infrastructure construction, infrastructure design and dredging. Its business covers the investment, design, construction, operation and management of port, waterway, road and bridge, railway, urban rail transit, municipal infrastructure, land reclamation, river basin management, water conservancy, construction and environmental protection and related projects at home and abroad. The Company is engaged in providing customers with integrated solutions services throughout the full cycle of the infrastructure projects leveraging on its extensive operating experience, expertise and known-how accumulated from projects undertaken in a wide range of areas over the decades as well as its comprehensive and integrated advantages across the entire industry chain.

### **(2) CIWE**

CIWE is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of CCCG. It has been engaging in international economic cooperation as the earliest Chinese state-owned enterprise in fields of water and hydropower industry, and dedicating to serving clients worldwide with high-quality greenfield development projects and contracting works with its strategic positioning of “an entity group under CCCG that specializes in the integration of domestic and international operations across water, electricity, and new clean energy works, a leading entity of CCCG in the business development in fields of water and hydropower industry , and a market entity and platform company of CCCG for overseas business”.

### **(3) CCCC Second Highway Engineering**

CCCC Second Highway Engineering is a subsidiary of the Company incorporated in the PRC and is primarily engaged in the construction of transportation infrastructure such as roads, bridges, wharfs, tunnels, railways and municipal projects, leasing and maintenance of machinery equipment, housing construction, foundation engineering, etc.

#### **(4) Seventh Highway Engineering**

Seventh Highway Engineering is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of CCCC Second Highway Engineering. It is principally engaged in infrastructure businesses such as modern comprehensive transportation, municipal engineering, water conservancy projects, urban integrated development, and highway maintenance, etc.

#### **(5) CCCG**

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder holding approximately 59.45% equity interests in the issued ordinary shares of the Company as at the date of this announcement. CCCG is primarily engaged in real estate development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, technical consultation services for ships and corollary equipment of harbours, import and export business, investment in and management of transportation industry, and other businesses.

### **DEFINITIONS**

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

“Board”	the board of directors of the Company
“Capital Increase”	the capital increase in Seventh Highway Engineering by CIWE contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into among CIWE, CCCC Second Highway Engineering and Seventh Highway Engineering on the Capital Increase in Seventh Highway Engineering by CIWE on 29 August 2025
“CCCC Second Highway Engineering”	CCCC Second Highway Engineering Co., Ltd.* (中交第二公路工程局有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of the Company as at the date of this announcement

“CCCCG”	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
“CIWE”	China International Water & Electric Corp., a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of CCCC as at the date of this announcement
“Company”	China Communications Construction Company Limited (中國交通建設股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on The Stock Exchange of Hong Kong Limited under stock code 1800 and the A shares of which are listed on the Shanghai Stock Exchange under stock code 601800
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Seventh Highway Engineering”	CCCC-Shec Seventh Highway Engineering Co., Ltd. * (中交二公局第七工程有限公司) a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of CCCC Second Highway Engineering as at the date of this announcement

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

“%” percent

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

Beijing, the PRC  
29 August 2025

*As at the date of this announcement, the directors of the Company are SONG Hailiang, ZHANG Bingnan, LIU Xiang, LIU Hui<sup>#</sup>, CHAN Wing Tak Kevin<sup>#</sup>, WU Guangqi<sup>#</sup> and ZHOU Xiaowen<sup>#</sup>.*

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

<sup>\*</sup> *For identification purpose only*

## APPENDIX I – LETTER FROM ERNST & YOUNG

The following is the text of the letter dated 29 August 2025 prepared by Ernst & Young, Certified Public Accountants, for the purpose of inclusion in this announcement.

### REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF CCCC-SHEC SEVENTH HIGHWAY ENGINEERING CO., LTD.

To the Directors of China Communications Construction Company Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 19 April 2025 prepared by China Faith Appraisers Co., Ltd. (北京國友大正資產評估有限公司) in respect of CCCC-Shec Seventh Highway Engineering Co., Ltd. (中交二公局第七工程有限公司) (the “**Target**”) as at 31 December 2024 is based. The valuation is set out in the announcement of China Communications Construction Company Limited (the “**Company**”) dated 29 August 2025 (the “**Announcement**”) in connection with the capital contribution of the Target. The valuation based on the Forecast is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

#### Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the preparation of the Forecast in accordance with the bases and assumptions (the “**Assumptions**”) determined by the Directors and as set out in the section headed “PROFIT FORECAST REGARDING VALUATION APPROACH” of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Forecast and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Reporting Accountants' responsibilities**

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(4) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

## **Opinion**

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

29 August 2025



## APPENDIX II – LETTER FROM THE BOARD

The following is the text of letter dated 29 August 2025 prepared by the Board for the purpose of inclusion in this announcement.

To: The Stock Exchange of Hong Kong Limited  
Listing Division  
12/F, Two Exchange Square,  
8 Connaught Place, Central,  
Hong Kong

Dear Sir/Madam,

Company: China Communications Construction Company Limited (the “**Company**”)

Re: Profit Forecast – Letter of Confirmation under Rule 14.60A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”)

Reference is made to the announcement of the Company dated 29 August 2025 mentioning the valuation report of CCCC-Shec Seventh Highway Engineering Co., Ltd. \* (中交二公局第七工程有限公司) dated 19 April 2025 (the “**Valuation Report**”) prepared by China Faith Appraisers Co., Ltd.\* (北京國友大正資產評估有限公司) (the “**Valuer**”) using the income approach.

The Board of the Company has reviewed the bases and assumptions of the valuation and discussed the same with the Valuer and Ernst & Young, the auditor of the Company (the “**Auditor**”). The Board of the Company also considered the Letter of Confirmation issued by the Auditor on 29 August 2025 in relation to the calculations of the profit forecast in the Valuation Report.

In accordance with Rule 14.60A of the Hong Kong Listing Rules, the Board of the Company confirmed that the profit forecast used in the aforementioned Valuation Report has been made after due and careful enquiry.

**China Communications Construction Company Limited**  
*Board of Directors*

29 August 2025

## APPENDIX III – SUMMARY OF THE ASSET VALUATION REPORT

*The following is a summary of the Chinese Asset Valuation Report dated 19 April 2025 prepared and confirmed by the Valuer in connection with the valuation of the entire equity interest of Seventh Highway Engineering as at 31 December 2024 for the purpose of, among other things, inclusion in this announcement. Unless the context otherwise requires, the terms defined in this announcement shall have the same meanings as those used in this summary.*

### Calculation formula under the income approach

Value of all shareholders' equity = Overall value of the enterprise – Value of interest-bearing debts

As at the Valuation Benchmark Date, Seventh Highway Engineering has no interest-bearing debts.

Overall value of the enterprise = Value of operating assets + Value of non-operating assets – Value of non-operating liabilities + Value of surplus assets

Where, the value of operating assets is determined based on the following formula:

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_{i+1}}{r(1+r)^i}$$

P: the value of operating assets of the enterprise as at the Valuation Benchmark Date;  $R_i$ : the expected free cash flow of the enterprise in year  $i$ ;  $r$ : the discount rate;  $n$ : the detailed forecast period;  $i$ : year  $i$  of the detailed forecast period.

### The forecast period

After a comprehensive analysis based on the operating history of Seventh Highway Engineering and industry development trends, the Valuer has determined that its income-generating period is indefinite and has adopted a two-stage model, projecting that Seventh Highway Engineering will reach a stable operating state by 2029, with forecasted data for subsequent years remaining consistent with those for 2029.

## **Income forecast for the forecast period**

**Operating revenue:** The Valuer, taking into account Seventh Highway Engineering's existing 33 general contracting, maintenance, and specialised qualifications, and after making reference to its historical newly signed contract values, operating revenue, and implemented operations, projects Seventh Highway Engineering's future revenue based on its orders and contracts on hand, and expected revenue recognition amounts for future years. The compound growth rate of Seventh Highway Engineering's operating revenue from 2025 to 2029 is projected to be approximately 1.37%.

**Operating costs:** The operating costs of Seventh Highway Engineering primarily consist of labour costs, material costs, vessel and equipment usage fees, and other costs. The Valuer projects future operating costs by making reference to factors such as the planned number of employees, local wage growth levels, and the proportion of relevant costs to revenue in historical years. The gross profit margin for Seventh Highway Engineering's future project is estimated to be approximately 9.2%.

**Taxes and surcharges:** The major taxes of Seventh Highway Engineering include urban construction and maintenance tax, and surtax on education fees, which are payable at the rate of 5%, 3% and 2% of value-added tax, respectively.

**Other expenses:** Other expenses include administrative expenses and research and development expenses, of which the major portion is employee compensation. The Valuer makes reference to factors such as the planned number of employees, local wage growth levels, and the proportion of relevant costs to revenue in historical years for the forecast of other expenses.

**Income tax:** The forecast is based on a corporate income tax of 9% for 2025 and 15% from 2026 to the perpetuity period.

**Depreciation and amortization:** The fixed assets of Seventh Highway Engineering include machinery and equipment, electronic equipment and transportation equipment, and forecast is made using the average life method with the current depreciation or amortization life and residual value rate of the enterprise.

**Capital expenditures:** Capital expenditures are measured in accordance with the enterprise's investment plan and the useful life and depreciation and amortization life of the assets.

**Increase in working capital:** Increase in working capital = working capital in the current period – working capital in the previous period.

## Determination of discount rate

The weighted average cost of capital (WACC) shall be selected as the discount rate. The formula is as follows, and the discount rate under the valuation is forecasted at 9.21%.

$$r = r_d \times W_d + r_e \times W_e$$

Where,  $r_d$  is the interest rate on interest-bearing debts after income tax, i.e., the interest rate on interest-bearing debts before income tax multiplied by  $(1 - \text{the applicable income tax rate})$ , which is 3.06%;  $W_d$  is the debt ratio of Seventh Highway Engineering, i.e., the proportion of the value of interest-bearing debts of Seventh Highway Engineering to the sum of the value of all shareholders' equity and the value of interest-bearing debts of Seventh Highway Engineering, which is 0;  $W_e$  is the equity ratio of Seventh Highway Engineering, i.e., the proportion of the value of all shareholders' equity of Seventh Highway Engineering to the sum of the value of all shareholders' equity and the value of interest-bearing debts of Seventh Highway Engineering, which is 100%;  $r_e$  is the return on equity capital, which is 9.21%.

Where, the return on the cost of equity capital is calculated using the capital assets pricing model (CAPM) with the formula as follows:

$$r_e = r_f + \beta (r_m - r_f) + \varepsilon$$

Where,  $r_f$  is the risk-free rate of return, determined by the yield to maturity of government bonds within 10 years from the Valuation Benchmark Date, which is 3.40%;  $r_m$  is the expected market rate of return and  $r_m - r_f$  is the market risk premium. The Valuer has adopted the risk premium of the PRC securities market, which is the difference between the average rate of the PRC stock market and the PRC risk-free interest rate. Based on the monthly data of the CSI 300 Index from January 2002 to the Valuation Benchmark Date, measured using the arithmetic average method, and in conjunction with the aforementioned yield to maturity of 10-year government bonds, the market risk premium used in the valuation forecast is 8.71%;  $\beta$  is the expected market risk factor for the equity capital of Seventh Highway Engineering, determined after taking into account the capital structure and the income tax rate of Seventh Highway Engineering, which is 0.5296;  $\varepsilon$  is the specific risk adjustment factor of Seventh Highway Engineering, determined after taking into account the stage and scale of operation, historical operating conditions, internal management and control mechanisms, the experience and qualifications of the management staff, as well as the risks in respect of financial, legal and environmental protection of Seventh Highway Engineering, which is 3%.