

---

## 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**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)**

**CIRCULAR FOR ANNUAL GENERAL MEETING:**

- (1) CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS: RENEWAL OF CERTAIN CONTINUING CONNECTED TRANSACTIONS UNDER THE EXISTING AGREEMENTS;**
- (2) RENEWAL OF CERTAIN ORDINARY RELATED PARTY TRANSACTIONS UNDER THE EXISTING AGREEMENTS;**
- (3) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023;**
- (4) DISTRIBUTION PLAN OF PROFIT AND FINAL DIVIDEND FOR THE YEAR OF 2023;**
- (5) REPORT OF THE BOARD FOR THE YEAR OF 2023;**
- (6) REPORTS OF DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS FOR THE YEAR OF 2023;**
- (7) REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR OF 2023;**
- (8) REPORT OF THE COMPREHENSIVE BUDGET FOR 2024;**
- (9) RE-APPOINTMENT OF ERNST & YOUNG AS THE COMPANY'S INTERNATIONAL AUDITOR AND ERNST & YOUNG HUA MING LLP AS THE COMPANY'S DOMESTIC AUDITOR AND AUTHORISATION TO THE BOARD TO DETERMINE THEIR RESPECTIVE REMUNERATION;**
- (10) INVESTMENT PLAN FOR 2024;**
- (11) ESTIMATED CAP FOR THE INTERNAL GUARANTEES OF THE GROUP IN 2024;**
- (12) PROPOSED LAUNCH OF ASSET-BACKED SECURITIZATION;**
- (13) PROPOSED REGISTRATION AND ISSUANCE OF BONDS;**
- (14) APPLICATION FOR UNIFIED REGISTRATION OF MULTI-TYPE DEBT FINANCING INSTRUMENTS;**
- (15) PROPOSED AMENDMENTS TO THE WORKING MANUAL OF INDEPENDENT DIRECTORS; AND**
- (16) NOTICE OF ANNUAL GENERAL MEETING**

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

 **SOMERLEY CAPITAL LIMITED**

---

A notice convening the AGM of the Company to be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 9:00 a.m. on Monday, 17 June 2024 is set out on pages AGM-1 to AGM-4 of this circular.

Whether or not you intend to attend the AGM, 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 AGM or any adjournment thereof (i.e. before 9:00 a.m. on Sunday, 16 June 2024). Completion and return of the form of proxy will not preclude you as a Shareholder from attending and voting in person at the AGM or at any adjourned meeting should you so wish.

16 May 2024

---

# CONTENTS

---

	<i>Pages</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	5
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	49
<b>LETTER FROM SOMERLEY</b> .....	50
<b>APPENDIX I – GENERAL INFORMATION</b> .....	I-1
<b>APPENDIX II – REPORTS OF DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS FOR THE YEAR OF 2023</b> .....	II-1
<b>APPENDIX III – DETAILS OF THE PROPOSED AMENDMENTS TO THE WORKING MANUAL OF INDEPENDENT DIRECTORS</b> .....	III-1
<b>NOTICE OF THE ANNUAL GENERAL MEETING</b> .....	AGM-1

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following terms shall 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 Shanghai Stock Exchange under the stock code 601800 and traded in Renminbi
“AGM”	the annual general meeting of the Company to be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 9:00 a.m. on 17 June 2024
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“CCCC Capital”	CCCC Capital Holdings Limited* (中交資本控股有限公司), a limited liability company incorporated under the laws of the PRC
“CCCC Finance”	CCCC Finance Company Limited* (中交財務有限公司), a limited liability company incorporated under the laws of the PRC
“CCCC Leasing”	CCCC Financial Leasing Co., Ltd.* (中交融資租賃有限公司), a limited liability company incorporated under the laws of the PRC
“CCCCG”	China Communications Construction Group (Limited), a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company
“CCCCG Group”	CCCCG and its subsidiaries, excluding the Group
“Company”	China Communications Construction Company Limited, a joint stock limited company duly incorporated in the PRC with limited liability, the H Shares of which are listed on the main board of the Hong Kong Stock Exchange under the stock code 1800 and the A Shares of which are listed on the Shanghai Stock Exchange under the stock code 601800
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company

---

## DEFINITIONS

---

“Existing Finance Lease and Commercial Factoring Agreement”	the finance lease and commercial factoring agreement entered into between CCCC Leasing and CCCG on 15 October 2021 and as amended by a supplemental agreement entered into among CCCC Leasing, CCCG and CCCC Capital (which wholly owns CCCC Leasing) on 28 October 2022
“Existing Financial Services Agreement”	collectively, the Financial Services – Deposit Services and Loan Services Framework Agreement, the Financial Services – Guarantee Letter Services Framework Agreement, and the Financial Services – Other Credit Services Framework Agreement, all of which were entered into between CCCC Finance and CCCG on 15 October 2021
“Existing Leasing Framework Agreement”	collectively, the leasing and asset management services framework agreement entered into between the Company and CCCG on 9 September 2021 and the asset leasing framework agreement entered into between the Company and CCCG on 12 April 2024
“Existing Mutual Product Sales and Purchase Agreement”	the mutual product sales and purchase agreement entered into between the Company and CCCG on 9 September 2021
“Existing Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG on 15 October 2021
“Finance Lease and Commercial Factoring Framework Agreement”	the finance lease and commercial factoring framework agreement entered into between CCCC Capital and CCCG on 12 April 2024
“Financial Services Framework Agreement”	the Financial Services Framework Agreement entered into between CCCC Finance and CCCG on 12 April 2024
“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 under the stock code 1800 and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

---

## DEFINITIONS

---

“Independent Board Committee”	the committee of Directors consisting of Mr. LIU Hui, Mr. CHAN Wing Tak Kevin, Mr. WU Guangqi and Mr. ZHOU Xiaowen who are Independent Non-executive Directors, formed to advise the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements
“Independent Non-executive Director(s)” or “Independent Directors(s)”	the independent non-executive Director(s) of the Company
“Independent Shareholders”	the Shareholders, other than CCCG and its associates who will abstain from voting on the relevant resolutions in relation to the Renewal of Certain Continuing Connected Transactions under the existing agreements at the AGM
“Latest Practicable Date”	11 May 2024, being the latest practicable date for ascertaining certain information included herein before the printing of this circular
“Leased Assets”	assets specified in the Mutual Leasing Framework Agreement, including buildings, plants and auxiliary equipment, facilities, etc. for production and operation
“Mutual Leasing Framework Agreement”	the mutual leasing and asset management services framework agreement entered into between the Company and CCCG on 12 April 2024
“Mutual Product Sales and Purchase Framework Agreement”	the mutual product sales and purchase framework agreement entered into between the Company and CCCG on 12 April 2024
“Mutual Project Contracting Framework Agreement”	the mutual project contracting framework agreement entered into between the Company and CCCG on 12 April 2024
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renewal of Certain Continuing Connected Transactions”	the continuing connected transactions of the Company contemplated under (i) the Mutual Project Contracting Framework Agreement, and (ii) the Financial Services Framework Agreement, both of which are subject to reporting, announcement, annual review and Independent Shareholders’ approval requirements under the Hong Kong Listing Rules

---

## DEFINITIONS

---

“Renewal of Certain Ordinary Related Party Transactions”	the continuing connected transactions of the Company contemplated under (i) the Finance Lease and Commercial Factoring Framework Agreement, (ii) the Mutual Leasing Framework Agreement, and (iii) the Mutual Product Sales and Purchase Framework Agreement, all of which are subject to reporting, announcement and annual review requirements but are exempt from the Independent Shareholders’ approval requirement under the Hong Kong Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“Somerville” or “Independent Financial Adviser”	Somerville Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements
“SSE Listing Rules”	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange
“Supervisor(s)”	the supervisor (s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Working Manual of Independent Directors”	the Working Manual of Independent Directors of the China Communications Construction Company Limited (《中國交通建設股份有限公司獨立董事工作制度》)
“%”	per cent

\* For identification purposes only

---

## 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

*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

16 May 2024

*To the Shareholders,*

Dear Sir or Madam,

- (1) CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS: RENEWAL OF CERTAIN CONTINUING CONNECTED TRANSACTIONS UNDER THE EXISTING AGREEMENTS;**
- (2) RENEWAL OF CERTAIN ORDINARY RELATED PARTY TRANSACTIONS UNDER THE EXISTING AGREEMENTS;**
- (3) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023;**
- (4) DISTRIBUTION PLAN OF PROFIT AND FINAL DIVIDEND FOR THE YEAR OF 2023;**
- (5) REPORT OF THE BOARD FOR THE YEAR OF 2023;**
- (6) REPORTS OF DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS FOR THE YEAR OF 2023;**
- (7) REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR OF 2023;**
- (8) REPORT OF THE COMPREHENSIVE BUDGET FOR 2024;**
- (9) RE-APPOINTMENT OF ERNST & YOUNG AS THE COMPANY'S INTERNATIONAL AUDITOR AND ERNST & YOUNG HUA MING LLP AS THE COMPANY'S DOMESTIC AUDITOR AND AUTHORISATION TO THE BOARD TO DETERMINE THEIR RESPECTIVE REMUNERATION;**
- (10) INVESTMENT PLAN FOR 2024;**
- (11) ESTIMATED CAP FOR THE INTERNAL GUARANTEES OF THE GROUP IN 2024;**
- (12) PROPOSED LAUNCH OF ASSET-BACKED SECURITIZATION;**
- (13) PROPOSED REGISTRATION AND ISSUANCE OF BONDS;**
- (14) APPLICATION FOR UNIFIED REGISTRATION OF MULTI-TYPE DEBT FINANCING INSTRUMENTS;**
- (15) PROPOSED AMENDMENTS TO THE WORKING MANUAL OF INDEPENDENT DIRECTORS; AND**
- (16) NOTICE OF ANNUAL GENERAL MEETING**

---

# LETTER FROM THE BOARD

---

## A. INTRODUCTION

Reference is made to the announcement of the Company dated 12 April 2024 in relation to the Renewal of Certain Continuing Connected Transactions under the existing agreements and the Renewal of Certain Ordinary Related Party Transactions under the existing agreements.

The purpose of this circular is to provide you with, among other things:

- (i) details of the Renewal of Certain Continuing Connected Transactions under the existing agreements, the Renewal of Certain Ordinary Related Party Transactions under the existing agreements, the audited consolidated financial statements for the year ended 31 December 2023, the distribution plan of profit and final dividend of the Company for the year of 2023; the report of the Board for the year of 2023, the reports of duty performance of the Independent Directors for the year of 2023, the report of the Supervisory Committee for the year of 2023, the report of the comprehensive budget for 2024, the re-appointment of Ernst & Young as the Company's international auditor and Ernst & Young Hua Ming LLP as the Company's domestic auditor for a term ending at the 2024 annual general meeting of the Company and the authorisation to the Board to determine their respective remuneration, the investment plan for 2024, the estimated cap for the internal guarantees of the Group in 2024, the proposed launch of asset-backed securitization, the proposed registration and issuance of bonds, the application for unified registration of multi-type debt financing instruments and the proposed amendments to the Working Manual of Independent Directors;
- (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements;
- (iii) a letter from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements; and
- (iv) a notice of the AGM, in order to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

## B. CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS

### (I) Renewal of Certain Continuing Connected Transactions under the Existing Agreements

#### *1. Renewal of the Continuing Connected Transactions under the Mutual Project Contracting Framework Agreement*

##### *(1) Background*

As the Existing Mutual Project Contracting Framework Agreement will expire on 31 December 2024, the Company entered into the Mutual Project Contracting Framework Agreement with CCCG to regulate the existing continuing connected transactions between the Company and CCCG for the three financial years ending 31 December 2027 and set the respective annual caps thereof.



---

## LETTER FROM THE BOARD

---

(2) *Mutual Project Contracting Framework Agreement*

The principal terms of the Mutual Project Contracting Framework Agreement are set out as follows:

**Date**

12 April 2024

**Parties**

- (1) the Company; and
- (2) CCCG

**Term**

Three years from 1 January 2025 to 31 December 2027

**Description of the transactions**

Considering that the Group is a leading transportation infrastructure enterprise focusing on infrastructure construction, infrastructure design and dredging, the Group agreed to provide, within the business scope and specialized field of the Group, the project construction and management services to CCCG Group, which may include (i) provision of construction, design, consultation and management services for the construction projects that may be undertaken by CCCG Group; and (ii) design, construction, operation, management and dismantlement of temporary supporting facilities.

Considering that CCCG Group is primarily engaged in real estate development, wastewater treatment, airport construction, etc., CCCG Group agreed to provide, within the business scope and specialized field of CCCG Group, the labour and subcontracting services to the Group, which may include (i) provision of professional services for construction projects that may be undertaken by the Group; (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and (iii) provision of consultation, management and technical services.

**Price determination**

The fees payable by CCCG Group for the project contracting services provided by the Group shall be arrived at arm's length negotiation between the parties with reference to and taking into account the factors set out below:

- (i) with reference to the price at which the same or similar services for comparable projects are provided by independent third parties in the same area on normal commercial terms in the ordinary course of business;

---

## LETTER FROM THE BOARD

---

- (ii) after taking into consideration the various aspects of the projects, such as project scale, construction period, technical difficulties and risk factors; and
- (iii) the Group will refer to its quotations for similar services to three independent third parties, so as to assess and review whether the services quotations provided by the Group to CCCG Group in accordance with items (i) and (ii) above are fair and reasonable and are no less favorable than those provided to such independent third parties.

The fees receivable by CCCG Group for the labour and subcontracting services provided to the Group shall be agreed upon by arm's length negotiation between the parties and specified in agreement entered into for each transaction in accordance with the following market-oriented pricing principles:

- (i) The fees proposed by CCCG Group for each future transaction shall be made with reference to its expected costs to be incurred, such as labour costs and management costs. CCCG Group is entitled to charge the service fees with a price at the costs plus gross profit of comparable transactions in the market after taking into account the actual circumstances for each future transaction; and
- (ii) The Group will seek fee quotes for similar services from three independent third parties on a quarterly basis in the market in order to assess and review the fairness and reasonableness of the quotes for the services proposed by CCCG Group in accordance with item (i) above and are no less favorable than those provided by such independent third parties.

The above-mentioned project contracting service fees and the labour and subcontracting service fees and relevant periodic reports will be submitted to the Independent Non-executive Directors for their annual review on the pricing so as to ensure its fairness and reasonableness. The Directors consider such methods and procedures can ensure the transactions will be conducted on normal commercial terms and will not prejudice the interests of the Company and its Shareholders.

### **Payment**

The specific payment terms (including time and method of payment) for the project contracting services provided by the Group to CCCG Group and the labour and subcontracting services provided by CCCG Group to the Group will be agreed by the parties in the individual contract to be entered into by them, with reference to the payment terms of similar services in the market and the payment terms offered by or provided to independent third parties.

## LETTER FROM THE BOARD

(3) *Historical Amounts*

Set out below are the project contracting service fees and the labour and subcontracting service fees for the two financial years ended 31 December 2023 and the three months ended 31 March 2024:

	<i>RMB' million</i>		
<b>Transaction</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>	<b>For the three months ended 31 March 2024 <sup>(Note 1)</sup></b>
<i>Project contracting services provided by the Group to CCCG Group</i>			
Historical amounts	13,395	14,009	1,800
Historical annual cap <sup>(Note 2)</sup>	33,155	34,554	34,656
<i>Labour and subcontracting services provided by CCCG Group to the Group</i>			
Historical amounts	2,949	3,095	418
Historical annual cap <sup>(Note 2)</sup>	8,628	8,232	6,210

*Notes:*

1. These figures represent the unaudited transaction amount for the three months ended 31 March 2024, which may be different from those to be disclosed in the annual reports.
2. The utilization rate is calculated by dividing the actual transaction amount by the proposed annual cap in the corresponding year. During the two financial years ended 31 December 2023 and the three months ended 31 March 2024, the utilisation rates of the project contracting services provided by the Group to CCCG Group are 40.4%, 40.5% and 5.2%, while the utilisation rates of the labour and subcontracting services provided by CCCG Group to the Group are 34.2%, 37.6% and 6.7%, respectively.

The utilisation rates are relatively low historically due to the facts that: (i) there are many competitive and independent providers of similar services in the infrastructure industry, who may offer prices and/or terms more favourable than those offered by the Group or provided to the Group. In that case, CCCG Group (with respect to the project contracting services) or the Group (with respect to the labour and subcontracting services) entered into purchase agreements with such independent service providers rather than with the Group or CCCG Group, so as to comply with their respective internal control procedures and protect their respective interests. There is no assurance that CCCG Group would select the Group as provider for project contracting services. Similarly, there is no assurance that the Group would select CCCG Group as provider for labour and subcontracting services; and (ii) given the seasonality of the infrastructure construction business, a large part of the services fees receivable by the Group or CCCG Group is expected to be collected in the second half of the year, which is common in the infrastructure industry.

---

## LETTER FROM THE BOARD

---

(4) *Proposed Annual Caps and Basis for Determination*

The proposed annual caps for the project contracting service fees and the labour and subcontracting service fees for the three financial years ending 31 December 2027 are as follows:

*RMB' million*

<b>Transaction</b>	<b>Annual cap for the year ending 31 December 2025</b>	<b>Annual cap for the year ending 31 December 2026</b>	<b>Annual cap for the year ending 31 December 2027</b>
Project contracting services to be provided by the Group to CCCG Group	18,433	18,929	21,317
Labour and subcontracting services to be provided by CCCG Group to the Group	7,509	6,261	5,938

In estimating the proposed annual caps for the project contracting service fees to be received by the Group from CCCG Group under the Mutual Project Contracting Framework Agreement, the Company has principally considered the following factors: (i) CCCG Group's development plan in real property projects, wastewater treatment projects and other construction projects and its need for project contracting services; (ii) the estimated project contracting service fees to be recognised by the Group from the existing projects and currently foreseeable potential projects in the amount of approximately RMB16,768 million, RMB18,026 million and RMB19,380 million for the years ending 31 December 2025, 2026 and 2027, respectively, including the existing 14 infrastructure construction projects, 7 infrastructure design projects, 12 real property construction projects and 2 state development construction projects, as well as the potential 25 infrastructure construction projects, 14 infrastructure design projects, 6 real property construction projects and 2 state development construction projects (subject to tendering results); (iii) the prevailing market price of service fees charged for projects contracting services; (iv) the current construction capacity of the Group; (v) the historical amounts for the three financial years ended 31 December 2023; and (vi) a buffer of approximately 10% for unexpected increase of projects by CCCG Group in the future that requires the project contracting services from the Group.

---

## LETTER FROM THE BOARD

---

In estimating the proposed annual caps for the labour and subcontracting service fees to be paid by the Group to CCCG Group under the Mutual Project Contracting Framework Agreement, the Company has principally considered the following factors: (i) the Group's plan for project construction and daily operations and its need for labour and subcontracting services for the years of 2025, 2026 and 2027; (ii) the estimated labour and subcontracting service fees to be recognised from the existing projects and currently foreseeable potential projects in the amount of approximately RMB6,827 million, RMB5,692 million and RMB5,388 million for the years ending 31 December 2025, 2026 and 2027, respectively, including the existing 7 projects undertaken by Shanghai Zhenhua Heavy Industries Co. Ltd.\* (上海振華重工(集團)股份有限公司, the "ZPMC") including provision of professional services for construction projects that may be undertaken by the Group, design, construction, operation, management and dismantlement of temporary supporting facilities; and provision of consultation and management, 6 projects of infrastructure construction of temporary supporting facilities, 21 information technical service projects and currently foreseeable potential projects including 13 projects undertaken by ZPMC of the above categories, 20 projects of infrastructure construction of temporary supporting facilities, 8 projects of infrastructure design of temporary supporting facilities, and 48 information technical service projects (subject to tendering results); (iii) the prevailing market price for comparable types of services in the industry; (iv) the current capacity of CCCG Group; and (v) a buffer of approximately 10% for unexpected additional demands for the labour and subcontracting services by the Group from CCCG Group.

(5) *Reasons for and Benefits of the Transactions*

The Group provides the project contracting services for real property projects, wastewater treatment projects and other construction projects that may be undertaken by CCCG Group. CCCG has made certain progress in exploring each of the aforesaid areas, which therefore boosts the demands for project contracting services. The Directors of the Company believe that the provision of project contracting services to CCCG Group will help the Company to accumulate more experience in relevant sectors, improve the business performance and expand the business scale, which will further strengthen the market competitiveness and facilitate the Group's business development.

As the Company is mainly engaged in the transportation infrastructure industry, it may require labour and subcontracting services from time to time in the course of its ordinary business. By selecting CCCG Group as a provider of such services, Directors of the Company are of the view that the Company can benefit from its relatively low quotations, its understanding of the Company's business and its extensive experience and expertise in providing such services, and accordingly receive professional and high-quality services at a reasonable cost, which will be conducive to the Company's business operation.

---

## LETTER FROM THE BOARD

---

### 2. *Renewal of the Continuing Connected Transactions under the Financial Services Framework Agreement*

#### (1) *Background*

As the Existing Financial Services Agreement will expire on 31 December 2024, to facilitate the supervision and monitoring over the transactions and in accordance with the applicable laws and regulations, CCCC Finance entered into the Financial Services Framework Agreement with CCCG, to regulate the financial services under the Existing Financial Services Agreement between CCCC Finance and CCCG for the three financial years ending 31 December 2027 and set the annual caps thereof.

#### (2) *Financial Services Framework Agreement*

##### **Date**

12 April 2024

##### **Parties**

(1) CCCC Finance; and

(2) CCCG

##### **Term**

Three years from 1 January 2025 to 31 December 2027

##### **Principal Services**

###### *Deposit Services and Loan Services*

Pursuant to the Financial Services Framework Agreement, CCCC Finance agreed to provide deposit services and loan services to CCCG Group according to the principal terms as below.

---

## LETTER FROM THE BOARD

---

(a) Deposit Services

CCCC Finance will provide deposit services to CCCG Group. The deposit interest rates shall be determined through negotiation on an arm's length basis between the parties in accordance with market principles for their own interests and in compliance with interest rate requirements of the PBOC on such type of deposits. The cap and floor deposit rates shall be in accordance with requirements of the PBOC on deposits of the same term and same category and shall not be higher than the interest rates applicable to deposit services of the same term and same category provided by major domestic commercial banks, i.e., the Loan Prime Rate (LPR) as announced by the National Inter-bank Funding Center as authorised by the PBOC.

(b) Loan Services

CCCC Finance will provide loans to CCCG Group. The lending interest rates shall be determined through negotiation on an arm's length basis between the parties in accordance with market principles for their own interests and the lending rates shall not be lower than the interest rates applicable to loan services of the same term and same category provided by major domestic commercial banks, i.e., the Loan Prime Rate (LPR) as announced by the National Inter-bank Funding Center as authorised by the PBOC.

### **Risk Management**

- (i) As a banking financial institution, CCCC Finance will manage its accounts in strict compliance with the Measures for Payment and Settlement and Measures for the Administration of RMB Bank Settlement Accounts issued by the PBOC, and ensure the safety of the funds of the account holders in accordance with the laws. The accounts opened by CCCG Group with CCCC Finance are independent of those opened by the Group, and there is no interchange of funds in the accounts;
- (ii) The daily balance of loans provided by CCCC Finance to CCCG Group (including the interests accrued thereon) is under strict control, which shall not exceed 75% of the average daily balance of deposits of CCCG Group with CCCC Finance in any case;
- (iii) CCCC Finance will conduct credit review before conducting business, perform credit rating and credit asset rating based on internal rating standards, and regularly arrange post-loan inspections (every six months). During the course of business, CCCC Finance will also assign dedicated personnel to follow up the utilisation of loan by CCCG Group. If the use of loan is changed, CCCC Finance will recover the entire principal and interest, and impose an additional penalty of 100% interest;

---

## LETTER FROM THE BOARD

---

- (iv) If CCCG Group does not repay the principal and interest within the repayment period as stipulated in the individual contract, CCCC Finance is entitled to require CCCG Group to repay the principal and interest within a certain period of time, and charge a penalty interest on the overdue borrowings in accordance with the individual contract, generally at 50% of the benchmarking rate for the same period of borrowings. In addition, CCCC Finance is entitled to directly deduct the corresponding amounts from the account opened by CCCG Group with CCCC Finance regardless of the maturity date, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted amounts is different from the currency of the repayable principal and interest, the exchange rate published by the competent authority at the date of such deduction shall apply; and
- (v) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services Framework Agreement, pursuant to which CCCG will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

### *Guarantee Letter Services*

Pursuant to the Financial Services Framework Agreement, subject to the applicable laws and regulations, CCCC Finance agreed to provide guarantee letter services to CCCG Group according to the actual operation and development needs of CCCG Group. The fees charged by CCCC Finance for the provision of guarantee letter services shall not be lower than that charged by major domestic commercial banks for financial services of the same type or that charged from the Group.

### **Risk Management**

- (i) When a guarantee letter is issued to CCCG Group, relevant protection terms for CCCC Finance shall be specified in the individual contract. If CCCC Finance receives an eligible claim statement from the beneficiary, CCCC Finance is entitled to directly deduct the deposits agreed in the individual contract and all the amounts in the account opened by CCCG Group with CCCC Finance regardless of the maturity date for the repayment of the claim from the beneficiary, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted deposits and amounts is different from the currency of the claims to be repaid, the exchange rate published by the competent authority at the date of such deduction shall apply. In the event that the deducted deposits and amounts are not sufficient for the repayment of the claims from the beneficiary, CCCG Group shall remit the corresponding amounts to its account opened with CCCC Finance within three business days from the date of receipt of the notice of repayment from CCCC Finance.



---

## LETTER FROM THE BOARD

---

- (ii) If CCCG Group does not make the repayment within the repayment period, CCC Finance is entitled to require CCCG Group to make such repayment within a certain period of time, and charge a penalty interest on the overdue amounts in accordance with the individual contract, generally at 50% of the benchmarking rate for the same period of borrowings.
- (iii) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services Framework Agreement, pursuant to which CCCG will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

### *Other Credit Services*

Pursuant to the Financial Services Framework Agreement, subject to the applicable laws and regulations, CCC Finance agreed to provide the following other credit services to CCCG Group.

#### (a) Bills Issuance Services

CCC Finance agreed to provide bills issuance services to CCCG Group according to the actual operation and development needs of CCCG Group. The fees charged by CCC Finance for the provision of bills issuance services shall not be lower than that charged by major domestic commercial banks for financial services of the same type or that charged from the Group, i.e., the Loan Prime Rate (LPR) as announced by the National Inter-bank Funding Center as authorised by the PBOC.

#### (b) Bonds Subscription

CCC Finance agreed to subscribe for the bonds issued by CCCG Group, which shall be conducted in strict compliance with the requirements of the National Association of Financial Market Institutional Investors, the relevant stock exchanges and other issuance and trading platforms. The pricing for the bonds shall be determined with reference to the interest rate in the market, i.e., the Loan Prime Rate (LPR) as announced by the National Inter-bank Funding Center as authorised by the PBOC, and shall meet the market-oriented requirements.

---

## LETTER FROM THE BOARD

---

(c) Other Financial Services

CCCC Finance will provide CCCG Group with other financial services within the business scope of CCCC Finance, including but not limited to providing financial and financing consulting services, credit authentication and other related consulting and agent services; assisting in receiving and paying trading payments; dealing with entrusted loans; accepting and discounting bills; conducting internal settlements and designing corresponding plans for such settlements and clearing, etc. For other financial services, the pricing shall be determined after negotiation by parties to the services based on the nature of services and with reference to relevant comparable costs charged by third-party fund management companies.

**Risk Management**

- (i) When providing the other credit services, relevant protection terms for CCCC Finance shall be specified in the individual contract. If CCCG Group fails to repay the amounts advanced by the Group for CCCG Group in relation to the bill issuance and acceptance business or has bond default, CCCC Finance is entitled to directly deduct the corresponding amounts from the account opened by CCCG Group with CCCC Finance regardless of the maturity date, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted amounts is different from the currency of the repayable principal and interest, the exchange rate published by the competent authority at the date of such deduction shall apply.
- (ii) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services Framework Agreement, pursuant to which CCCG will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

## LETTER FROM THE BOARD

### (3) Historical Amounts

Set out below are the maximum daily balance (including the interests accrued thereon) of credit services provided by CCCC Finance to CCCG Group for the two financial years ended 31 December 2023 and the three months ended 31 March 2024:

		<i>RMB' million</i>		
		For the	For the	For the
		year ended	year ended	three months
		31 December	31 December	ended
Transactions		2022	2023	31 March
		<i>2024 (Note 1)</i>		
Maximum daily balance	<i>Loan services</i>			
(including the	Historical amounts	1,834	4,859	5,100
interests and handling	Historical annual cap <sup>(Note 2)</sup>	14,539	29,078	43,617
charges accrued				
thereon) of credit	<i>Guarantee letter services</i>			
services to be	Historical amounts	1,840	1,923	977
provided by CCCC	Historical annual cap <sup>(Note 2)</sup>	3,006	5,010	7,014
Finance to CCCG				
Group	<i>Bills issuance services and</i>			
	<i>bonds subscription</i>			
	Historical amounts	803	847	611
	Historical annual cap <sup>(Note 2)</sup>	810	1,372	1,946

*Notes:*

1. These figures represent the unaudited transaction amount for the three months ended 31 March 2024, which may be different from those to be disclosed in the annual reports.
2. The utilization rate is calculated by dividing the actual transaction amount by the proposed annual cap in the corresponding year. During the two financial years ended 31 December 2023 and the three months ended 31 March 2024, the utilisation rates of the maximum daily balance (including the interests accrued thereon) for loan services are 12.6%, 16.7% and 11.7%, the utilisation rates of the maximum daily balance (including the interests accrued thereon) for guarantee letter services are 61.2%, 38.4% and 13.9%, and the utilisation rates of the maximum daily balance (including the interests accrued thereon) for bills issuance services and bonds subscription are 99.1%, 61.7% and 31.4%, respectively.

The utilisation rates are relatively low historically due to the facts that: there are many competitive and independent providers of similar services in the abovementioned financial services, who may offer prices and/or terms more favourable than those offered by CCCC Finance to CCCG Group. In that case, CCCG Group entered into relevant agreements with such independent service providers rather than with the CCCC Finance, so as to comply with its respective internal control procedures and protect its interests. There is no assurance that CCCG Group would select the CCCC Finance as the provider for financial services.

## LETTER FROM THE BOARD

(4) *Proposed Annual Caps and Basis for Determination*

The proposed annual caps for the maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be provided by CCCC Finance to CCCC Group, including (i) the loan services, (ii) the guarantee letter services, and (iii) the bills issuance services and bonds subscription for the three financial years ending 31 December 2027 are as follows:

*RMB' million*

Description		Annual cap for the year ending 31 December 2025	Annual cap for the year ending 31 December 2026	Annual cap for the year ending 31 December 2027
Maximum daily	Loan services	9,270	9,270	9,270
balance (including	Guarantee letter	7,004	7,004	7,004
the interests and	services			
handling charges	Bills issuance services	2,274	2,419	2,571
accrued thereon) of	and bonds			
credit services to be	subscription			
provided by CCCC				
Finance to CCCC				
Group				

In estimating the maximum daily balance (including the interests accrued thereon) of loan services to be provided by CCCC Finance to CCCC Group, the Company has principally considered the following factors: (i) the development plan of CCCC Group and its estimated financial needs for loan services; (ii) the relevant guidelines and regulations of the PBOC, which requires that the daily balance of loans provided by CCCC Finance to CCCC Group (including the interests accrued thereon) shall not exceed 75% of the average daily balance of deposits of CCCC Group with CCCC Finance; (iii) the increasing credit scale of CCCC Finance due to its business expansion; and (iv) the historical transaction amounts and growth trends for the maximum daily balance (including the interests accrued thereon) of loan services to be provided by CCCC Finance to CCCC Group, which were RMB1,834 million and RMB4,859 million in 2022 and 2023, respectively, representing an annual growth rate of 164.94%. CCCC Group plans to further extend its business in the energy-saving and environmental friendly areas after the acquisition of Beijing OriginWater Technology Co., Ltd.\* (北京碧水源科技股份有限公司) and strengthen its advantages in overseas projects undertaken by ZPMC and China International Water & Electric Corp.\* (中國水利電力對外有限公司), and therefore it has an increasing financial demands for business expansion and potential incremental business volume.

---

## LETTER FROM THE BOARD

---

In estimating the maximum daily balance (including the handling charges accrued thereon) of guarantee letter services, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for guarantee letter services, which is estimated to be approximately RMB6,300 million, RMB6,300 million and RMB6,300 million for the years ending 31 December 2025, 2026 and 2027, respectively; (ii) the relevant guidelines and regulations of the PBOC; (iii) the development plan of CCCC Finance to increase its credit scale; and (iv) a buffer of approximately 10% for unexpected additional demands for the guarantee letter services by CCCG Group from CCCC Finance.

In estimating the maximum daily balance (including the handling charges accrued thereon) of bills issuance services and bonds subscription, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for bills issuance services with reference to the outstanding bills payable of CCCG Group as at 31 March 2024; and (ii) the issuance plan of bonds by CCCG Group at an interest rate of 3.14% (being the median rate for bonds issued by CCCG Group in year 2022 to 2023) and the interest proposed to be received by the Group for subscription of such bonds according to its current plan.

(5) *Reasons for and Benefits of the Transactions*

CCCC Finance is a non-banking financial institution, offering comprehensive financial services to qualified enterprises subject to the same capital requirements and are also monitored by the China Banking and Insurance Regulatory Commission. The Company expects to benefit from the gains generated by the financial services provided by CCCC Finance. Furthermore, the financial services provided by CCCC Finance to CCCG Group can help the Group to improve its capital utilization efficiency and enhance the capability of CCCC Finance in providing professional and comprehensive financial services whilst managing risk appropriately, which is in line with the Group's business development needs.

### **(II) Implications under the Hong Kong Listing Rules**

As at the Latest Practicable Date, CCCG is the controlling Shareholder of the Company holding approximately 59.42% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under (i) the Mutual Project Contracting Framework Agreement, and (ii) the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

---

## LETTER FROM THE BOARD

---

### **1. *Mutual Project Contracting Framework Agreement***

As the highest applicable percentage ratio of the proposed annual caps for each of the project contracting services and the labour and subcontracting services contemplated under the Mutual Project Contracting Framework Agreement exceeds 5%, the project contracting services and the labour and subcontracting services and the annual caps thereof are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### **2. *Financial Services Framework Agreement***

The provision of deposit services by CCCC Finance to CCCG Group is to be made on normal commercial terms or more favourable terms which are in the Group's interests, and no assets of the Group are to be pledged as security for such deposit services in favour of CCCG Group. Therefore, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the provision of deposit services by CCCC Finance to CCCG Group is exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company expects that the highest applicable percentage ratio of the total service fees receivable by CCCC Finance from CCCG Group for the provision of other financial services will fall within the de minimis threshold as stipulated under Chapter 14A of the Hong Kong Listing Rules. Therefore, the provision of other financial services is fully exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the credit services under the Financial Services Framework Agreement (namely, the loan services, the guarantee letter services and the bills issuance services and bonds subscription, on an aggregate basis) exceeds 5%, the credit services and the annual caps thereof are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the above-mentioned credit services under the Financial Services Framework Agreement is more than 5% but less than 25%, such transactions contemplated thereunder constitute discloseable transactions of the Company and therefore are subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

Ordinary resolutions will be proposed at the AGM to approve (i) the project contracting services and the labour and subcontracting services contemplated under the Mutual Project Contracting Framework Agreement, and (ii) the loan services, the guarantee letter services and the bills issuance services and bonds subscription under the Financial Services Framework Agreement, and the respective proposed annual caps thereof.

---

## LETTER FROM THE BOARD

---

### C. ORDINARY RELATED PARTY TRANSACTIONS

As disclosed in the announcement of the Company dated 12 April 2024, the ordinary related party transactions contemplated under (i) the Finance Lease and Commercial Factoring Framework Agreement, (ii) the Mutual Leasing Framework Agreement, and (iii) the Mutual Product Sales and Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Although the above-mentioned transactions and the respective annual caps thereunder are exempt from the Independent Shareholders' approval requirement under the Hong Kong Listing Rules, such transactions are subject to the approval by the Independent Shareholders at the general meeting of the Company pursuant to the SSE Listing Rules.

Ordinary resolutions will be proposed at the AGM to approve (i) the finance lease services and the commercial factoring services contemplated under the Finance Lease and Commercial Factoring Framework Agreement, (ii) the mutual leasing of the Leased Assets under the Mutual Leasing Framework Agreement, and (iii) the sales of material products and the purchase of engineering products under the Mutual Product Sales and Purchase Framework Agreement, and the respective proposed annual caps thereof.

#### (I) Renewal of Certain Ordinary Related Party Transactions under the Existing Agreements

##### 1. *Renewal of the Ordinary Related Party Transactions under the Finance Lease and Commercial Factoring Agreement*

###### (1) *Background*

As the Existing Finance Lease and Commercial Factoring Agreement will expire on 31 December 2024, CCCC Capital entered into the Finance Lease and Commercial Factoring Framework Agreement with CCCG to regulate the existing continuing connected transactions between CCCC Capital and CCCG for the three financial years ending 31 December 2027 and set the respective annual caps thereof.

###### (2) *Finance Lease and Commercial Factoring Framework Agreement*

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

###### **Date**

12 April 2024

###### **Parties**

- (1) CCCC Capital; and
- (2) CCCG

---

## LETTER FROM THE BOARD

---

### **Term**

Three years from 1 January 2025 to 31 December 2027

### **Finance Lease**

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

#### (a) Types of Finance Lease

##### (i) Direct Leasing

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

##### (ii) Sale and Leaseback

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

#### (b) Leased Assets

The leased assets primarily include engineering equipment and fixtures, hotel equipment and furniture, and equipment for commercial centers, etc.

#### (c) Rental fees and other Miscellaneous Fees

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



---

## LETTER FROM THE BOARD

---

CCCC Capital will refer to its quotations for similar services offered to at least three independent third parties, so as to ensure that such fees payable by CCCG Group shall not be lower than the fees for similar finance lease services provided by CCCC Capital to other companies or the fees for comparable finance lease services available from other financial leasing companies in the PRC.

### **Commercial Factoring**

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

#### (a) Types of Commercial Factoring

##### (i) Factoring

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

##### (ii) Reverse Factoring

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

#### (b) Finance interest and Other Miscellaneous Fees

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

## LETTER FROM THE BOARD

CCCC Capital will refer to its quotations for similar services offered to at least three independent third parties, so as to ensure that such fees payable by CCCG Group shall not be lower than the fees for similar commercial factoring services provided by CCCC Capital to other companies or the fees for comparable commercial factoring services available from other commercial factoring companies in the PRC.

### Individual Contracts

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

### (3) Historical Amounts

Set out below are the historical amounts of the finance lease services and commercial factoring services provided by CCCC Capital (including CCCC Leasing) <sup>(Note 1)</sup> to CCCG Group for the two financial years ended 31 December 2023 and the three months ended 31 March 2024:

	<i>RMB' million</i>		
<b>Transaction</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>	<b>For the three months ended 31 March 2024 <sup>(Note 4)</sup></b>
<i>Finance lease services</i>			
<i>provided by CCCC</i>			
<i>Capital (including</i>			
<i>CCCC Leasing) to CCCG</i>			
<i>Group <sup>(Note 2)</sup></i>			
Historical amounts	1,149	768	564
Historical annual cap <sup>(Note 5)</sup>	5,200	6,300	6,900
 <i>Commercial factoring</i>			
<i>services provided by</i>			
<i>CCCC Capital (including</i>			
<i>CCCC Leasing) to CCCG</i>			
<i>Group <sup>(Note 3)</sup></i>			
Historical amounts	392	460	263
Historical annual cap <sup>(Note 5)</sup>	7,000	7,500	7,900

---

## LETTER FROM THE BOARD

---

*Notes:*

1. CCCC Leasing is a subsidiary of CCCC Capital. On 28 October 2022, CCCC Leasing, CCCG and CCCC Capital entered into a supplemental agreement to change the party to the Existing Finance Lease and Commercial Factoring Agreement from CCCC Leasing to CCCC Capital.
2. The aggregate amount of the finance lease services provided by CCCC Capital (including CCCC Leasing) to CCCG Group for each of the year ended 31 December 2022 and 2023 and the three months ended 31 March 2024 is the sum of the rental fees and other miscellaneous fees payable by CCCG Group to CCCC Capital (including CCCC Leasing) with respect to the finance lease services under the individual contracts of the Existing Finance Lease and Commercial Factoring Agreement entered into between CCCC Capital (including CCCC Leasing) and CCCG Group during each of the two years ended 31 December 2023 and the three months ended 31 March 2024, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.
3. The aggregate amount of the commercial factoring services provided by CCCC Capital (including CCCC Leasing) to CCCG Group for each of the year ended 31 December 2022 and 2023 and the three months ended 31 March 2024 is the sum of the Existing Finance Lease and Commercial Factoring Agreement entered into between CCCC Capital (including CCCC Leasing) and CCCG Group during each of the two years ended 31 December 2023 and the three months ended 31 March 2024, respectively.
4. These figures represent the unaudited transaction amount for the three months ended 31 March 2024, which may be different from those to be disclosed in the annual reports.
5. The utilization rate is calculated by dividing the actual transaction amount by the proposed annual cap in the corresponding year. During the two financial years ended 31 December 2023 and the three months ended 31 March 2024, the utilisation rates of the finance lease services provided by CCCC Capital (including CCCC Leasing) to CCCG Group are 22.1%, 12.2% and 8.2%, and the utilisation rates of the commercial factoring services provided by CCCC Capital (including CCCC Leasing) to CCCG Group are 5.6%, 6.1% and 3.3%, respectively.

The utilisation rates are relatively low historically due to the facts that: certain projects were postponed or cancelled due to the impact of the pandemic in 2022 as well as the changes in the finance leasing and commercial factoring markets.

## LETTER FROM THE BOARD

(4) *Proposed Annual Caps and Basis for Determination*

The proposed annual caps for the finance lease services and the commercial factoring services for the three financial years ending 31 December 2027 are as follows:

	<i>RMB' million</i>		
<b>Transaction</b>	<b>Annual cap for the year ending 31 December 2025</b>	<b>Annual cap for the year ending 31 December 2026</b>	<b>Annual cap for the year ending 31 December 2027</b>
Finance lease services to be provided by CCCC Capital to CCCG Group <i>(Note 1)</i>	1,988	2,039	2,101
Commercial factoring services to be provided by CCCC Capital to CCCG Group <i>(Note 2)</i>	4,640	5,271	5,904

*Notes:*

1. The aggregate amount of the finance lease services provided by CCCC Capital to CCCG Group for each of the years ending 31 December 2025, 2026 and 2027 is the sum of the rental fees and other miscellaneous fees payable by CCCG Group to CCCC Capital with respect to the finance lease services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between CCCG Group and CCCC Capital during each of the years ending 31 December 2025, 2026 and 2027, respectively. Wherein, the rental fees equals to the sum of the principal and the interest.
2. The aggregate amount of the commercial factoring services provided by CCCC Capital to CCCG Group for each of the years ending 31 December 2025, 2026 and 2027 is the sum of the principal, the finance interest and other miscellaneous fees payable by CCCG Group to CCCC Capital with respect to the commercial factoring services under the individual contracts of the Finance Lease and Commercial Factoring Framework Agreement entered into between CCCG Group and CCCC Capital during each of the years ending 31 December 2025, 2026 and 2027, respectively.

In estimating the proposed annual caps for the finance lease services provided by CCCC Capital under the Finance Lease and Commercial Factoring Framework Agreement, the Company has principally considered the following factors: (i) the value, nature and expected life of the leased assets; (ii) the development plan of the CCCG Group and its demand for the finance lease services provided by CCCC Capital, which is estimated to be approximately RMB1,850 million, RMB1,860 million and RMB1,880 million for the three years ending 31 December 2027, respectively; (iii) the capability and flexibility of CCCC Capital in providing finance lease services to the CCCG Group. In 2023, CCCC Leasing has newly established the equipment business department to support its provision of finance lease services to the equipment segment of CCCG Group; and (iv) a slight buffer of 7% to 11% for unexpected additional demands in financial lease services.

---

## LETTER FROM THE BOARD

---

In estimating the proposed annual caps for the commercial factoring services provided by CCCC Capital under the Finance Lease and Commercial Factoring Framework Agreement, the Company has principally considered the following factors: (i) the development plan of the CCCG Group and its demand for the commercial factoring services provided by CCCC Capital, which is estimated to be approximately RMB4,450 million, RMB5,057 million and RMB5,665 million for the three years ending 31 December 2027, respectively; (ii) the capability and flexibility of CCCC Capital in providing commercial factoring services to the CCCG Group. In May 2022, CCCC Commercial Factoring Co., Ltd\* (中交商業保理有限公司) was newly established as a commercial factoring services provider under CCCC Capital, which will promote the provision of commercial factoring services to CCCG Group. Besides, CCCC Capital proposed to support its provision of commercial factoring services to CCCG Group in their investments and projects in strategic emerging industries such as information technology, energy-saving and environmental friendly projects, high-end equipment manufacture and photovoltaic power to facilitate the development of CCCG Group; and (iii) a slight buffer for unexpected additional demands in commercial factoring services.

(5) *Reasons for and Benefits of the Transactions*

CCCC Capital is a non-banking financial institution offering comprehensive finance lease and commercial factoring services to enterprises. CCCC Capital provides finance lease and commercial factoring services to CCCG Group in its ordinary and usual course of business. CCCC Capital will generate revenue from the provision of finance lease and commercial factoring services to CCCG Group under the Finance Lease and Commercial Factoring Framework Agreement whereas the risks are controllable.

2. ***Renewal of the Ordinary Related Party Transactions under the Mutual Leasing Framework Agreement***

(1) *Background*

As the Existing Leasing Framework Agreement will expire on 31 December 2024, the Company entered into the Mutual Leasing Framework Agreement with CCCC to regulate the continuing connected transactions between the Group and CCCC for the three financial years ending 31 December 2027 and set the annual caps thereof.

(2) *The Mutual Leasing Framework Agreement*

The principal terms of the Mutual Leasing Framework Agreement are set out below:

**Date**

12 April 2024

---

## LETTER FROM THE BOARD

---

### **Parties**

- (1) the Company; and
- (2) CCCG

### **Term**

Three years from 1 January 2025 to 31 December 2027

### **Description of the transaction**

Each party agreed to lease the Leased Assets to the other party for its production and operation use. The Leased Assets mainly include certain buildings, plants and auxiliary equipment and facilities for production and operation owned by themselves.

### **Price determination**

The fees receivable by the Group from CCCG Group and fees payable by the Group to CCCG Group for the leasing of Leased Assets under the Mutual Leasing Framework Agreement shall be determined at arm's length negotiation between the parties after considering the factors set out below:

- (i) with reference to the level of rentals of similar buildings and plants in the adjacent areas and local markets, and the prevailing market prices for comparable facilities and equipment of comparable period, size, usage and nature;
- (ii) price quotations for assets similar to the Leased Assets offered by the lessor to independent third parties;
- (iii) taking comprehensive consideration of the aspects of the Leased Assets, such as the gross floor area, decoration facilities, geographical location, usage and nature, etc. with respect to the buildings and plants; and the acquisition cost, the period of acquisition, the depreciation and impairment provision made, its importance in the usage, and whether it is substitutable, etc. with respect to the facilities and equipment; and

---

## LETTER FROM THE BOARD

---

- (iv) the Group will seek quotations for assets similar to the Leased Assets from independent third parties on an annual basis in the market or conduct market research on the rental prices of nearby properties (for buildings and plants) in order to assess and review the fairness and reasonableness of the quotations proposed by the Group and/or CCCG Group with reference to items (i), (ii) and (iii) above.

Further, fees receivable by the Group from the CCCG Group and fees payable by the Group to CCCG Group for the above leasing and relevant regular reports will be submitted to the Independent Non-executive Directors for their annual review on the pricing, so as to ensure their fairness and reasonableness. The Directors of the Company consider that such methods and procedures can ensure that the transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company or its Shareholders.

### **Payment**

Generally, the fees receivable and/or payable for the transactions contemplated under the Mutual Leasing Framework Agreement shall be made on a monthly basis. The specific payment terms (including time and method of payment) for leasing of the Leased Assets by the Group to CCCG Group and the leasing of Leased Assets by CCCG Group to the Group will be agreed by the parties to the individual agreements to be entered into by them, with reference to the payment terms of similar transactions in the market and the payment terms offered by the Group and/or CCCG Group to independent third parties.

### **Separate contracts**

In respect of each lease, the Group and the relevant members of CCCG Group will enter into separate contract(s). The terms of each contract will be in line with the terms of the Mutual Leasing Framework Agreement and shall be enforceable if and only if the Mutual Leasing Framework Agreement continues to be effective.

## LETTER FROM THE BOARD

### (3) Historical Amounts

Set out below are the rents received by CCCG Group for leasing of the Leased Assets to the Group and the rent received by the Group for leasing of the Leased Assets to CCCG Group for the two financial years ended 31 December 2023 and the three months ended 31 March 2024:

	<i>RMB' million</i>		
<b>Transaction</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>	<b>For the three months ended 31 March 2024 <sup>(Note 1)</sup></b>
<i>Leasing of the Leased Assets by CCCG Group to the Group</i>			
Historical amounts	290	332	2.4
Historical annual cap <sup>(Note 3)</sup>	847	795	459
<i>Leasing of the Leased Assets by the Group to CCCG Group</i>			
Historical amounts	13	33	1.2
Historical annual cap <sup>(Note 3)</sup>	30	35	134.54 <sup>(Note 2)</sup>

*Notes:*

1. These figures represent the unaudited transaction amount for the three months ended 31 March 2024, which may be different from those to be disclosed in the annual reports.
2. On 12 April 2024, the Company entered into the asset leasing framework agreement with CCCG, pursuant to which, the Group agreed to lease the Leased Assets owned by the Group to CCCG Group for its production, operation and office use for the increased projects undertaken or potentially to be undertaken (subject to tendering results) in 2024. Such Leased Assets located in cities such as Beijing, Shanghai, Guangzhou and Tianjin.
3. The utilization rate is calculated by dividing the actual transaction amount by the proposed annual cap in the corresponding year. During the two financial years ended 31 December 2023 and the three months ended 31 March 2024, the utilisation rates of the leasing of the Leased Assets by CCCG Group to the Group are 34.2%, 41.8% and 0.5%, while the utilisation rates of the leasing of the Leased Assets by the Group to CCCG Group are 43.3%, 94.3% and 0.9%, respectively.

The utilisation rates are relatively low historically due to the facts that: the leasing was highly related to the projects undertaken by the Group, and certain projects undertaken by the Group were postponed or shut down due to the impact of the pandemic, leading to the decrease in leasing of auxiliary equipment, facilities, etc. by the Group from CCCG Group.



---

## LETTER FROM THE BOARD

---

(4) *Proposed Annual Caps*

As all the leases to be entered into under the Mutual Leasing Framework Agreement are short-term leases, the rents receivable by CCCG Group for leasing of the Leased Assets to the Group pursuant to the Leasing Framework Agreement will be recognized as expenses in the consolidated statement of profit or loss of the Group. The proposed annual caps for the rents to be received by CCCG Group for leasing of the Leased Assets to the Group and the rents to be received by the Group for leasing of the Leased Assets to CCCG Group pursuant to the Mutual Leasing Framework Agreement for the three financial years ending 31 December 2027 are as follows:

*RMB' million*

<b>Transaction</b>	<b>Annual cap for the year ending 31 December 2025</b>	<b>Annual cap for the year ending 31 December 2026</b>	<b>Annual cap for the year ending 31 December 2027</b>
Leasing of the Leased Assets by CCCG Group to the Group	885	900	907
Leasing of the Leased Assets by the Group to CCCG Group	50	50	50

In estimating the proposed annual caps for the rents to be received by CCCG Group for leasing of the Leased Assets to the Group under the Mutual Leasing Framework Agreement, the Company has principally considered the following factors: (i) the prevailing prices of the Leased Assets and the future growth of rent; (ii) the demand of the Group for the leasing of the Leased Assets owned by CCCG Group based on the Group's existing projects and current production and operation conditions, which is estimated to be approximately RMB798 million, RMB810 million and RMB821 million for the years ending 31 December 2025, 2026 and 2027, respectively; and (iii) a buffer of approximately 10% for the unexpected for unexpected additional demands for leasing of Leased Assets owned by CCCG Group by the Group.

---

## LETTER FROM THE BOARD

---

In estimating the proposed annual caps for the rents to be received by the Group for leasing of the Leased Assets to CCCG Group under the Mutual Leasing Framework Agreement, the Company has principally considered the following factors: (i) the prevailing prices of the Leased Assets and the future growth of rent; (ii) the demand of CCCG Group for leasing of the Leased Assets owned by the Group based on its existing projects and current production and operation conditions; and (iii) the growth rate of historical amounts. The aggregate amount for such leasing for the financial year ended 31 December 2022 increased by RMB8 million or 160% as compared to that for the corresponding period and further increased by RMB20 million or 153.85% for the financial year ended 31 December 2023 as compared to that in 2022.

(5) *Reasons for and Benefits of the Transactions*

Over the years, the Company has been leasing the office building “中交大厦” owned by CCCG as its office and other properties and auxiliary facilities situated at several locations owned by CCCG for its production and operation. Relocation of the Company’s current places of operation and offices to other locations will result in unnecessary costs. In addition, for the operation of principal businesses, the Company needs to lease products auxiliary to production and operation such as engineering ships and machine. The aforesaid transactions are necessary for the Group’s production and operation. Compared with independent third parties, CCCG has more understanding of the Company’s business requirement, and the Company also can benefit from CCCG’s relatively competitive offers, which facilitates the Company’s business development.

In the meantime, CCCG Group may from time to time rent premises and other facilities situated at several locations owned by the Group for its production and operation which are requisite for their daily production and operations. The leasing arrangements under the Mutual Leasing Framework Agreement will improve the occupancy rate of the premises owned by the Group as well as the utilisation rate of the self-owned facilities and equipment of the Group, which facilitates continuous and stable use of such premises and facilities and provides greater flexibility for the Group to leasing arrangements, and therefore helps to realise the interests of the Company and its Shareholders as a whole.

3. ***Renewal of the Ordinary Related Party Transactions under Mutual Product Sales and Purchase Framework Agreement***

(1) *Background*

As the Existing Mutual Product Sales and Purchase Agreement will expire on 31 December 2024, the Company entered into the Mutual Product Sales and Purchase Framework Agreement with CCCG to regulate the existing continuing connected transactions between the Company and CCCG for the three financial years ending 31 December 2027 and set the respective annual caps thereof.

---

## LETTER FROM THE BOARD

---

(2) *Mutual Product Sales and Purchase Framework Agreement*

The principal terms of the Mutual Product Sales and Purchase Framework Agreement are set out as follows:

**Date**

12 April 2024

**Parties**

- (1) the Company; and
- (2) CCCG

**Term**

Three years from 1 January 2025 to 31 December 2027

**Description of the transactions**

The Group agreed to sell and CCCG Group agreed to purchase material products, including material and equipment, components, etc. CCCG Group agreed to sell and the Group agreed to purchase engineering products, including engineering ships (e.g. leveling ship, crane ship, etc.), engineering machines (e.g. shield machines), steel structure products, etc.

**Price determination**

The fees receivable by the Group for sales of material products to CCCG Group and the fees payable by the Group for purchase of engineering products from CCCG Group shall be agreed at arm's length negotiation between the parties in the following order:

- (i) If such products are subject to government-prescribed price, their prices are determined by the parties according to government-prescribed price, which represents the price determined in accordance with the laws, regulations, decisions, orders or pricing policies of the relevant government authorities; or
- (ii) If such products are not subject to government-prescribed price, their prices are determined by the parties with reference to the market price, which represents (i) the price for sales of or purchase of the same or similar products by the independent third parties located in the same region or adjacent areas on normal commercial terms in the ordinary course of business; or (ii) the price for sales of or purchase of the same or similar products by the independent third parties in the PRC on normal commercial terms in the ordinary course of business; or

---

## LETTER FROM THE BOARD

---

- (iii) If such products are not subject to government-prescribed price and market price, their prices are determined by the parties with reference to the cost price, which represents (i) the fees incurred for sales of or purchase of products by the parties; and (ii) the fees incurred for sales of or purchase of products by one party to or from the third parties and additional fees incurred for transfer of such products to the other party.

The Group will make reference to the quotations and terms of the two independent third parties in respect of the relevant products in order to assess and review whether the quotations and terms of the products provided by the Group to CCCG Group and those provided by CCCG Group to the Group are fair and reasonable and are no less favorable than those provided by such independent third parties.

The above-mentioned fees receivable from the sales of material products and payable for the purchase of engineering products, and relevant periodic reports will be submitted to the Independent Non-executive Directors for their annual review on the pricing so as to ensure its fairness and reasonableness. The Directors consider such methods and procedures can ensure the transactions will be conducted on normal commercial terms and will not prejudice the interests of the Company and its Shareholders.

### **Payment**

The specific payment terms (including time and method of payment) of the fees receivable by the Group for sales of material products to CCCG Group and the fees payable by the Group for purchase of engineering products from CCCG Group shall be agreed in the specific agreements to be entered into by the parties by reference to the payment terms of similar transactions in the market and the payment terms offered by independent third parties.

## LETTER FROM THE BOARD

### (3) *Historical Amounts*

Set out below are the fees receivable by the Group for sales of material products to CCCG Group and the fees payable by the Group for purchase of engineering products from CCCG Group for the two financial years ended 31 December 2023 and the three months ended 31 March 2024:

	<i>RMB' million</i>		
<b>Transaction</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>	<b>For the three months ended 31 March 2024 <sup>(Note 1)</sup></b>
<i>Sales of material products to CCCG Group by the Group</i>			
Historical amounts	1,172	831	354
Historical annual cap <sup>(Note 2)</sup>	3,188	3,877	5,115
<i>Purchase of engineering products from CCCG Group by the Group</i>			
Historical amounts	1,531	2,889	143
Historical annual cap <sup>(Note 2)</sup>	4,615	4,532	4,829

*Notes:*

1. These figures represent the unaudited transaction amount for the three months ended 31 March 2024, which may be different from those to be disclosed in the annual reports.
2. The utilization rate is calculated by dividing the actual transaction amount by the proposed annual cap in the corresponding year. During the two financial years ended 31 December 2023 and the three months ended 31 March 2024, the utilisation rates of the sales of material products to CCCG Group by the Group are 36.8%, 21.4% and 6.9%, while the utilisation rates of the purchase of engineering products from CCCG Group by the Group are 33.2%, 63.7% and 3.0%, respectively.

The utilisation rates are relatively low historically due to the facts that: (i) certain business that CCCG Group are engaged in such as real estate development and property management is largely affected by the market conditions and policies. The purchase of material products by CCCG Group from the Group was therefore decreased due to the changes in market conditions and policies in 2022 and 2023; and (ii) certain projects undertaken by the Group were postponed or shut down due to the impact of the pandemic, leading to the decrease in purchase of engineering products by the Group from CCCG Group in 2022.

---

## LETTER FROM THE BOARD

---

(4) *Proposed Annual Caps*

The proposed annual caps for the fees to be received by the Group for sales of material products to CCCG Group and the fees to be paid by the Group for purchase of engineering products from CCCG Group for the three financial years ending 31 December 2027 are as follows:

*RMB' million*

<b>Transaction</b>	<b>Annual cap for the year ending 31 December 2025</b>	<b>Annual cap for the year ending 31 December 2026</b>	<b>Annual cap for the year ending 31 December 2027</b>
Sales of material products to CCCG Group by the Group	1,838	1,888	2,068
Purchase of engineering products from CCCG Group by the Group	4,178	4,459	4,995

In estimating the proposed annual caps for the fees to be received by the Group for sales of material products to CCCG Group under the Mutual Product Sales and Purchase Framework Agreement, the Company has principally considered the following factors: (i) the prevailing prices of the material products; (ii) the development plan and estimated demands for material products of CCCG Group based on its existing projects and the potential projects of RMB1,659 million, RMB1,716 million and RMB1,885 million for the years of 2025, 2026 and 2027, respectively; (iii) the current production and supply capacity of the Group, especially after the capital increase in CCCC (Xiamen) E-Commerce Co., Ltd.\* (中交(廈門)電子商務有限公司), being a subsidiary of the Company and the centralised procurement platform of the Group, the supply capacity of the Group was therefore enhanced; and (iv) a buffer of approximately 10% for unexpected fluctuations of the fees to be received by the Group for sales of material products to CCCG Group under the Mutual Product Sales and Purchase Framework Agreement.

---

## LETTER FROM THE BOARD

---

In estimating the proposed annual caps for the fees to be paid by the Group for purchase of engineering products from CCCG Group under the Mutual Product Sales and Purchase Framework Agreement, the Company has principally considered the following factors: (i) the prevailing prices of the engineering products; (ii) the development plan and estimated demands for engineering products of the Group based on its existing projects and the potential projects of RMB3,799 million, RMB4,061 million and RMB4,541 million for the years of 2025, 2026 and 2027, respectively; (iii) the current production capacity of CCCG Group; (iv) the historical transaction amounts and growth trends for purchase of engineering products from CCCG Group by the Group, which were RMB1,531 million and RMB2,889 million in 2022 and 2023, respectively, representing an annual growth rate of 188.70%; and (v) a buffer of approximately 10% for unexpected fluctuations of the fees to be paid by the Group for purchase of engineering products from CCCG Group under the Mutual Product Sales and Purchase Framework Agreement.

(5) *Reasons for and Benefits of the Transactions*

The Directors consider that, due to the historical connection and long-term cooperation relationship between the Group and CCCG Group, CCCG Group has a better understanding of the Group's business. Purchasing engineering products from CCCG Group can better ensure the standards of technology, quality, delivery and technical support of the products meet the Group's requirements, which helps minimize the administrative and transportation costs and is in the best interests of the Group.

Meanwhile, the Group sells material products such as materials and equipment and components to CCCG Group for its processing and manufacturing of industrial products. As all or part of such industrial products will be sold back by CCCG Group to the Group for its use in the core business, the Directors are also of the view that the Group can benefit from the sale of material products to CCCG Group. In addition, such transaction will improve the revenue of the Company and generate reasonable profit, and is therefore of great significance to the Company's development.

---

## LETTER FROM THE BOARD

---

### D. INTERNAL CONTROL AND CORPORATE GOVERNANCE MEASURES

To safeguard the rights and interests of the Shareholders from a risk mitigation perspective, the Company has adopted the following internal control procedures and corporate governance measures in relation to the continuing connected transactions and the proposed annual caps thereof:

- (i) The Company has carefully formulated a set of certain robust internal rules and policies in relation to the management and control of connected transactions, such as the Management Measures of Connected Transactions for the Company;
- (ii) The Company will collect and refer to the quotations from independent third parties for similar services regularly, so as to assess and review whether the services quotations are fair and reasonable. Specifically, for the mutual project contracting framework agreement, the Company will collect the quotations from independent third parties at least on a semi-annual basis and will increase the frequency based on the significance of specific projects; for the financial services framework agreement, CCCC Finance will collect the quotations from independent third parties at least on a monthly basis; and for the finance lease and commercial factoring framework agreement, CCCC Capital will collect the quotations from independent third parties at least on a quarterly basis;
- (iii) The Company has established a systematic corporate governance structure to ensure effective internal control, including establishment of its institutional structure based on the decision-making, execution and monitoring systems, and formulation of different work procedures and risk control systems based on different job duties;
- (iv) The Company has established a management system for all connected transactions, and will prudently review the reports submitted by its subsidiaries on the actual transaction situations on a monthly basis at a minimum;
- (v) The audit and internal control committee of the Company will conduct internal assessments on the internal control measures of the Company on an annual basis to ensure that the internal control measures in respect of continuing connected transactions remain complete and effective, and review the annual report and financial report which consist of the implementation of and opinions on the continuing connected transactions during the relevant period in respect of the fairness of the continuing connected transactions and whether the actual transaction amount incurred are within the annual caps; and
- (vi) The Independent Non-executive Directors and auditors of the Company will also conduct annual reviews of the continuing connected transactions and recommend subsequent steps, if any, for the Board's consideration in an effort to maximise protections offered to minority Shareholders particularly concerning financial services arrangements with CCCG.



---

## LETTER FROM THE BOARD

---

In addition, the Company has effective and sufficient control mechanism in place to control the annual caps of continuing connected transactions and ensure such caps will not be exceeded. The control measures adopted by the Company are as follows:

- (i) Leveraging historical experience and operation plans, the Company enters into continuing connected transaction framework agreements for a term of three years and set annual caps on the basis of the assessment on necessity and fairness of potential connected transactions. These agreements and proposed annual caps are subject to necessary decision-making and approval procedures, including but not limited to review and consideration by independent directors, the audit and internal control committee under the Board, the Board, the supervisory committee and the Shareholders' general meeting of the Company pursuant to their respective authorisation. Implementation will be organized upon approval after review and consideration;
- (ii) The Company carries out daily supervision on the overall implementation and actual transaction amounts of continuing connected transactions. For financial services framework agreement, CCCC Finance and CCCC Capital (subsidiaries of the Company), as a non-bank financial institution, reports actual maximum daily balance of credit services provided on a monthly basis, and predicts the transaction amount of the outstanding period of the relevant year on a quarterly basis. For other continuing connected transaction agreements, the subsidiaries of the Company report actual transaction amount (including the actual transaction amount of the relevant quarter and accumulated actual transaction amount) and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. Meanwhile, the Company will allocate the caps of continuing connected transactions for the next year to the implementers of relevant transactions at the end of every year;
- (iii) The implementers shall bring forward the need for increasing the caps of continuing connected transactions in time when it occurs during implementation based on changes in business development. The Company will start decision-making procedures for revising caps in due course after assessing necessity and fairness of the continuing connected transactions;
- (iv) Whenever the actual transaction amount of relevant continuing connected transaction reaches 80% of the existing annual caps, the transaction implementers shall make a new prediction on whether the transaction amount of the outstanding period of the relevant year will satisfy operation needs and shall provide the Company with relevant transaction information so that the Company can realize better supervision and start decision-making procedures for revising caps in time after assessing necessity and fairness; and
- (v) By the end of every year, the Company will make a new prediction about the proposed caps of continuing connected transaction for the next year based on the latest actual situation of the relevant transaction of the current year, and re-assess the plan for the continuing connected transaction for next year after evaluating the necessity and fairness. If the reassessment is consistent with the existing annual caps, the transactions shall be implemented following above procedures, and if it is expected to exceed the caps, the decision-making procedure for revising caps shall be started.

---

## LETTER FROM THE BOARD

---

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

### **E. GENERAL INFORMATION**

#### **1. The Company**

The Company is a leading transportation infrastructure enterprise in the PRC focusing on “big transportation” and “big city” and its core businesses are infrastructure construction, infrastructure design and dredging. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, land reclamation, river basin, road and bridge, railway, urban rail transit, municipal infrastructure, construction and environmental protection at home and abroad. The Company is engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the decades.

#### **2. CCCC Capital**

CCCC Capital is a wholly-owned subsidiary of the Company incorporated in the PRC, and is principally engaged in corporate headquarters management, investment management, investment and assets management, investment consulting, consulting and planning services, and technology development, technology consulting, technology transfer, technology services.

#### **3. CCCC Finance**

CCCC Finance is a subsidiary of the Company incorporated in the PRC and a non-banking financial institution. It is primarily engaged in offering comprehensive financial services to enterprises. As at the Latest Practicable Date, CCCC Finance is owned as to 95% and 5% by the Company and CCCG Group, respectively.

#### **4. CCCG**

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 59.42% interests in the issued ordinary shares of the Company as at the Latest Practicable Date. CCCG is primarily engaged in real estate development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, technical consultation services for ships and corollary equipment of harbours, import and export business, investment in and management of transportation industry and other businesses.

---

## LETTER FROM THE BOARD

---

### **F. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2023**

An ordinary resolution will be proposed at the AGM to approve the audited consolidated financial statements of the Company for the year ended 31 December 2023. The audited consolidated financial statements are set out in the 2023 annual report of the Company, which was published and/or despatched to the Shareholders on 30 April 2024.

### **G. DISTRIBUTION PLAN OF PROFIT AND FINAL DIVIDEND FOR THE YEAR OF 2023**

An ordinary resolution will be proposed at the AGM to approve the distribution plan of profit and final dividend of the Company for the year of 2023. For the year of 2023, net distributable profit for the Shareholders was approximately RMB23,812 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and International Financial Reporting Standards (whichever is lower). The Board has proposed a final dividend of RMB0.29256 (equivalent to approximately HKD0.32261, including tax) per Share (totalling approximately RMB4,762 million which represents approximately 20% of the abovementioned net distributable profit for the Shareholders). The proposed dividend distribution will be distributed to all Shareholders on the basis of the total issued share capital of 16,278,611,425 Shares.

The final dividends are expected to be paid to Shareholders whose names appear on the register of members of the Company on Wednesday, 26 June 2024. For purpose of ascertaining Shareholder's entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024 (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 Thursday, 20 June 2024. Shareholders whose names appear on the register of members of the Company on Wednesday, 26 June 2024 are entitled to the final dividends. The proposed final dividends will be denominated and declared in Renminbi and will be paid to holders of A Shares in Renminbi and to holders of H Shares in Hong Kong dollars. The relevant exchange rate is determined at RMB0.90685 equivalent to HKD1.00 as the middle rate of Renminbi to Hong Kong dollars as announced by the PBOC on the date when such dividends were declared. For details, please refer to the announcement of the Company dated 24 April 2024 and the 2023 annual report of the Company, which was published and/or despatched to the Shareholders on 30 April 2024.

### **H. REPORT OF THE BOARD FOR THE YEAR OF 2023**

An ordinary resolution will be proposed at the AGM to approve the report of the Board for the year of 2023. The full text of the report of the Board is set out in the 2023 annual report of the Company, which was published and/or despatched to the Shareholders on 30 April 2024.

---

## LETTER FROM THE BOARD

---

### **I. REPORTS OF DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS FOR THE YEAR OF 2023**

An ordinary resolution will be proposed at the AGM to approve the reports of duty performance of the Independent Directors for the year of 2023. The full text of the reports of duty performance of the Independent Directors is set out in Appendix II to this circular.

### **J. REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR OF 2023**

An ordinary resolution will be proposed at the AGM to approve the report of the Supervisory Committee for the year of 2023. The full text of the report of the Supervisory Committee is set out in the 2023 annual report of the Company, which was published and/or despatched to the Shareholders on 30 April 2024.

### **K. REPORT OF THE COMPREHENSIVE BUDGET FOR 2024**

Based on the comprehensive review of the work for 2023 comprehensive budget, the Company followed the principle of “guaranteeing the strategy landing, guaranteeing the target closure, guaranteeing the management needs, guaranteeing the balance of business and finance, and guaranteeing the penetration and consistency” of the budget target decomposition, and prepares the comprehensive budget for 2024 based on the budget target for each entity in 2024, combining with the Company’s own management needs and the actual situation, and integrating and balancing the budgets of various specialties.

Taking into account factors such as the Company’s annual production and operation plans, and the actual situation of each entity, the Company expects that, in 2024, the revenue of the Company will achieve a year-on-year growth rate of not less than 8.2%.

**Important notice: Report of the Comprehensive Budget for 2024 does not constitute a performance commitment or profit forecast made to investors. Achievement of this indicator is affected by factors such as macro-economy, industry development situations, market demand and other factors, and subject to uncertainty. Investors should pay special attention.**

An ordinary resolution will be proposed at the AGM to approve the Report of the Comprehensive Budget for 2024.

### **L. RE-APPOINTMENT OF ERNST & YOUNG AS THE COMPANY’S INTERNATIONAL AUDITOR AND ERNST & YOUNG HUA MING LLP AS THE COMPANY’S DOMESTIC AUDITOR AND AUTHORISATION TO THE BOARD TO DETERMINE THEIR RESPECTIVE REMUNERATION**

An ordinary resolution will be proposed at the AGM to approve the re-appointment of Ernst & Young as the Company’s international auditor and Ernst & Young Hua Ming LLP as the Company’s domestic auditor for a term ending at the 2024 annual general meeting of the Company and the authorisation to the Board to determine their respective remuneration.

---

## LETTER FROM THE BOARD

---

### **M. INVESTMENT PLAN FOR 2024**

According to statistics, the Company completed investments amounting to RMB140.0 billion in 2023. The investments completed for the whole year were within the planned scope, of which: the completed investments in fixed assets amounted to RMB17.9 billion and the completed equity investments amounted to RMB122.1 billion.

In 2024, the planned equity investments of the Company will be RMB154.7 billion, representing 89.1% of the total planned investments, of which: project investments will amount to RMB133.0 billion, representing 76.6% of the total investments; equity investments in companies will amount to RMB21.4 billion, representing 12.3% of the total investments; financial investments will amount to RMB320 million, representing 0.2% of the total investments. The planned fix assets investments of the Company will be RMB18.9 billion, representing 10.9% of the total planned investment. The Company will take action immediately after the terms of the transaction have been agreed under each specific investment agreement to meet the requirements of the Hong Kong Listing Rules if necessary.

The Investment Plan for 2024 of the Company is in line with the strategic development needs of the Company and conducive to the implementation of the investment projects of the Company, and safeguards the sustainable development of the Company.

An ordinary resolution will be proposed at the AGM to approve the Investment Plan for 2024.

### **N. ESTIMATED CAP FOR THE INTERNAL GUARANTEES OF THE GROUP IN 2024**

According to the SSE Listing Rules, a listed company, with the amount of guarantees aggregated over a period of twelve consecutive months exceeding 50% of its latest audited net assets and with the absolute amount exceeding RMB50 million, or when providing guarantees to enterprises with asset-to-liability ratio exceeding 70%, shall submit the transaction of granting guarantees to the shareholders' general meeting for consideration and approval, as well as make a timely disclosure.

The Company estimated that the cap for the internal guarantees of the Company in 2024 will amount to RMB73,558 million, among which, approximately RMB41,815 million will be provided by the Company to its subsidiaries, approximately RMB30,402 million will be provided by the Company's subsidiaries to their respective subsidiaries, and approximately RMB1,342 million will be provided to the joint venture(s) by the subsidiary of the Company.

The estimated cap for above guarantees can be adjusted accordingly on the basis that: (i) except for the guarantee provided to joint venture(s), the guarantee amounts for subsidiaries for the same kind of matters shall be adjusted within their respective aggregate guarantee amount according to the actual business needs of the Company; and (ii) the unutilised guarantee amounts approved in the previous years within the validity period shall be counted into the guarantee amount in 2024.

The resolution in relation to the estimated cap for the internal guarantees of the Group in 2024 will be valid from the date of passing the resolution at the AGM until the 2024 annual general meeting. The guarantee amounts to be provided to joint venture is approximately RMB1,342 million, which does not constitute a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules.

---

## LETTER FROM THE BOARD

---

The aforesaid resolution, which has been resolved at the thirty-third meeting of the fifth session of the Board held on 29 April 2024, will be subject to the Shareholders' approval by way of an ordinary resolution at the AGM. The Board also proposed to the Shareholders to authorise the chairman of the Board and/or the chief financial officer of the Company to take charge of all matters in relation to internal guarantees within the approved amount.

### O. PROPOSED LAUNCH OF ASSET-BACKED SECURITIZATION

The Company intends to launch asset-backed securitization in accordance with the following particulars:

a.	Category of asset-backed securitization:	Including but not limited to securitization of accounts receivable, accounts payable in the supply chain, leased assets, partnership shares, government subsidies, infrastructure assets, commercial real estate, PPP projects and other underlying assets, which will be issued by the Group in one or more instalments in light of the actual underlying assets of the Group subject to the requirements of relevant regulatory authorities in the PRC, and appropriate arrangement will be taken, including but not limited to the credit enhancement measures such as holding of certain subordinated products and deficiency payment.
b.	Issuer:	The Company
c.	Aggregate principal amount:	Not exceeding RMB96,000 million which will be issued in one or more instalments.
d.	Validity period of the Shareholders' resolution:	12 months

The abovementioned proposed launch of asset-backed securitization requires approval of the Shareholders by way of an ordinary resolution. Accordingly, the Board proposed to seek the approval of the Shareholders by way of an ordinary resolution at the AGM to approve the abovementioned proposed launch of asset-backed securitization, and to authorise the chairman of the Board to deal with all relevant matters in relation to asset-backed securitization.

---

## LETTER FROM THE BOARD

---

### P. PROPOSED REGISTRATION AND ISSUANCE OF BONDS

The Company intends to register and issue bonds in accordance with the following particulars:

a.	Category of bonds:	Corporate bonds
b.	Issuer:	The Company
c.	Aggregate principal amount:	Not exceeding RMB20,000 million.
d.	Place of the proposed registration and issuance of bonds:	Shanghai Stock Exchange

The abovementioned proposed registration and issuance of bonds requires approval of the Shareholders by way of a special resolution. Accordingly, the Board proposed to seek the approval of the Shareholders by way of a special resolution at the AGM to approve the abovementioned proposed registration and issuance of bonds and to authorise the chairman of the Board to deal with all relevant matters in relation to the above-mentioned registration and issuance of bonds.

### Q. APPLICATION FOR UNIFIED REGISTRATION OF MULTI-TYPE DEBT FINANCING INSTRUMENTS

The Company intends to apply to the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) for unified registration of multi-type debt financing instruments of bonds in accordance with the following particulars:

a.	Registration and issuance type:	Short-term financing bills, super short-term financing bills, medium-term notes and perpetual notes, etc.
b.	Issuer:	The Company

The resolution of application for unified registration of multi-type debt financing instruments requires approval of the Shareholders by way of a special resolution. Accordingly, the Board proposed to seek the approval of the Shareholders by way of a special resolution at the AGM and to approve the authorization to the chairman of the Board for determining the specific registration and issuance arrangements for the abovementioned bonds pursuant to market conditions in accordance with the abovementioned terms at the AGM.

---

## LETTER FROM THE BOARD

---

### **R. PROPOSED AMENDMENTS TO THE WORKING MANUAL OF INDEPENDENT DIRECTORS**

In order to further improve the corporate governance of the Company, promote the standardised operation of the Company, let the Independent Directors to play an active role in the decision-making of the Board and keep in line with the rules and regulations issued by the PRC regulatory authorities such as the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) as well as the Articles of Association, the Company proposed to seek the approval of the Shareholders in relation to the amendments to the Working Manual of Independent Directors, details of which are set out in the Appendix III to this circular. Save for the amendments set out in the Appendix III, other provisions in the Working Manual of Independent Directors remain unchanged.

An ordinary resolution will be proposed at the AGM to approve the proposed amendments to the Working Manual of Independent Directors.

### **S. RECOMMENDATION**

The Board has passed the relevant resolutions to be submitted to the Shareholders for consideration and approval. At such board meeting, Mr. Wang Tongzhou, Mr. Wang Haihuai and Mr. Liu Xiang, being the Directors, are also directors or senior management of CCCG, and therefore are deemed to have a material interest in the Renewal of Certain Continuing Connected Transactions under the existing agreements and the Renewal of Certain Ordinary Related Party Transactions under the existing agreements, and have abstained from voting on the relevant Board resolutions. Save for the said Directors, none of the other Directors has or is deemed to have a material interest in the above-mentioned transactions. None of the Directors is required to abstain from voting in the other resolutions to be proposed at the AGM.

The Directors, including the Independent Non-executive Directors, having made all reasonable and due inquiries, consider that the above-mentioned transactions and the respective proposed annual caps thereof are entered into on normal commercial terms in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors are also of the view that the other 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 to be proposed at the AGM as set out in the notice of the AGM set out on pages AGM-1 to AGM-4 of this circular.



---

## LETTER FROM THE BOARD

---

### T. THE AGM

A notice convening the AGM of the Company to be held at CCCC Building, 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC at 9:00 a.m. on Monday, 17 June 2024 is set out on pages AGM-1 to AGM-4 of this circular.

CCCG, which holds approximately 59.42% interests in the issued ordinary shares of the Company as at the Latest Practicable Date, is required to abstain from voting at the AGM on the resolutions approving the Renewal of Certain Continuing Connected Transactions under the existing agreements and the Renewal of Certain Ordinary Related Party Transactions under the existing agreements thereunder at the AGM. Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the transactions under the above-mentioned agreements and therefore will be required to abstain from voting on the relevant resolutions at the AGM. To the best of the Directors' knowledge, information and belief, none of the Shareholders shall abstain from voting on the other resolutions set out in this circular.

Whether or not you intend to attend the AGM, 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 AGM or any adjournment thereof (i.e. before 9:00 a.m. on Sunday, 16 June 2024). Completion and return of the form of proxy will not preclude you as a Shareholder from attending and voting in person at the AGM or at any adjourned meeting should you so wish.

Any vote of the Shareholders at the AGM 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 AGM, the register of members of the Company will be closed from Wednesday, 12 June 2024 to Monday, 17 June 2024 (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 Tuesday, 11 June 2024. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Monday, 17 June 2024 are entitled to attend and vote at the AGM.

---

## LETTER FROM THE BOARD

---

### U. ADDITIONAL INFORMATION

The Independent Board Committee comprising all Independent Non-executive Directors has been established by the Company to advise the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements. Somerley, the Independent Financial Adviser, has been appointed in accordance with the Hong Kong Listing Rules to advise the Independent Board Committee and the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements. Your attention is also drawn to the letter from the Independent Board Committee set out on page 49, the letter from Somerley set out on pages 50 to 79 of this circular, and other information set out in the appendices to this circular.

By order of the Board  
**China Communications Construction Company Limited**  
**YU Jingjing**  
*Company Secretary*

---

# LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---



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)**

16 May 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**RENEWAL OF CERTAIN CONTINUING CONNECTED TRANSACTIONS  
UNDER THE EXISTING AGREEMENTS**

Reference is made to the circular of the Company dated 16 May 2024 (the “**Circular**”). Unless the content otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee for the purpose of providing you with our opinion as to whether the Renewal of Certain Continuing Connected Transactions under the existing agreements are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Somerley has been appointed by the Company as the Independent Financial Adviser to advise you and us in this respect. Details of its recommendation, together with the principal factors and reasons it has taken into consideration in arriving at its recommendation are set out in the letter from Somerley on pages 50 to 79 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 48 of the Circular. Having taken into consideration the information contained in the letter from the Board, the interests of Independent Shareholders and the advice and recommendation of Somerley, we consider that the Renewal of Certain Continuing Connected Transactions under the existing agreements in the Circular are conducted in the ordinary and usual course of business of the Group on normal commercial terms, and that the proposed annual caps for the renewed continuing connected transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders to vote in favor of the resolutions in relation to the Renewal of Certain Continuing Connected Transactions under the existing agreements at the AGM.

Yours faithfully,  
for and on behalf of  
the Independent Board Committee of  
**China Communications Construction Company Limited**

**LIU Hui**  
*Independent*  
*Non-executive Director*

**CHAN Wing Tak Kevin**  
*Independent*  
*Non-executive Director*

**WU Guangqi**  
*Independent*  
*Non-executive Director*

**ZHOU Xiaowen**  
*Independent*  
*Non-executive Director*

---

## LETTER FROM SOMERLEY

---

*The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**

20th Floor

China Building

29 Queen's Road Central

Hong Kong

16 May 2024

*To: the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the (i) the Mutual Project Contracting Framework Agreement, and (ii) the credit services under the Financial Services Framework Agreement, the respective annual caps and the transactions contemplated thereunder, details of which are set out in the letter from the Board ("**Letter from the Board**") of the circular of the Company dated 16 May 2024 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 12 April 2024, (i) the Company entered into the Mutual Project Contracting Framework Agreement with CCCG to regulate the existing continuing connected transactions between the Company and CCCG for the three financial years ending 31 December 2027 and set the respective annual caps thereof; and (ii) CCC Finance entered into the Financial Services Framework Agreement with CCCG, to regulate the financial services (including the credit services) under the Existing Financial Services Agreement between CCC Finance and CCCG for the three financial years ending 31 December 2027 and set the annual caps thereof.

---

## LETTER FROM SOMERLEY

---

As at the Latest Practicable Date, CCCG is the controlling Shareholder of the Company holding approximately 59.42% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under (i) the Mutual Project Contracting Framework Agreement, and (ii) the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio of the proposed annual caps for each of the project contracting services and the labour and subcontracting services contemplated under the Mutual Project Contracting Framework Agreement exceeds 5%, the project contracting services and the labour and subcontracting services and the annual caps thereof are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio of the proposed annual caps for the credit services under the Financial Services Framework Agreement (namely, the loan services, the guarantee letter services and the bills issuance services and bonds subscription, on an aggregate basis) exceeds 5%, the credit services and the annual caps thereof are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LIU Hui, Mr. CHAN Wing Tak Kevin, Mr. WU Guangqi and Mr. ZHOU Xiaowen, has been established to advise the Independent Shareholders on the Renewal of Certain Continuing Connected Transactions under the existing agreements. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, CCCC Finance, CCCG or their respective core connected persons or associates. In the past two years prior to this appointment, we acted as an independent financial adviser to the independent board committee to the Company in relation to the Proposed Assets Reorganization as defined and disclosed in the circular of the Company dated 21 February 2023. The past engagement was limited to providing independent advisory services to the Company pursuant to the Hong Kong Listing Rules, for which we received normal professional fees relevant to these types of engagements. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, CCCC Finance, CCCG or their respective core connected persons or associates. Accordingly, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules and are considered eligible to give independent advice on the Renewal of Certain Continuing Connected Transactions under the existing agreements.

---

# LETTER FROM SOMERLEY

---

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed the information of the Company, among other things, (i) the annual reports of the Company for the year ended 31 December 2022 (“FY2022”) and the year ended 31 December 2023 (“FY2023”); (ii) the announcements of the Company dated 12 April 2024 in relation to, among others, the Renewal of Certain Continuing Connected Transactions; and (iii) other information contained in the Circular. We consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Company, CCCC Finance, CCCG or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the AGM, and Shareholders will be informed of any material change as soon as possible.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

### 1. Information of the parties

#### *1.1. Information of the Group*

The Company was initiated and founded by CCCG. The Company’s H Shares (stock code: 1800) have been listed on the Main Board of the Hong Kong Stock Exchange since 2006. The Company’s A Shares (stock code: 601800) have been listed on the Shanghai Stock Exchange since 2012.

The Company is a leading transportation infrastructure enterprise in the PRC focusing on “big transportation” and “big city” and its core businesses are infrastructure construction, infrastructure design and dredging. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, land reclamation, river basin, road and bridge, railway, urban rail transit, municipal infrastructure, construction and environmental protection at home and abroad. The Company is engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken in a wide range of areas over the decades. For the year ended 31 December 2023, the Group generated revenue and profit attributable to the owners of the Company of approximately RMB755.6 billion and RMB24.7 billion, respectively. The net asset value attributable to the owners of the Company amounted to approximately RMB301.7 billion as at 31 December 2023.

CCCC Finance is a subsidiary of the Company incorporated in the PRC and a non-banking financial institution. It is primarily engaged in offering comprehensive financial services to enterprises. As at the Latest Practicable Date, CCCC Finance is owned as to 95% and 5% by the Company and CCCG Group, respectively.

---

# LETTER FROM SOMERLEY

---

## **1.2. Information of CCCG**

CCCG is a state-owned enterprise established under the laws of the PRC and the controlling Shareholder of the Company holding approximately 59.42% interests in the issued ordinary shares of the Company as at the Latest Practicable Date. CCCG is primarily engaged in real estate development and property management, shipbuilding, ship chartering and maintenance, ocean engineering, technical consultation services for ships and corollary equipment of harbours, import and export business, investment in and management of transportation industry and other businesses.

## **2. The Mutual Project Contracting Framework Agreement**

### **2.1 Renewal of the Continuing Connected Transactions under the Mutual Project Contracting Framework Agreement**

As the Existing Mutual Project Contracting Framework Agreement will expire on 31 December 2024, the Company entered into the Mutual Project Contracting Framework Agreement with CCCG to regulate the existing continuing connected transactions between the Company and CCCG for the three financial years ending 31 December 2027 and set the respective annual caps thereof.

#### *(a) Principal terms of the Mutual Project Contracting Framework Agreement*

Set out below are the principal terms of the Mutual Project Contracting Framework Agreement:

##### Date

12 April 2024

##### Parties

(i) the Company; and

(ii) CCCG

##### Term

Three years from 1 January 2025 to 31 December 2027

---

## LETTER FROM SOMERLEY

---

### Description of the transactions

Considering that the Group is a leading transportation infrastructure enterprise focusing on infrastructure construction, infrastructure design and dredging, the Group agreed to provide, within the business scope and specialized field of the Group, the project construction and management services to CCCG Group, which may include (i) provision of construction, design, consultation and management services for the construction projects that may be undertaken by CCCG Group; and (ii) design, construction, operation, management and dismantlement of temporary supporting facilities.

Considering that CCCG Group is primarily engaged in real estate development, wastewater treatment, airport construction, etc., CCCG Group agreed to provide, within the business scope and specialized field of CCCG Group, the labour and subcontracting services to the Group, which may include (i) provision of professional services for construction projects that may be undertaken by the Group; (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and (iii) provision of consultation, management and technical services.

### Price determination

The fees payable by CCCG Group for the project contracting services provided by the Group shall be arrived at arm's length negotiation between the parties with reference to and taking into account the factors set out below:

- (i) with reference to the price at which the same or similar services for comparable projects are provided by independent third parties in the same area on normal commercial terms in the ordinary course of business;
- (ii) after taking into consideration the various aspects of the projects, such as project scale, construction period, technical difficulties and risk factors; and
- (iii) the Group will refer to its quotations for similar services to three independent third parties, so as to assess and review whether the services quotations provided by the Group to CCCG Group in accordance with items (i) and (ii) above are fair and reasonable and are no less favorable than those provided to such independent third parties.

The fees receivable by CCCG Group for the labour and subcontracting services provided to the Group shall be agreed upon by arm's length negotiation between the parties and specified in agreement entered into for each transaction in accordance with the following market-oriented pricing principles:

- (i) The fees proposed by CCCG Group for each future transaction shall be made with reference to its expected costs to be incurred, such as labour costs and management costs. CCCG Group is entitled to charge the service fees with a price at the costs plus gross profit of comparable transactions in the market after taking into account the actual circumstances for each future transaction; and



---

## LETTER FROM SOMERLEY

---

- (ii) The Group will seek fee quotes for similar services from three independent third parties on a quarterly basis in the market in order to assess and review the fairness and reasonableness of the quotes for the services proposed by CCCG Group in accordance with item (i) above and are no less favorable than those provided to such independent third parties.

The above-mentioned project contracting service fees and the labour and subcontracting service fees and relevant periodic reports will be submitted to the independent non-executive Directors for their annual review on the pricing so as to ensure its fairness and reasonableness. The Directors consider such methods and procedures can ensure the transactions will be conducted on normal commercial terms and will not prejudice the interests of the Company and its Shareholders. We consider the aforesaid methods and procedures reasonable and they are in line with the requirements under the Internal Control Policy and it shall safeguard the interests of the Independent Shareholders.

### Payment

The specific payment terms (including time and method of payment) for the project contracting services provided by the Group to CCCG Group and the labour and subcontracting services provided by CCCG Group to the Group will be agreed by the parties in the individual contract to be entered into by them, with reference to the payment terms of similar services in the market and the payment terms offered by or provided to independent third parties.

For further details of the principal terms of the Mutual Project Contracting Framework Agreement, please refer to the letter from the Board contained in the Circular.

In assessing the pricing terms and payment terms of the Mutual Project Contracting Framework Agreement, we have obtained and reviewed 6 sample contracts of the transactions contemplated under the Existing Mutual Project Contracting Framework Agreement, which covered both the provision of project construction and management services by the Group to CCCG Group and the provision of labour and subcontracting services by the CCCG Group to the Group, and the respective tender documents or contracts entered into by the Group with/quotations obtained by the Group from independent third party customers/suppliers for similar services. From our review, we noted that the terms offered by the Group to CCCG Group or those offered by CCCG Group to the Group were no less favorable to the Group than those offered to/from independent third parties of the Group.

---

## LETTER FROM SOMERLEY

---

*(b) Reasons for and the benefits of the entering into the Mutual Project Contracting Framework Agreement*

As stated in the letter from the Board contained in the Circular, the Group provides the project contracting services for real property projects, wastewater treatment projects and other construction projects that may be undertaken by CCCG Group. CCCG has made certain progress in exploring each of the aforesaid areas, which therefore boosts the demands for project contracting services. The Directors of the Company believe that the provision of project contracting services to CCCG Group will help the Company to accumulate more experience in relevant sectors, improve the business performance and expand the business scale, which will further strengthen the market competitiveness and facilitate the Group's business development.

Having considered the above and the potential increase in the revenue of the Group due to additional business to be introduced by CCCG Group, we concur with the Directors that the entering into the Mutual Project Contracting Framework Agreement is in the interests of the Company and the Shareholders as a whole.

Also, the Company is mainly engaged in the transportation infrastructure industry, it may require labour and subcontracting services from time to time in the course of its ordinary business. By selecting CCCG Group as a provider of such services, the Directors of the Company are of the view that the Company can benefit from its relatively low quotations, its understanding of the Company's business and its extensive experience and expertise in providing such services, and accordingly receive professional and high-quality services at a reasonable cost, which will be conducive to the Company's business operation.

Having considered the above and the fairness and reasonableness of the fees to be charged by CCCG Group will be safeguarded by the Group's internal control policy by comparing against market quotations (details of which can be referred to the section headed "4. Internal control and corporate governance measures" in this letter), we concur with the Directors that the entering into the Mutual Project Contracting Framework Agreement is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM SOMERLEY

### 2.2 Proposed annual caps for the project contracting service fees and the labour and subcontracting service fees under the Mutual Project Contracting Framework Agreement

Set out below are the project contracting service fees and the labour and subcontracting service fees and the respective annual caps for the two financial years ended 31 December 2023 and the three months ended 31 March 2024:

	<b>For the year ended 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Project contracting services			
provided by the Group to CCCG			
Group	13,395	14,009	1,800 <sup>(Note 1)</sup>
Historical annual caps	33,155	34,554	34,656
<i>Utilisation rates</i> <sup>(Note 2)</sup>	40.4%	40.5%	5.2%
Labour and subcontracting			
services provided by CCCG			
Group to the Group	2,949	3,095	418 <sup>(Note 1)</sup>
Historical annual caps	8,628	8,232	6,210
<i>Utilisation rates</i> <sup>(Note 2)</sup>	34.2%	37.6%	6.7%

*Notes:*

1. These figures represent the unaudited transaction amount for the three months ended 31 March 2024, which may be different from those to be disclosed in the annual report.
2. The utilisation rate is calculated by dividing the actual transaction amount by the proposed annual cap in the corresponding year.

As set out in the Letter from the Board, the relatively low historical utilisation rates of the transactions under the Existing Mutual Project Contracting Framework Agreement were mainly due to the facts that: (i) there are many competitive and independent providers of similar services in the infrastructure industry, who may offer prices and/or terms more favourable than those offered by the Group or provided to the Group. In that case, CCCG Group (with respect to the project contracting services) or the Group (with respect to the labour and subcontracting services) entered into purchase agreements with such independent service providers rather than with the Group or CCCG Group, so as to comply with their respective internal control procedures and protect their respective interests. There is no assurance that CCCG Group would select the Group as provider for project contracting services. Similarly, there is no assurance that the Group would select CCCG Group as provider for labour and subcontracting services; and (ii) given the seasonality of the infrastructure construction business, a large part of the services fees receivable by the Group or CCCG Group is expected to be collected in the second half of the year, which is common in the infrastructure industry.

---

## LETTER FROM SOMERLEY

---

Set out in the table below is the breakdown of the proposed annual caps for the transactions contemplated under the Mutual Project Contracting Framework Agreement for the three years ending 31 December 2027.

	<b>Annual caps for the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Project contracting services to be provided by the Group to CCCG Group (the “ <b>Project Contracting Caps</b> ”)	18,433	18,929	21,317
Labour and subcontracting services to be provided by CCCG Group to the Group (the “ <b>Labour and Subcontracting Caps</b> ”)	7,509	6,261	5,938

*(I) The Project Contracting Caps*

As stated in the letter from the Board in the Circular, the Project Contracting Caps were determined by reference to a number of factors, including following factors: (i) CCCG Group’s development plan in real property projects, wastewater treatment projects and other construction projects and its need for project contracting services; (ii) the estimated project contracting service fees to be recognised by the Group from the existing projects and currently foreseeable potential projects in the amount of approximately RMB16,768 million, RMB18,026 million and RMB19,380 million for the years ending 31 December 2025, 2026 and 2027, respectively, including the existing 14 infrastructure construction projects, 7 infrastructure design projects, 12 real property construction projects and 2 state development construction projects, as well as the potential 25 infrastructure construction projects, 14 infrastructure design projects, 6 real property construction projects and 2 state development construction projects (subject to tendering results); (iii) the prevailing market price of service fees charged for projects contracting services; (iv) the current construction capacity of the Group; (v) the historical amounts for the three financial years ended 31 December 2023; and (vi) a buffer of approximately 10% for unexpected increase of projects by CCCG Group in the future that requires the project contracting services from the Group.

## LETTER FROM SOMERLEY

Based on our discussion with the management of the Company, taking into account the relatively low utilisation rates in the previous years as discussed above, the Group had substantially reduced the Project Contracting Caps from RMB34,656 million for the year ending 31 December 2024 to the range of RMB18,433 million to RMB21,317 million for the three years ending 31 December 2027. We also noted that the Project Contracting Caps were determined by, among others, project contracts entered into or potentially enter into between the Group and CCCG Group. Accordingly, we have obtained and reviewed the lists regarding the aforesaid projects which are expected to be conducted during the three years ending 31 December 2027 (the “**2025-2027 Project List**”). Based on the 2025-2027 Project List, we have obtained and reviewed, on a random sampling basis, 8 sample contracts of the projects in the 2025-2027 Project List and we note that the details of reviewed contracts are the same as those in the 2025-2027 Project List.

Set out in the table below is the summary of the 2025-2027 Project List for the year ending 31 December 2025, 2026 and 2027 by major category.

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Infrastructure construction projects	10,054	10,977	11,738
Infrastructure design projects	2,831	3,159	3,496
Real property construction projects	2,762	2,663	2,790
State development construction projects	600	660	726
Others	520	567	630
	<u>16,768</u>	<u>18,026</u>	<u>19,380</u>
<b>Total</b>	<b><u>16,768</u></b>	<b><u>18,026</u></b>	<b><u>19,380</u></b>

In order to ascertain the fairness and reasonableness of the Project Contracting Caps, we have further discussed with the management of the Company and reviewed the breakdown of the 2025-2027 Project List as follows:

*(i) Infrastructure construction projects*

From our review, we note that the Group has 39 infrastructure construction projects on the 2025-2027 Project List with the average expected income in the coming three years of approximately RMB840.2 million. The Company had entered into contracts for 14 out of the 39 aforementioned infrastructure projects with the rest of the projects pending for the results of the relevant project tendering. In addition, the amount shown in the table above for infrastructure construction projects represents the revenue to be recognised for providing project contracting services to the CCCG Group for the years ending 31 December 2025, 2026 and 2027.

---

## LETTER FROM SOMERLEY

---

(ii) Infrastructure design projects

From our review, we note that the Group has 21 infrastructure design projects on the 2025-2027 Project List with the average expected income in the coming three years of approximately RMB451.7 million. The Company had entered into contracts for 7 out of the 21 aforementioned infrastructure design projects with the rest of the projects pending for the results of the relevant project tendering. In addition, the amount shown in the table above for infrastructure design projects represents the revenue to be recognised for providing project contracting services to the CCCG Group for the years ending 31 December 2025, 2026 and 2027.

(iii) Real property construction projects

From our review, we note that the Group has 18 real property construction projects on the 2025-2027 Project List with the average expected income in the coming three years of approximately RMB456.4 million. The Company had entered into contracts for 12 out of the 18 aforementioned real property projects with the rest of the projects pending for the results of the relevant project tendering. In addition, the amount shown in the table above for real property construction projects represents the revenue to be recognised for providing project contracting services to the CCCG Group for the years ending 31 December 2025, 2026 and 2027.

(iv) State development construction projects

As advised by the management of the Company, CCCG Group plays an important role in state development, which involves in various development projects including, but not limited to, infrastructures and national facilities. Based on the 2025-2027 Project List, we note that the Group has 4 state development construction projects on the 2025-2027 Project List with the average expected income in the coming three years of approximately RMB496.5 million. The Company had entered into contracts for 2 out of the 4 aforementioned state development construction projects with the rest of the projects pending for the results of the relevant project tendering. The amount shown in the table above for state development construction projects represents the revenue to be generated for providing project contracting services to the CCCG Group for the years ending 31 December 2025, 2026 and 2027 in relation to state development construction projects.

---

## LETTER FROM SOMERLEY

---

In assessing fairness and reasonableness of the projected income on the 2025-2027 Project List, we have obtained and reviewed the largest contract in terms of contract value which had been entered into between the Group and the CCCG Group for each category of projects as set out above. From our review of the contracts and discussion with the management of the Company, we noted that the projected income for each project in 2025 to 2027 was principally based on the contract sum and the expected timeline of the development phases of each project. We further understood from the management of the Company that certain key projects on the 2025-2027 Project List have commenced operation during the term of the Existing Mutual Project Contracting Framework Agreement. For such projects, we noted that the projected income for the coming three years were generally in line with that generated in the previous years. For those foreseeable potential projects, it is assumed and expected that the estimated project contracting services fees to be recognized are in line with the contract revenue breakdown of those existing or historical similar projects, as advised by the management of the Company. Furthermore, as set out in the Letter from the Board, the Group has included a buffer of approximately 10% for unexpected increase of projects by CCCG Group in the future that requires the project contracting services from the Group. As advised by the management of the Company, such buffer were included to cater for unexpected new project of CCCG Group in categories other than those set out above, such as wastewater treatment projects and information technology projects, which had generally accounted for over 10% of the total historical transaction amounts for the previous years.

Overall, according to our review as set out above, we understand that the Project Contracting Caps was determined based on expected revenue of both new and existing contracts expected to be entered/entered into between the Group and CCCG Group to be recognised for the year ending 31 December 2025, 2026 and 2027 and we are of the view that the Project Contracting Caps are reasonable.

---

## LETTER FROM SOMERLEY

---

(II) *The Labour and Subcontracting Caps*

As stated in the letter from the Board in the Circular, the Labour and Subcontracting Caps were determined by reference to a number of factors, including following factors: (i) the Group's plan for project construction and daily operations and its need for labour and subcontracting services for the years of 2025, 2026 and 2027; (ii) the estimated labour and subcontracting service fees to be recognised from the existing and currently foreseeable potential projects in the amount of approximately RMB6,827 million, RMB5,692 million and RMB5,388 million for the years ending 31 December 2025, 2026 and 2027, respectively including the existing 7 projects undertaken by Shanghai Zhenhua Heavy Industries Co. Ltd. (上海振華重工(集團)股份有限公司, the "ZPMC") including provision of professional services for construction projects that may be undertaken by the Group, design, construction, operation, management and dismantlement of temporary supporting facilities; and provision of consultation and management and technical services, 6 projects of infrastructure construction of temporary supporting facilities, 21 information technical service projects and currently foreseeable potential projects including 13 projects undertaken by ZPMC of the above categories, 20 projects of infrastructure construction of temporary supporting facilities, 8 projects of infrastructure design of temporary supporting facilities, and 48 information technical service projects (subject to tendering results); (iii) the prevailing market price for comparable types of services in the industry; (iv) the current capacity of CCCG Group; and (v) a buffer of approximately 10% for unexpected additional demands for the labour and subcontracting services by the Group from CCCG Group.

Based on our discussion with the management of the Company, taking into account the relatively low utilisation rates in the previous years as discussed above, the Group determined the Labour Subcontracting Caps to be in a decreasing trend from RMB7,509 million for the year ending 31 December 2025 to RMB5,938 million for the year ending 31 December 2027. We also noted that the Labour and Subcontracting Caps were determined by, among others, new projects contracts entered into or potentially enter into between the Group and CCCG Group. Accordingly, we have obtained and reviewed the 2025-2027 Project List. Based on the 2025-2027 Project List, we have obtained and reviewed, on a random sampling basis, a number of contracts of the projects in the 2025-2027 Project List and we note that the details of reviewed contracts are the same as those in the 2025-2027 Project List.



---

## LETTER FROM SOMERLEY

---

Set out in the table below is the summary of the 2025-2027 Project List for the years ending 31 December 2025, 2026 and 2027.

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Labour and subcontracting services to be undertaken by ZPMC	3,580	2,471	2,067
Infrastructure construction projects	1,721	1,711	1,596
Infrastructure design projects	1,209	1,207	1,356
Information technology projects	179	178	214
Others	138	124	155
<b>Total</b>	<b>6,827</b>	<b>5,692</b>	<b>5,388</b>

*(i) Labour and subcontracting services to be undertaken by ZPMC*

In our review of the 2025-2027 Project List, we note that the Group has 20 projects on the list with the average expected expenses in the coming three years of approximately RMB405.9 million for receiving labour and subcontracting services from ZPMC. The Company had entered into contracts for 7 out of the 20 projects with ZPMC mentioned above with the rest of the projects pending for results of the relevant project tendering. In addition, the amount shown in the table above for projects with ZPMC represents the expenses to be incurred for receiving labour and subcontracting services from ZPMC based on the expected project progress and expected demand for such service for the years ending 31 December 2025, 2026 and 2027.

---

## LETTER FROM SOMERLEY

---

(ii) *Infrastructure construction projects*

In our review of the 2025-2027 Project List, we note that the Group has 26 infrastructure construction projects on the list with the average expected expenses in the coming three years of approximately RMB193.4 million. The Company had entered into contracts for 6 out of the 26 infrastructure construction projects mentioned above with the rest of the projects pending for results of the relevant project tendering. In addition, the amount shown in the table above for infrastructure construction projects represents the expenses to be incurred for receiving labour and subcontracting services from the CCCG Group based on the expected project progress and expected demand for such service for the years ending 31 December 2025, 2026 and 2027.

(iii) *Infrastructure design projects*

In our review of the 2025-2026 Project List, we note that the Group is expected to enter into 8 infrastructure design projects on the list with the average expected expenses in the coming three years of approximately RMB471.4 million. In addition, the amount shown in the table above for infrastructure design projects represents the expenses to be incurred for receiving labour and subcontracting services from the CCCG Group based on the expected project progress and expected demand for such service for the years ending 31 December 2025, 2026 and 2027.

(iv) *Information technology projects*

In our review of the 2025-2027 Project List, we note that the Group has 69 information technology projects on the list with the average expected expenses in the coming three years of approximately RMB8.3 million. The Company had entered into contracts for 21 out of the 69 information technology projects mentioned above with the rest of the projects pending for results of the relevant project tendering. In addition, the amount shown in the table above for information technology projects the expenses to be incurred for receiving labour and subcontracting services from the CCCG Group based on the expected project progress and expected demand for such service for the years ending 31 December 2025, 2026 and 2027.

---

## LETTER FROM SOMERLEY

---

In assessing fairness and reasonableness of the projected expenses on the 2025-2027 Project List, we have obtained and reviewed the largest contract in terms of contract value which had been entered into between the Group and the CCCG Group for each category of projects as set out above. From our review of the contracts and discussion with the management of the Company, we noted that the projected expenses for each project in 2025 to 2027 was principally based on the contract sum and the expected timeline of the development phases of each project. We further understood from the management of the Company that certain key projects on the 2025-2027 Project List have commenced operation during the term of the Existing Mutual Project Contracting Framework Agreement. For such projects, we noted that the projected expenses for the coming three years were generally in line with that incurred in the previous years. For those foreseeable potential projects, it is assumed and expected that the estimated labour and subcontracting services to be recognized are in line with the contract cost breakdown with those existing or historical similar projects, as advised by the management of the Company. Furthermore, as set out in the Letter from the Board, the Group has included a buffer of approximately 10% for unexpected additional demands for the labour and subcontracting services by the Group from CCCG Group. As advised by the management of the Company, such buffer were included to cater for unexpected new project of CCCG Group in categories other than those set out above, such as real property construction projects and wastewater treatment projects, which had generally accounted for over 10% of the total historical transaction amounts for the previous years.

Overall, according to our review as set out above, we understand that the Labour and Subcontracting Caps was determined based on expected expenses to be incurred for both new and existing contracts expected to be entered/entered into between the Group and the CCCG Group for the years ending 31 December 2025, 2026 and 2027 and we are of the view that the Labour and Subcontracting Caps are reasonable.

---

## LETTER FROM SOMERLEY

---

### 3. The Financial Services Framework Agreement

#### 3.1 *Renewal of the Continuing Connected Transactions under the Financial Services Framework Agreement*

As the Existing Financial Services Agreement will expire on 31 December 2024, to facilitate the supervision and monitoring over the transactions and in accordance with the applicable laws and regulations, CCCC Finance entered into the Financial Services Framework Agreement with CCCG, to regulate the financial services under the Existing Financial Services Agreement between CCCC Finance and CCCG for the three financial years ending 31 December 2027 and set the annual caps thereof.

(a) *Principal terms of the credit services under the Financial Services Framework Agreement*

Set out below are the principal terms of the credit services under the Financial Services Framework Agreement:

Date

12 April 2024

Parties

- (1) CCCC Finance; and
- (2) CCCG

Term

Three years from 1 January 2025 to 31 December 2027

Principal Services

Loan Services

Pursuant to the Financial Services Framework Agreement, CCCC Finance agreed to provide loan services to CCCG Group according to the principal terms as below.

CCCC Finance will provide loans to CCCG Group. The lending interest rates shall be determined through negotiation on an arm's length basis between the parties in accordance with market principles for their own interests and the lending rates shall not be lower than the interest rates applicable to loan services of the same term and same category provided by major domestic commercial banks, i.e., the Loan Prime Rate (LPR) as announced by the National Interbank Funding Center as authorised by the PBOC.

---

## LETTER FROM SOMERLEY

---

### Risk Management

- (i) As a banking financial institution, CCCC Finance will manage its accounts in strict compliance with the Measures for Payment and Settlement and Measures for the Administration of RMB Bank Settlement Accounts issued by the PBOC, and ensure the safety of the funds of the account holders in accordance with the laws. The accounts opened by CCCG Group with CCCC Finance are independent of those opened by the Group, and there is no interchange of funds in the accounts;
- (ii) The daily balance of loans provided by CCCC Finance to CCCG Group (including the interests accrued thereon) is under strict control, which shall not exceed 75% of the average daily balance of deposits of CCCG Group with CCCC Finance in any case;
- (iii) CCCC Finance will conduct credit review before conducting business, perform credit rating and credit asset rating based on internal rating standards, and regularly arrange post-loan inspections (every six months). During the course of business, CCCC Finance will also assign dedicated personnel to follow up the utilisation of loan by CCCG Group. If the use of loan is changed, CCCC Finance will recover the entire principal and interest, and impose an additional penalty of 100% interest;
- (iv) If CCCG Group does not repay the principal and interest within the repayment period as stipulated in the individual contract, CCCC Finance is entitled to require CCCG Group to repay the principal and interest within a certain period of time, and charge a penalty interest on the overdue borrowings in accordance with the individual contract, generally at 50% of the benchmarking rate for the same period of borrowings. In addition, CCCC Finance is entitled to directly deduct the corresponding amounts from the account opened by CCCG Group with CCCC Finance regardless of the maturity date, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted amounts is different from the currency of the repayable principal and interest, the exchange rate published by the competent authority at the date of such deduction shall apply; and
- (v) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services Framework Agreement, pursuant to which CCCG will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

---

## LETTER FROM SOMERLEY

---

### Guarantee Letter Services

Pursuant to the Financial Services Framework Agreement, subject to the applicable laws and regulations, CCCC Finance agreed to provide guarantee letter services to CCCG Group according to the actual operation and development needs of CCCG Group. The fees charged by CCCC Finance for the provision of guarantee letter services shall not be lower than that charged by major domestic commercial banks for financial services of the same type or that charged from the Group.

### Risk Management

- (i) When a guarantee letter is issued to CCCG Group, relevant protection terms for CCCC Finance shall be specified in the individual contract. If CCCC Finance receives an eligible claim statement from the beneficiary, CCCC Finance is entitled to directly deduct the deposits agreed in the individual contract and all the amounts in the account opened by CCCG Group with CCCC Finance regardless of the maturity date for the repayment of the claim from the beneficiary, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted deposits and amounts is different from the currency of the claims to be repaid, the exchange rate published by the competent authority at the date of such deduction shall apply. In the event that the deducted deposits and amounts are not sufficient for the repayment of the claims from the beneficiary, CCCG Group shall remit the corresponding amounts to its account opened with CCCC Finance within three business days from the date of receipt of the notice of repayment from CCCC Finance.
- (ii) If CCCG Group does not make the repayment within the repayment period, CCCC Finance is entitled to require CCCG Group to make such repayment within a certain period of time, and charge a penalty interest on the overdue amounts in accordance with the individual contract, generally at 50% of the benchmarking rate for the same period of borrowings.
- (iii) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services Framework Agreement, pursuant to which CCCC will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

---

## LETTER FROM SOMERLEY

---

### Other Credit Services

Pursuant to the Financial Services Framework Agreement, subject to the applicable laws and regulations, CCCC Finance agreed to provide the following other credit services to CCCG Group.

(a) Bills Issuance Services

CCCC Finance agreed to provide bills issuance services to CCCG Group according to the actual operation and development needs of CCCG Group. The fees charged by CCCC Finance for the provision of bills issuance services shall not be lower than that charged by major domestic commercial banks for financial services of the same type or that charged from the Group, i.e., the Loan Prime Rate (LPR) as announced by the National Interbank Funding Center as authorised by the PBOC.

(b) Bonds Subscription

CCCC Finance agreed to subscribe for the bonds issued by CCCG Group, which shall be conducted in strict compliance with the requirements of the National Association of Financial Market Institutional Investors, the relevant stock exchanges and other issuance and trading platforms. The pricing for the bonds shall be determined with reference to the interest rate in the market and shall meet the market-oriented requirements, i.e., the Loan Prime Rate (LPR) as announced by the National Interbank Funding Center as authorised by the PBOC.

(c) Other Financial Services

CCCC Finance will provide CCCG Group with other financial services within the business scope of CCCC Finance, including but not limited to providing financial and financing consulting services, credit authentication and other related consulting and agent services; assisting in receiving and paying trading payments; dealing with entrusted loans; accepting and discounting bills; conducting internal settlements and designing corresponding plans for such settlements and clearing, etc. For other financial services, the pricing shall be determined after negotiation by parties to the services based on the nature of services and with reference to relevant comparable costs charged by third-party fund management companies.

---

## LETTER FROM SOMERLEY

---

### Risk Management

- (i) When providing the other credit services, relevant protection terms for CCCC Finance shall be specified in the individual contract. If CCCG Group fails to repay the amounts advanced by the Group for CCCG Group in relation to the bill issuance and acceptance business or has bond default, CCCC Finance is entitled to directly deduct the corresponding amounts from the account opened by CCCG Group with CCCC Finance regardless of the maturity date, and any loss arising from such deduction shall be borne by CCCG Group. If the currency of the deducted amounts is different from the currency of the repayable principal and interest, the exchange rate published by the competent authority at the date of such deduction shall apply.
- (ii) CCCG provides unconditional and irrevocable guarantee to the Group during the term of the Financial Services Framework Agreement, pursuant to which CCCC will guarantee the full performance of obligations by CCCG Group and will indemnify the Group for all the losses caused by the failure of CCCG Group to perform its obligations and liabilities.

For further details of the principal terms of the Financial Services Framework Agreement, please refer to the letter from the Board contained in the Circular.

As advised by the management of the Company, CCCC Finance provides various professional financial services such as fund settlement, deposits, credit, entrusted loans, financial leasing, financial and financing consultants. The deposit and loan transactions between CCCC Finance and its connected persons are one of its main businesses. The entering into of the Financial Services Framework Agreement represents a continuation of the existing financial services provided to CCCG Group, and provides additional source of income to the Group.



---

## LETTER FROM SOMERLEY

---

We noted that the interests and the lending rates of the loan services to be provided by CCCC Finance to the CCCG Group shall not be lower than the interest rates applicable to loan services of the same term and same category provided by major domestic commercial banks. We also noted that the fees of (i) guarantee letter services and (ii) the bills issuance services to be provided by CCCC Finance to the CCCG Group shall not be lower than the fees charged by major domestic commercial banks for financial services of the same type or that charged from the Group. In other words, the interest rates and fees charged for the credit services provided by CCCC Finance to CCCG Group will be on terms no less favourable to the Group than those available from independent commercial banks in the PRC, which we consider to be fair and reasonable. In this regard, we have obtained and reviewed 9 sample contracts, on random basis and covered from the year ended 31 December 2022 to the three months ended 31 March 2024, of the transactions contemplated under the Existing Financial Services Agreement, which covered (i) loan services, (ii) guarantee letter services, and (iii) other credit services provided by CCCC Finance to CCCG Group, and the respective interest rates and/or fees charged by independent commercial banks in the PRC for similar credit services. From our review, we noted that the interest rates and fees charged for the credit services provided by CCCC Finance to CCCG Group were no less favourable to the Group than those available from independent commercial banks in the PRC or the Loan Prime Rate as announced by the National Interbank Funding Center as authorized by the PBOC.

The Group has included certain protection clauses and safeguards in the Financial Services Framework Agreement, such as the limit of 75% of deposits on the loans and right of set-off. Further, CCCG has undertaken to procure the performance of obligations and liabilities of connected persons under the Financial Services Framework Agreement. According to the CCCG's semi-annual report on corporate bonds for the six months ended 30 June 2023, it had consolidated net assets attributable to owners of the parent of approximately RMB187,376.0 million and a cash balance of approximately RMB265,700.4 million, as at 30 June 2023. This suggest that CCCG has sufficient resources to cover a default by any member of CCCG Group in respect of the credit services provided by CCCC Finance. According to the credit rating report issued by China Chengxin International Credit Rating Co., Ltd ("CCXI") dated 19 May 2023, the credit rating of CCCG was AAA, the highest rating under CCXI's credit rating scale. According to the website of CCXI, it is a qualified rating agency accepted by PBOC, the China Banking and Insurance Regulatory Commission and National Development and Reform Commission. According to the credit rating report, an AAA rating implies strong debt repayment capacity, remote default risk and an ability to withstand certain negative economic environment scenarios, which in turn indicate the strong debt repayment capacity of CCCG. As confirmed by the management of the Company, CCCG Group has not defaulted on any of its credit obligations during the past three years. Based on the above and assuming no material change to CCCG's financial performance and position, we consider that CCCG, as the parent company required to procure connect persons' obligations pursuant to the undertaking, has strong financial capabilities to fulfil the above requirement.

---

## LETTER FROM SOMERLEY

---

A number of internal control procedures adopted by the Group would continue, including to conduct credit review before conducting business, perform credit rating and credit asset rating based on internal rating standards, and regularly arrange post-loan inspections on a semi-annual basis. We consider that the abovementioned risk management clauses and internal controls procedures forms a mechanism to limit the exposure of the Group. In the event of a default by any member of CCCG Group in respect of the credit services provided by CCCC Finance, the Group will be entitled to offset such credit balances against the deposits from CCCG Group, in order to reduce the Group's maximum risk exposure arising from the credit services provided by CCCC Finance under the Financial Services Framework Agreement.

*(b) Reasons for and benefits of entering into the Financial Services Framework Agreement*

As stated in the letter from the Board contained in this Circular, the Company expects to benefit from the gains generated by the financial services provided by CCCC Finance. Furthermore, the financial services provided by CCCC Finance to CCCG Group can help the Group to improve its capital utilisation efficiency and enhance the capability of CCCC Finance in providing professional and comprehensive financial services, which is in line with the Group's business development needs.

## LETTER FROM SOMERLEY

### 3.2 Proposed annual caps for the credit service fees under the Financial Services Framework Agreement

Set out below are the historical maximum daily balance (including the interests accrued thereon) of credit services provided by CCCC Finance to CCCG Group for the two years ended 31 December 2023 and the three months ended 31 March 2024:

Transactions	For the year ended 31 December 2022 <i>RMB' million</i>	For the year ended 31 December 2023 <i>RMB' million</i>	For the three months ended 31 March 2024 <i>RMB' million</i>
<b>Maximum daily balance (including the interests and handling charges accrued thereon) of credit services provided by CCCC Finance to CCCG Group</b>			
Loan services	1,834	4,859	5,100 <sup>(Note 1)</sup>
Historical annual caps	14,539	29,078	43,617
<i>Utilisation rates</i> <sup>(Note 2)</sup>	<i>12.6%</i>	<i>16.7%</i>	<i>11.7%</i>
Guarantee letter services	1,840	1,923	977 <sup>(Note 1)</sup>
Historical annual caps	3,006	5,010	7,014
<i>Utilisation rates</i> <sup>(Note 2)</sup>	<i>61.2%</i>	<i>38.4%</i>	<i>13.9%</i>
Bills issuance services and bonds subscription	803	847	611 <sup>(Note 1)</sup>
Historical annual caps	810	1,372	1,946
<i>Utilisation rates</i> <sup>(Note 2)</sup>	<i>99.1%</i>	<i>61.7%</i>	<i>31.4%</i>

Notes:

1. These figures represent the unaudited transaction amount for the three months ended 31 March 2024, which may be different from those to be disclosed in the annual report.
2. The utilisation rate is calculated by dividing the actual transaction amount by the proposed annual cap in the corresponding year.

---

## LETTER FROM SOMERLEY

---

As set out in the Letter from the Board, the utilisation rates are relatively low historically due to the facts that there are many competitive and independent providers of similar services in the abovementioned financial services, who may offer prices and/or terms more favourable than those offered by CCCC Finance to CCCG Group. In that case, CCCG Group entered into relevant agreements with such independent service providers rather than with the CCCC Finance, so as to comply with its respective internal control procedures and protect its interests. There is no assurance that CCCG Group would select the CCCC Finance as the provider for financial services.

The proposed annual caps for the maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be provided by CCCC Finance to CCCG Group, including (i) the loan services, (ii) the guarantee letter services, and (iii) the bills issuance services and bonds subscription for the three financial years ending 31 December 2027 are as follows:

<b>Description</b>		<b>Annual cap for the year ending 31 December 2025 <i>RMB' million</i></b>	<b>Annual cap for the year ending 31 December 2026 <i>RMB' million</i></b>	<b>Annual cap for the year ending 31 December 2027 <i>RMB' million</i></b>
Maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be provided by CCCC Finance to CCCG Group	Loan services	9,270	9,270	9,270
	Guarantee letter services	7,004	7,004	7,004
	Bills issuance services and bonds subscription	2,274	2,419	2,571

---

## LETTER FROM SOMERLEY

---

(i) *Loan services*

As stated in the letter from the Board contained in this Circular, in estimating the maximum daily balance (including the interests accrued thereon) of loan services to be provided by CCCC Finance to CCCG Group, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for loan services; (ii) the relevant guidelines and regulations of the PBOC, which requires that the daily balance of loans provided by CCCC Finance to CCCG Group (including the interests accrued thereon) shall not exceed 75% of the average daily balance of deposits of CCCG Group with CCCC Finance; (iii) the increasing credit scale of CCCC Finance due to its business expansion; and (iv) the historical transaction amounts and growth trends for the maximum daily balance (including the interests accrued thereon) of loan services to be provided by CCCC Finance to CCCG Group, which were RMB1,834 million and RMB4,859 million in 2022 and 2023, respectively, representing an annual growth rate of 164.94%. CCCG Group plans to further extend its business in the energy-saving and environmental friendly areas upon the acquisition of Beijing OriginWater Technology Co., Ltd. (北京碧水源科技股份有限公司) and strengthen its advantages in overseas projects undertaken by ZPMC and China International Water & Electric Corp. (中國水利電力對外有限公司), and therefore it has an increasing financial demands for business expansion and potential incremental business volume.

We have discussed with the management of the Company and understand that the proposed annual caps for the maximum daily balance of the loan services are provided by CCCG, which take into account of CCCG Group's expected demand for the loan services based on its development plan for the coming three years. We have reviewed the expected maximum loan amounts required by each major business units of the CCCG Group for the three years ending 31 December 2027 and noted that each of such amount were determined based on the historical demand in the past years and the expected business development for each of such business unit. From our review, we noted that the expected demands of loan services from the CCCG Group were mainly driven by business units which are involved in state development construction projects, environmental protection and water services related projects, as well as hydropower stations and energy storage projects. CCCG Group would also assess the estimated financial needs and the allocation of appropriate loan amounts to be provided by the Company based on factors including the contract sum, development plan of the projects and the historical cost structure of similar projects. As advised by the management of the Company, such projection are in line with the business development of the CCCG Group taking into account the "National 14th Five-Year Plan" of the PRC. For other business units of the CCCG Group which are mainly involved in real estate development projects and other infrastructure, CCCG Group had reduced the expected demand for loan services from the projection for 2024 based on current business development of the unit. As such, we are of the view that the annual caps for the loan services are reasonable.

---

## LETTER FROM SOMERLEY

---

*(ii) Guarantee letter services*

In estimating the maximum daily balance (including the handling charges accrued thereon) of guarantee letter services, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for guarantee letter services, which is estimated to be approximately RMB6,300 million, RMB6,300 million and RMB6,300 million for the years ending 31 December 2025, 2026 and 2027, respectively; (ii) the relevant guidelines and regulations of the PBOC; (iii) the development plan of CCC Finance to increase its credit scale; and (iv) a buffer of approximately 10% for unexpected additional demands for the guarantee letter services by CCCG Group from CCC Finance.

As advised by the management of the Company, guarantee letter services are provided when the member of CCCG Group submits tenders or enter into agreements for construction projects, which in general require to pay a deposit or to provide a guarantee letter in amount of not more than 20.0% of the construction project sum. We have discussed with the management of the Company and understand that the proposed annual caps for the maximum daily balance of the guarantee letter services are provided by CCCG, which take into account of CCCG Group's expected demand for the guarantee letter services based on its development plan for the coming three years, which were determined with reference to the historical new contract sum of CCCG Group. As noted from the 2025-2027 Project List, we noted that 20% of the expected contract values per year for each contract are expected to be entered into between the Group and the CCCG Group during the term of the Financial Services Framework Agreement amounted to approximately RMB3 billion to RMB3.5 billion, which represents approximately half of the maximum daily balance (including the handling charges accrued thereon) of guarantee letter services. As discussed with the management of the Company, CCC Finance plans to implement online operation for its letter of guarantee business, which will enhance customers experience and streamline the approval process. Such enhancement is expected to increase the competitiveness of such business segment and increase the demand for such services, including those from the CCCG Group. As such, we are of the view that the annual caps for the guarantee letter services are reasonable.

*(iii) Bills issuance services and bonds subscription*

In estimating the maximum daily balance (including the handling charges accrued thereon) of bills issuance services and bonds subscription, the Company has principally considered the following factors: (i) the development plan of CCCG Group and its estimated financial needs for bills issuance services with reference to the outstanding bills payable of CCCG Group as at 31 March 2024; and (ii) the issuance plan of bonds by CCCG Group at an interest rate of 3.14% (being the median rate for bonds issued by CCCG Group in year 2022 to 2023) and the interest proposed to be received by the Group for subscription of such bonds according to its current plan.

---

## LETTER FROM SOMERLEY

---

In assessing the expected maximum daily balance (including the handling charges accrued thereon) of bills issuance services and bonds subscription, we have obtained and reviewed the underlying calculation in formulating the relevant annual caps. We noted that such amounts were mainly attributable to the expected bond subscription by CCCC Finance for the bonds issued by CCCG Group, which shall be conducted in strict compliance with the requirements of the National Association of Financial Market Institutional Investors, the relevant stock exchanges and other issuance and trading platforms. We understood from the management of the Company that based on regulations, CCCC Finance could subscribe for AAA-rated bonds issued by CCCG Group. The estimated bond subscription amounts for the coming three years were then derived taking into account the expected AAA-rated bond issues of the CCCG Group, provided by the CCCG Group, for the coming years. Given that the pricing for the bonds shall be determined with reference to the interest rate in the market and shall meet the market-oriented requirements, the maximum daily balance would provide the flexibility for the Group to subscribe for AAA-rated bonds issued by the CCCG Group and generates stable income for the Group. As such, we are of the view that the annual caps for the bills issuance services and bonds subscription are reasonable.

#### **4. Internal control and corporate governance measures**

The Company has established a comprehensive internal control system and adopted various internal control measures, including but not limited to collect and refer to the quotations from independent third parties for similar services regularly, established a management system for all connected transactions, conduct internal assessments on the internal control measures of the Company on an annual basis by the audit and internal control committee of the Company, carry out daily supervision on the overall implementation and actual transaction amounts of continuing connected transactions, to ensure that the continuing connected transaction of the Group are conducted in accordance with their terms and conditions. Details of the internal control measures of the Group are set out in the sections headed “*Internal Control and Corporate Governance Measures*” in the Letter from the Board.

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Transactions every year and confirm in the annual report that the transactions have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

---

## LETTER FROM SOMERLEY

---

- (b) the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transactions:
  - (i) have not been approved by the Board;
  - (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
  - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and
  - (iv) have exceeded the relevant annual caps;
- (c) the Company must allow, and ensure that the counterparties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

We consider the aforementioned internal control measures effective and adequate to monitor the transactions under the Mutual Project Contracting Framework Agreement and the credit services under the Financial Services Framework Agreement on the basis that (i) making reference to service quotations provided to independent third parties when providing service quotations to connected persons of the Group shall ensure the fairness and reasonableness of the terms of the relevant transactions; (ii) frequent and periodic reporting on a monthly basis will allow the Company to monitor the utilisation of the relevant annual caps on a regular interval, which is considered appropriate and the Company shall be prompted timely in case of any unexpected issues relating to the utilisation of the relevant annual caps; (iii) the establishment of a systematic corporate governance structure enables the Company to self-regulate by assigning monitoring responsibilities to different departments; and (iv) regular reviews by the audit and internal control committee of the Company, independent non-executive Directors and auditors of the Company shall further enhance the internal control measures of the Company. Overall, we consider the Company's internal control and corporate governance measures sufficient and effective to safeguard the interests of the Shareholders.



---

## LETTER FROM SOMERLEY

---

### OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors and reasons, we consider that the Renewal of Certain Continuing Connected Transactions, including the respective annual caps and the continuing connected transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the Renewal of Certain Continuing Connected Transactions, including the respective annual caps and the continuing connected transactions contemplated thereunder to be proposed at the AGM.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Calvin Leung**  
*Director*

*Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 19 years of experience in the corporate finance industry.*

**1. RESPONSIBILITY STATEMENT**

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

**2. DISCLOSURE OF INTERESTS****Interests and Short Positions of Directors, Supervisors and Chief Executives**

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executives of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (a) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which any such Director, Supervisor, chief executive or member of senior management was taken or deemed to have under such provisions of the SFO); (b) required to be recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO; or (c) otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 to the Hong Kong Listing Rules in force as at the Latest Practicable Date.

Mr. Wang Tongzhou, Mr. Wang Haihuai and Mr. Liu Xiang the current Directors of the Company, are also directors or senior management of CCCG.

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

**3. COMPETING INTERESTS**

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

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

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

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

**5. CONSENT AND QUALIFICATION OF EXPERT**

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

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

- (b) As at the Latest Practicable Date, the above expert did not have any shareholding directly or indirectly in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and it had no interest, either directly or indirectly, in any assets which have been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name and letter, where applicable, in the form and context in which it appears.

**6. SERVICE CONTRACTS**

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

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. MATERIAL LITIGATION**

As at the Latest Practicable Date, the Company is not engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against any member of the Group.

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.ccccltd.cn>) up to and including the date which is 14 days from the date of this circular:

- (a) the Mutual Project Contracting Framework Agreement and the Financial Services Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Somerley, the text of which is set out in this circular;
- (d) the written consent as referred to in the paragraph headed “5. Consent and Qualification of Expert” in this appendix.

## LIU HUI

According to the Measures for the Administration of Independent Directors of Listed Companies of the China Securities Regulatory Commission and the requirements under the relevant business rules of the regulatory authorities or stock exchanges where China Communications Construction Company Limited (“CCCC” or the “Company”) is listed, I, as an Independent Director, have performed my duties with due diligence by fully playing the role of participation in decision-making, supervision and balance, and professional consultation in the Board, and have earnestly safeguarded the overall interests of the Company and the legitimate rights and interests of minority Shareholders during the year of 2023. I hereby present the report of my duty performance as an Independent Director for the year of 2023 as follows.

**I. BASIC INFORMATION**

As elected at the first extraordinary general meeting of the Company in 2022, I have served as an Independent Non-executive Director of the fifth session of the Board since February 2022; and serve as the chairman of the Remuneration and the Appraisal Committee, and a member of the Audit and Internal Control Committee and the Strategy and Investment Committee of the fifth session of the Board concurrently. Upon self-inspection, I confirmed that my position as an Independent Director complied with the requirements of relevant regulations, and there were no circumstances during the reporting period that affected the independence of my role as an Independent Director.

**II. DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS DURING THE YEAR****(I) Attendance at Board Meetings.**

In 2023, the fifth session of the Board held a total of 16 Board meetings, and considered a total of 89 proposals (88 passed and 1 deferred). The number, method and voting of my attendance at the Board meetings are set out in the table below:

Name of the Independent Director	Number of Board Meetings Attended	Number of	Number of	Number of	Number of Board Meetings Attended by Proxy	Number of Board Meetings Absent from	Voting of the Board Meetings (for/against/abstain/recuse)
		Physical Board Meetings Attended in Person	Board Meetings Attended by Electronic Means	Pre-meeting Communication Meetings Attended			
LIU Hui	16/16	4/4	12/12	10/10	0/16	0/16	88/0/0/0

I voted in favor of all the proposals considered at the Board meetings with no objections or abstentions.

**(II) Attendance at General Meetings.**

In 2023, the Board held 4 general meetings, namely 2023 first extraordinary general meeting; 2023 second extraordinary general meeting, 2023 first A share class meeting, 2023 first H share class meeting; 2022 annual general meeting and 2023 third extraordinary general meeting. I attended all the above-mentioned general meetings and expressed my opinions on the issues considered at the general meetings from the perspective of my own profession and independence, and I did not raise any objection to resolutions at the general meetings of the Company during the reporting period.

**(III) Attendance at the Meetings of Special Committees of the Board.**

In 2023, the Audit and Internal Control Committee held 9 meetings with 28 proposals considered and approved; the Strategy and Investment Committee held 5 meetings with 8 proposals considered and approved; and the Remuneration and Appraisal Committee held 3 meetings with 4 proposals considered and approved. I actively participated in the work of the special committees of the Board, and reviewed the proposals from a professional perspective, so as to provide practical opinions for the Board to make scientific decisions. My attendance at the meetings of the corresponding special committees are set out in the table below:

<b>Name of the Independent Director</b>	<b>Number of Meetings of the Special Committees Attended in Person</b>	<b>Number of Meetings of the Special Committees Attended by Proxy</b>
LIU Hui	17/17	0/17

**(IV) Attendance at Other Important Meetings and Activities of the Company.**

In 2023, I attended 10 meetings organised by the Company to report on the proposals of the Board, communicate the proposals in advance, put forward suggestions for improvement, and avoid blind decision-making and risk omission; I attended the Company's annual working meeting, half-year working meeting, and thematic reporting meeting on overseas business, etc., to gain a comprehensive understanding of the operating and strategy implementation of the Company; I attended the strategy seminars and external directors' seminars of the Company to discuss with other Board members and members of the management relating to the path and initiatives for high-quality development and deepening of reforms; I attended the annual results briefing of the Company to communicate with investors about the annual results and market performance of the Company and to listen to suggestions from the investors. In accordance with the annual research programme of the Board, I have conducted 4 special research activities in 26 significant subsidiaries and various key projects and 1 special activity for major decision-making with other Independent Directors, and have put forward targeted management suggestions on the issues identified in the research and feedback from the grassroots and provided timely feedback to the management of the Company.

**(V) Exercise of Specific Authorities.**

During the reporting period, I participated in reviewing and discussing matters or proposals of the Company regarding related-party (connected) transactions, financial information in financial statements and periodic reports, internal control evaluation reports, appointment of senior management, changes in accounting policies, remuneration plan for senior management, the restricted share incentive scheme and proposals to the Board for the appointment of accounting firms and for convening extraordinary general meetings, and expressed a total of 66 independent opinions on such matters. The exercise of specific authorities by me and other Independent Directors complied with relevant requirements, and there were no instances where my proposals were not adopted or my special authorities cannot be exercised normally.

**(VI) Communication with Internal and External Auditors.**

In 2023, as a member of the Audit and Internal Control Committee of the Board, I was actively involved in the review of the Company's financial position, and the implementation and effectiveness of the risk management and internal control system, and in the control of the Company's operations and management in respect of financial compliance, as well as in the independent communication with, and supervision and verification of, the internal audit organisation and the external auditors. During the reporting period, I have listened to a total of 4 relevant reports from the Company's auditors, including a report on the internal control audit findings and other communication matters for the year of 2022, a report on the financial statements and internal control audit for the year of 2022, a report on the review of the interim financial statements for the year of 2023, and a report on the integrated audit plan for the financial statements and internal control for the year of 2023 of the Company. I have reviewed the auditors' qualifications and professional capabilities, strengthened communication during the audit process, and effectively fulfilled the supervisory responsibilities of the Audit and Internal Control Committee towards the accounting firms.

**(VII) Communication and Exchanges with Minority Shareholders.**

During the reporting period, I, as an independent Director, participated in reviewing and overseeing the financial statements and results announcements published by the Company, and raised opinions on the authenticity, completeness, and accuracy to ensure that the minority Shareholders have a clear understanding of the Company's financial positions and result performance. At the same time, I demanded that the Company disclose corporate information in a timely and compliant manner, thereby enhancing the satisfaction and loyalty of minority Shareholders towards the Company.

In addition to attending the Company's regular and extraordinary general meetings to communicate with the Shareholders, in April 2023, I attended the Company's 2022 annual results briefing to exchange views and communicate with investors on the hot issues of concern to investors of the Company, such as opportunities for development of overseas markets, layout of new business development, market capitalisation management, control of financial indicators such as the "profit and five rates" and improvement of cash flow, etc., and to positively interact with the capital market, endeavour to protect the rights and interests of small and medium investors, and fully listen to the market's opinions and suggestions.

**(VIII) Suggestions to the Management.**

Regarding the challenges and opportunities for the Company's high quality development and bottlenecks affecting the development quality, I suggested that the management should have the courage to solve the problems and further increase the efforts to liquidate inventory; focus on the quality of operation, control investment and expand contracting business to achieve synergistic effects; focus on the big transportation, and consolidate and strengthen the bedrock of high-quality development. Regarding investment risk prevention and control issues and internal control management, I suggested that the management should appropriately transfer the decision-making power of investment projects to a superior level; focus investment projects on investment platforms; and strengthen investment control with the idea of "two balances". Regarding overseas organisations and project management, I suggested that the management and affiliated enterprises should strengthen synergy and coordination, pay attention to internal and external resource integration, and seek differentiated development; focus on the main business, further deepen and strengthen the market development, and strengthen domestic and international interactions; strengthen market research, enhance compliance management, and effectively control operation risks.

**(IX) On-site Work at the Company.**

In 2023, in addition to attending the Company's general meetings, meetings of the Board and its special committees, and special meetings of the Independent Directors in accordance with the relevant regulations, I, as an Independent Director, performed my duties by attending all kinds of important meetings of the Company, listening to the reports of the management of the Company, conducting on-site research and inspection of the subsidiaries and projects of the Company, reviewing all kinds of documents provided by the Company, internal information bulletins and other materials, as well as communicating with the relevant organisations and other methods. I have worked on-site at the Company for a total of over 60 days.



**III. INDEPENDENT OPINIONS ON SIGNIFICANT ISSUES OF THE COMPANY**

During the reporting period, I, together with other Independent Directors, focused on and reviewed various matters of the Company, and expressed objective and impartial independent opinions in accordance with the laws, administrative regulations, relevant rules of the regulatory authorities or the stock exchanges where the Company's Shares are listed as well as the Articles of Association and other requirements, the details are as follows:

**(I) Independent Opinions on Related-Party (Connected) Transactions.**

During the reporting period, the Independent Directors issued a total of 8 independent opinions on matters relating to related-party (connected) transactions of the Company, mainly including the investment by a consortium of CFHEC in related-party (connected) transactions involved in the project of Guogailing mining area, Yangdong District, Yangjiang City, Guangdong Province and related-party (connected) transactions involved in the increase of the registered capital of CCCC Tianhe, etc. During the review process, the Independent Directors were of the view that the voting procedures for such related-party transactions were lawful and fair, and that the related Directors had abstained from voting in compliance with the Company Law and the Securities Law and other relevant laws and regulations as well as the provisions of the Articles of Association. Such related-party transactions are reasonable and practicable, and are beneficial to the Company's further enhancement of its core competitiveness and improvement of its sustainable profitability. Such related-party transactions have followed the principles of fairness, impartiality, voluntariness and good faith, without any prejudice to the interests of the Company and Shareholders, especially the interests of non-related minority Shareholders.

**(II) Independent Opinions on the Restricted Share Incentive Scheme.**

The eighteenth meeting of the fifth session of the Board considered and approved the Resolution Regarding the First Grant of Restricted Shares to the Participants under the 2022 Restricted Share Incentive Scheme. During the review process, the Independent Directors believed that the conditions for the grant of restricted shares to participants set forth in the 2022 Restricted Share Incentive Scheme (the "**Incentive Scheme**") have been satisfied; the number of participants under the first grant was 662, all of whom were within the scope of the participants identified in the Incentive Scheme and its summary considered and approved by the Company's 2023 second extraordinary general meeting, 2023 first A share class meeting and 2023 first H share class meeting, and met the conditions for participants set forth in the Administrative Measures, Incentive Scheme and other relevant provisions; there were no circumstances under which the participants determined were prohibited from receiving restricted shares as stipulated in the Administrative Measures and the Incentive Scheme, and their qualifications as participants were legal and valid; there were no circumstances under which the Company was prohibited from granting restricted shares, no plans or arrangements to provide loans, loan guarantees or any form of financial assistance to the participants, and the Company had the necessary qualifications to implement the share incentive scheme; pursuant to the authorization of the Company's 2023 second extraordinary general meeting, 2023 first A share class meeting and 2023 first H share class meeting, the Board determined that the first grant date of the Company's restricted shares was 4 May

2023, which was in compliance with the relevant provisions of the Administrative Measures and the Incentive Scheme in respect of the grant date; the implementation of the Incentive Scheme is beneficial to further improving the Company's corporate governance structure, enhancing the incentive mechanism, and strengthening the sense of responsibility and mission of the core personnel for achieving the Company's sustainable and healthy development, which is conducive to the Company's continuous development and does not harm the interests of the Company and Shareholders as a whole.

**(III) Independent Opinions on Major Asset Reorganization of the Company.**

The thirteenth meeting of the fifth session of the Board considered and approved the Proposal of the Company on the Spin-off and Listing of Subsidiaries, namely CCCC Highway Consultants Co., Ltd., CCCC First Highway Consultants Co., Ltd. and CCCC Second Highway Consultants Co., Ltd. by Reorganization (Revised). During the review process, the Independent Directors believed that the Company's proposal complies with relevant laws, regulations, and normative documents such as the Securities Law and the Rules for the Spin-off of Listed Companies (Trial), the Spin-off is feasible and operable; the grants and approvals regarding the Spin-off from the general meeting of the Company, the stock exchanges, CSRC had been disclosed in detail in the previous period, and important notice had been given for the risks of failing to obtain the relevant grants and approvals; each of the Company and the three highway institutes are in compliance with the regulatory requirements on horizontal competition and related-party transactions of the relevant laws and regulations, normative documents and regulatory authorities, and the Spin-off Proposal is commercially reasonable and necessary, which is conducive to highlighting the Company's main business and enhancing its independence; the Spin-off complies with the provisions of relevant laws and regulations as well as policies, follows the principles of openness, fairness, and impartiality; and the procedures adopted by the Board for considering the Spin-off complies with the provisions of the Company Law, the Securities Law and other relevant laws and regulations as well as the articles of association of China Communications Construction Company Limited.

Apart from the above significant matter, the Independent Directors also provided corresponding independent opinions on the following matters of the Company, including the external guarantees and fund appropriation, appointment of senior management and determination of their remuneration, engagement of accounting firm, cash dividends and the implementation of internal control.

**IV. OVERALL EVALUATION**

In 2023, I was deeply involved in the work of corporate governance and paid great attention to major matters such as the Company's strategy implementation, investment management and the reduction of the "two funds", maintained close communication with the management, fully utilized my professional strengths, and provided advice and recommendations to the management of the Company in respect of various areas including strategic control and risk prevention and control, thus performing my duties as an Independent Director in a better way, promoting the healthy and stable financial operation of the Company, the fairness and openness of connected transactions, and the truthfulness, completeness and timeliness of information disclosure. In 2024, I will continue to fulfil my obligations as an independent Director in good faith and diligently in accordance with relevant laws and regulations and the articles of association of the Company, give full play to my role as an independent Director, endeavor to promote the high quality development of the Company, establish a good image in the capital market, and actively safeguard the legitimate rights and interests of all shareholders, especially the minority Shareholders.

Independent Director of  
**China Communications Construction Company Limited**  
**LIU Hui**

28 March 2024

## CHAN WING TAK KEVIN

According to the Measures for the Administration of Independent Directors of Listed Companies of the China Securities Regulatory Commission and the requirements under the relevant business rules of the regulatory authorities or stock exchanges where China Communications Construction Company Limited (“CCCC” or the “Company”) is listed, I, as an Independent Director, have performed my duties with due diligence by fully playing the role of participation in decision-making, supervision and balance, and professional consultation in the Board, and have earnestly safeguarded the overall interests of the Company and the legitimate rights and interests of minority Shareholders during the year of 2023. I hereby present the report of my duty performance as an Independent Director for the year of 2023 as follows.

**I. BASIC INFORMATION**

I have served as an Independent Non-executive Director of the fifth session of the Board, the chairman of the Audit and Internal Control Committee as well as a member of the Nomination Committee and the Remuneration and Appraisal Committee of the fifth session of the Board since February 2022. I have professional experience in finance, securities and accounting, and my habitual residence is in Hong Kong, which meets the requirements of the Hong Kong Stock Exchange and the Shanghai Stock Exchange regarding the qualifications for directors. During the reporting period, upon self-inspection, I confirmed that my position as an Independent Director complied with the requirements of relevant regulations, and there were no circumstances during the reporting period that affected the independence of my role as an Independent Director.

**II. DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS DURING THE YEAR****(I) Attendance at Board Meetings.**

In 2023, the fifth session of the Board held a total of 16 Board meetings, and considered a total of 89 proposals (88 passed and 1 deferred). The number, method and voting of my attendance at the Board meetings are set out in the table below:

Name of the Independent Director	Number of Board Meetings Attended	Number of Physical Board Meetings Attended in Person	Number of Board Meetings Attended by Electronic Means	Number of Pre-meeting Meetings Attended	Number of Board Meetings Attended by Proxy	Number of Board Meetings Absent from	Voting of the Board Meetings (for/against/abstain/recuse)
CHAN Wing Tak Kevin	16/16	3/4	12/12	10/10	1/16	0/16	88/0/0/0

I voted in favor of all the proposals considered at the Board meetings with no objections or abstentions.

**(II) Attendance at General Meetings.**

In 2023, the Board held 4 general meetings, namely 2023 first extraordinary general meeting; 2023 second extraordinary general meeting, 2023 first A share class meeting, 2023 first H share class meeting; 2022 annual general meeting and 2023 third extraordinary general meeting. I attended a total of 3 general meetings and expressed my opinions on the issues considered at the general meetings from the perspective of my own profession and independence, and I did not raise any objection to resolutions at the general meetings of the Company during the reporting period.

**(III) Attendance at the Meetings of Special Committees of the Board.**

In 2023, the Nomination Committee held 1 meeting with 1 proposal considered and approved; the Audit and Internal Control Committee held 9 meetings with 28 proposals considered and approved; and the Remuneration and Appraisal Committee held 3 meetings with 4 proposals considered and approved. I actively participated in the work of the special committees of the Board, and reviewed the proposals from a professional perspective, so as to provide practical opinions for the Board of the Company to make scientific decisions. My attendance at the meetings of the corresponding special committees are set out in the table below:

<b>Name of the Independent Director</b>	<b>Number of Meetings of the Special Committees Attended</b>	<b>Attended by Proxy</b>
CHAN Wing Tak Kevin	13/13	0/13

**(IV) Attendance at Other Important Meetings and Activities of the Company.**

In 2023, I attended 10 meetings organised by the Company to report on the proposals of the Board, communicate the proposals in advance, put forward suggestions for improvement, and avoid blind decision-making and risk omission; I attended the Company's annual working meeting, half-year working meeting, and thematic reporting meeting on overseas business, etc., to gain a comprehensive understanding of the operating and strategy implementation of the Company; I attended the strategy seminars and external directors' seminars of the Company to discuss with other Board members and members of the management relating to the path and initiatives for high-quality development and deepening of reforms; I attended the annual results briefing of the Company to communicate with investors about the annual results and market performance of the Company and to listen to market suggestions. In accordance with the annual research programme of the Board, I have conducted 4 special research activities in 26 significant subsidiaries and various key projects and 1 special activity for major decision-making with other Independent Directors, and have put forward targeted management suggestions on the issues identified in the research and feedback from the grassroots and provided timely feedback to the management of the Company.

**(V) Exercise of Specific Authorities.**

During the reporting period, I participated in reviewing and discussing matters or proposals of the Company regarding related-party (connected) transactions, financial information in financial statements and periodic reports, internal control evaluation reports, appointment of senior management, changes in accounting policies, remuneration plan for senior management, the restricted share incentive scheme and proposals to the Company's Board for the appointment of accounting firms and for convening extraordinary general meetings, and expressed a total of 66 independent opinions on such matters. The exercise of specific authorities by me and other Independent Directors complied with relevant requirements, and there were no instances where my proposals were not adopted or my special authorities cannot be exercised normally.

**(VI) Communication with Internal and External Auditors.**

As the chairman of the Audit and Internal Control Committee, I paid close attention to the Company's internal and external audits and internal control work, closely monitored the progress of various audit work performed by the Company's accounting firms, organised regular meetings for other committee members to listen to special reports from the firms, and in a timely manner, required relevant departments of the Company to rectify and improve any deficiencies identified during the audits, ensuring they were addressed one by one to guarantee the compliant governance of the Company. During the reporting period, I have listened to a total of 4 relevant reports from the Company's auditors, including a report on the internal control audit findings and other communication matters for the year of 2022, a report on the financial statements and internal control audit for the year of 2022, a report on the review of the interim financial statements for the year of 2023, and a report on the integrated audit plan for the financial statements and internal control for the year of 2023 of the Company. I have reviewed the auditors' qualifications and professional capabilities, strengthened communication during the audit process, and effectively fulfilled the supervisory responsibilities of the Audit and Internal Control Committee towards the accounting firms.

**(VII) Communication and Exchanges with Minority Shareholders.**

During the reporting period, I, as an independent Director, participated in reviewing and overseeing the financial statements and result announcements published by the Company, and raised opinions on their authenticity, completeness, and accuracy to ensure that the minority Shareholders have a clear understanding of the Company's financial positions and result performance. At the same time, I demanded that the Company disclose corporate information in a timely and compliant manner, thereby enhancing the satisfaction and loyalty of minority Shareholders towards the Company. In addition to attending the Company's regular and extraordinary general meetings to communicate with the Shareholders, in September 2023, I also attended the CCCC 2023 Investor Communication Meeting in Hong Kong, where I engaged in face-to-face discussions with investors, listened to the suggestions and demands of domestic and foreign investors and responded to the hot-button issues that investors were concerned about, with a focus on the Company's overseas business development, comprehensive urban development, and the outlook for the infrastructure construction industry.

**(VIII) Suggestions to the Management.**

During the reporting period, I suggested to the management of the Company in response to the issues identified in the audit: attaching great importance to the quality of the Company's operations; paying great attention to the quality of ABS assets; strengthening the management of bad debt losses; promoting the improvement of the level of corporate management through market valuation management; attaching importance to the issues of assets and liabilities, the two reserves, and cash flow, especially the current liabilities, and paying attention to the asset-to-liability ratio from the source. For the Company's high-quality development, it is suggested that the management should prevent risks and emphasize scientific research; cautiously use the scale advantage; emphasize efficiency, pay attention to the cost of capital, and pay attention to whether the expected return of the project matches with the cost of capital, whether the return is reasonable, and whether the return of cash flow meets the requirements.

**(IX) On-site Work at the Company.**

In 2023, in addition to attending the Company's general meetings, meetings of the Board and its special committees, and special meetings of the Independent Directors in accordance with the relevant regulations, I, as an Independent Director, performed my duties by attending all kinds of important meetings of the Company, listening to the reports of the management of the Company, conducting on-site research and inspection of the subsidiaries and projects of the Company, reviewing all kinds of documents provided by the Company, internal information bulletins and other materials, as well as communicating with the relevant organisations and other methods. I have worked on-site at the Company for a total of over 60 days.

**III. INDEPENDENT OPINIONS ON SIGNIFICANT ISSUES OF THE COMPANY**

During the reporting period, I, together with other Independent Directors, focused on and reviewed various matters of the Company, and expressed objective and impartial independent opinions in accordance with the laws, administrative regulations, relevant rules of the regulatory authorities or stock exchanges where the Company's Shares are listed as well as the Articles of Association and other requirements, the details are as follows:

**(I) Independent Opinions on Related-Party (Connected) Transactions.**

During the reporting period, the Independent Directors issued a total of 8 independent opinions on matters relating to related-party (connected) transactions of the Company, mainly including the investment by a consortium of CFHEC in related-party (connected) transactions involved in the project of Guogailing mining area, Yangdong District, Yangjiang City, Guangdong Province and related-party (connected) transactions involved in the increase of the registered capital of CCCC Tianhe, etc. During the review process, the Independent Directors were of the view that the voting procedures for such related-party transactions were lawful and fair, and that the related Directors had abstained from voting in compliance with the Company Law and the Securities Law and other relevant laws and regulations as well as the provisions of the Articles of Association. Such related-party transactions are reasonable and practicable, and are beneficial to the Company's concentration on its main business, further enhancement of its core competitiveness and improvement of its sustainable profitability. Such related-party transactions have followed the principles of fairness, impartiality, voluntariness and good faith, without any prejudice to the interests of the Company and Shareholders, especially the interests of non-related minority Shareholders.

**(II) Independent Opinions on the Restricted Share Incentive Scheme.**

The eighteenth meeting of the fifth session of the Board considered and approved the Resolution Regarding the First Grant of Restricted Shares to the Participants under the 2022 Restricted Share Incentive Scheme. During the review process, the Independent Directors believed that the conditions for the grant of restricted shares to participants set forth in the 2022 Restricted Share Incentive Scheme (the "**Incentive Scheme**") have been satisfied; the number of participants under the first grant was 662, all of whom were within the scope of the participants identified in the Incentive Scheme and its summary considered and approved by the Company's 2023 second extraordinary general meeting, 2023 first A share class meeting and 2023 first H share class meeting, and met the conditions for participants set forth in the Administrative Measures, Incentive Scheme and other relevant provisions; there were no circumstances under which the participants determined were prohibited from receiving restricted shares as stipulated in the Administrative Measures and the Incentive Scheme, and their qualifications as participants were legal and valid; there were no circumstances under which the Company was prohibited from granting restricted shares, no plans or arrangements to provide loans, loan guarantees or any form of financial assistance to the participants, and the Company had the necessary qualifications to implement the share incentive scheme; pursuant to the authorization of the Company's 2023 second extraordinary general meeting, 2023 first A share class meeting and 2023 first H share class meeting, the



Board determined that the first grant date of the Company's restricted shares was 4 May 2023, which was in compliance with the relevant provisions of the Administrative Measures and the Incentive Scheme in respect of the grant date; the implementation of the Incentive Scheme is beneficial to further improving the Company's corporate governance structure, enhancing the incentive mechanism, and strengthening the sense of responsibility and mission of the core personnel for achieving the Company's sustainable and healthy development, which is conducive to the Company's continuous development and does not harm the interests of the Company and Shareholders as a whole.

**(III) Independent Opinions on Major Asset Reorganization of the Company.**

The thirteenth meeting of the fifth session of the Board considered and approved the Proposal of the Company on the Spin-off and Listing of Subsidiaries, namely CCCC Highway Consultants Co., Ltd., CCCC First Highway Consultants Co., Ltd. and CCCC Second Highway Consultants Co., Ltd. by Reorganization (Revised). During the review process, the Independent Directors believed that the Company's proposal complies with relevant laws, regulations, and normative documents such as the Securities Law and the Rules for the Spin-off of Listed Companies (Trial), the Spin-off is feasible and operable; the grants and approvals regarding the Spin-off from the general meeting of the Company, the stock exchanges, CSRC had been disclosed in detail in the previous period, and important notice had been given for the risks of failing to obtain the relevant grants and approvals; each of the Company and the three highway institutes are in compliance with the regulatory requirements on horizontal competition and related-party transactions of the relevant laws and regulations, normative documents and regulatory authorities, and the Spin-off Proposal is commercially reasonable and necessary, which is conducive to highlighting the Company's main business and enhancing its independence; the Spin-off complies with the provisions of relevant laws and regulations as well as policies, follows the principles of openness, fairness, and impartiality; and the procedures adopted by the Board for considering the Spin-off complies with the provisions of the Company Law, the Securities Law and other relevant laws and regulations as well as the articles of association of China Communications Construction Company Limited.

Apart from the above significant matter, the Independent Directors also provided corresponding independent opinions on the following matters of the Company, including the external guarantees and fund appropriation, appointment of senior management and determination of their remuneration, engagement of accounting firm, cash dividends and the implementation of internal control.

**IV. OVERALL EVALUATION**

In 2023, I conscientiously fulfilled my obligations as an Independent Director in accordance with relevant laws and regulations and the Articles of Association in a sincere and diligent manner, fully performed my role as an Independent Director, paid close attention to the quality of the Company's operations, market capitalization management, capital management and other major issues, maintained close communication with the management, fully utilized my professional strengths, and provided advice and recommendations to the management of the Company, thus performing my duties as an Independent Director in a better way, promoting the healthy and stable financial operation of the Company, the fairness and openness of connected transactions, and the truthfulness, completeness and timeliness of information disclosure. In 2024, I will continue to devote myself to promoting the high-quality development of the Company, and actively safeguarding the legitimate rights and interests of all Shareholders, especially the minority Shareholders.

Independent Director of  
**China Communications Construction Company Limited**  
**CHAN Wing Tak Kevin**

28 March 2024

## WU GUANGQI

According to the Measures for the Administration of Independent Directors of Listed Companies of the China Securities Regulatory Commission and the requirements under the relevant business rules of the regulatory authorities or stock exchanges where China Communications Construction Company Limited (“CCCC” or the “Company”) is listed, I, as an Independent Director, have performed my duties with due diligence by fully playing the role of participation in decision-making, supervision and balance, and professional consultation in the Board, and have earnestly safeguarded the overall interests of the Company and the legitimate rights and interests of minority Shareholders during the year of 2023. I hereby present the report of my duty performance as an Independent Director for the year of 2023 as follows.

**I. BASIC INFORMATION**

During the reporting period, I have served as an Independent Non-executive Director of the fifth session of the Board, and a member of the Nomination Committee, the Audit and Internal Control Committee, Strategy and Investment Committee and Remuneration and Appraisal Committee of the fifth session of the Board. My position as an Independent Director and a member of the special committees complied with the requirements of relevant regulations, and there were no circumstances during the reporting period that affected the independence.

**II. DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS DURING THE YEAR****(I) Attendance at Board Meetings.**

In 2023, the fifth session of the Board held a total of 16 Board meetings, and considered a total of 89 proposals (88 passed and 1 deferred). The number, method and voting of my attendance at the Board meetings are set out in the table below:

Name of the Independent Director	Number of Board Meetings Attended	Number of Physical Board Meetings Attended in Person	Number of Board Meetings Attended by Electronic Means	Number of Pre-meeting Meetings Attended	Number of Board Meetings Attended by Proxy	Number of Board Meetings Absent from	Voting of the Board Meetings (for/against/abstain/recuse)
WU Guangqi	16/16	4/4	12/12	10/10	0/16	0/16	88/0/0/0

I voted in favor of all the proposals considered at the Board meetings with no objections or abstentions.

**(II) Attendance at General Meetings.**

In 2023, the Board held 4 general meetings, namely 2023 first extraordinary general meeting; 2023 second extraordinary general meeting, 2023 first A share class meeting, 2023 first H share class meeting; 2022 annual general meeting and 2023 third extraordinary general meeting. I attended all the above-mentioned and expressed my opinions on the issues considered at the general meetings from the perspective of my own profession and independence, and I did not raise any objection to resolutions at the general meetings of the Company during the reporting period.

**(III) Attendance at the Meetings of Special Committees of the Board.**

In 2023, the various special committees of the Board held a total of 18 meetings, during which 41 proposals were considered and approved, among which, the Nomination Committee held 1 meeting with 1 proposal considered and approved; the Audit and Internal Control Committee held 9 meetings with 28 proposals considered and approved; the Strategy and Investment Committee held 5 meetings with 8 proposals considered and approved; and the Remuneration and Appraisal Committee held 3 meetings with 4 proposals considered and approved. I actively participated in the work of the special committees of the Board in a prudent, responsible and conscientious manner to provide practical opinions for the Board of the Company to make scientific decisions. During the year, I was unable to attend 1 meeting of the Audit and Internal Control Committee in person, but I had carefully reviewed the materials of the meeting, reviewed the motions of the meeting from a professional perspective, and formed my clear independent opinion, and entrusted CHAN Wing Tak Kevin, an Independent Director, to attend the meeting on my behalf in writing, so as to effectively safeguard the efficiency and quality of the meeting's decision-making. My attendance at the meetings of the corresponding special committees are set out in the table below:

<b>Name of the Independent Director</b>	<b>Number of Meetings of the Special Committees Attended in Person</b>	<b>Number of Meetings of the Special Committees Attended by Proxy</b>
WU Guangqi	17/18	1/18

**(IV) Attendance at Other Important Meetings and Activities of the Company.**

In 2023, I attended 10 meetings organised by the Company to report on the proposals of the Board, communicate the proposals in advance, put forward suggestions for improvement, and avoid blind decision-making and risk omission; I attended the Company's annual working meeting, half-year working meeting, and thematic reporting meeting on overseas business, etc., to gain a comprehensive understanding of the operating and strategy implementation of the Company; I attended the strategy seminars and external directors' seminars of the Company to discuss with other Board members and members of the management relating to

the path and initiatives for high-quality development and deepening of reforms; I attended the annual results briefing of the Company to communicate with investors about the annual results and market performance of the Company and to listen to market suggestions. In accordance with the annual research programme of the Board, I have conducted 4 special research activities in 26 significant subsidiaries and various key projects and 1 special activity for major decision-making with other Independent Directors, and have put forward targeted management suggestions on the issues identified in the research and feedback from the grassroots and provided timely feedback to the management of the Company.

**(V) Exercise of Specific Authorities.**

During the reporting period, I participated in reviewing and discussing matters or proposals of the Company regarding related-party (connected) transactions, financial information in financial statements and periodic reports, internal control evaluation reports, appointment of senior management, changes in accounting policies, remuneration plan for senior management, participants in the restricted share incentive scheme and proposals to the Board for the appointment of accounting firms and for convening extraordinary general meetings, and expressed a total of 66 independent opinions on such matters. The exercise of specific authorities by me and other independent Directors complied with relevant requirements, and there were no instances where my proposals were not adopted or my special authorities cannot be exercised normally.

**(VI) Communication with Internal and External Auditors.**

In 2023, as a member of the Audit and Internal Control Committee of the Board, I was actively involved in the review of the Company's financial position, and the implementation and effectiveness of the risk management and internal control system, and in the control of the Company's operations and management in respect of financial compliance, as well as in the independent communication with, and supervision and verification of, the internal audit organisation and the external auditors. During the reporting period, I have listened to a total of 4 relevant reports from the Company's auditors, including a report on the internal control audit findings and other communication matters for the year of 2022, a report on the financial statements and internal control audit for the year of 2022, a report on the review of the interim financial statements for the year of 2023, and a report on the integrated audit plan for the financial statements and internal control for the year of 2023 of the Company. I have reviewed the auditors' qualifications and professional capabilities, strengthened communication during the audit process, and effectively fulfilled the supervisory responsibilities of the Audit and Internal Control Committee towards the accounting firms.

**(VII) Communication and Exchanges with Minority Shareholders.**

During the reporting period, I, as an independent Director, participated in reviewing and overseeing the financial statements and result announcements published by the Company, and raised opinions on their authenticity, completeness, and accuracy to ensure that the minority Shareholders have a clear understanding of the Company's financial positions and result performance. At the same time, I demanded that the Company disclose corporate information in a timely and compliant manner, thereby enhancing the satisfaction and loyalty of minority Shareholders towards the Company. Attending the Company's regular and extraordinary general meetings to communicate with the Shareholders and listen to their views and suggestions on the Company's development.

**(VIII) Suggestions to the Management.**

Regarding the high-quality development of the Company, it is suggested to the management that: the functional positioning of the regional headquarters should be effectively solved, the optimized allocation of resources brought about by the innovation of management system and operation mechanism should be brought into full play, and the branding effect and core competitiveness of CCCC in the relevant fields should be further enhanced; cross-boundary cooperation is an effective way to create strategic emerging industries, and the Company should be shaped into a powerful provider and an excellent executor of integrated solutions for major projects, and an inheritor of relevant innovations. Regarding the management of overseas organizations, it is suggested that the management and local companies should fulfill their social responsibilities and well publicize the ESG report; they should make good use of the advantages of the Company as a whole to synergize their strengths and strive for the allocation of relevant resources; and they should make new breakthroughs in promoting the internationalization of Chinese standards.

**(IX) On-site Work at the Company.**

In 2023, in addition to attending the Company's general meetings, meetings of the Board and its special committees, and special meetings of the Independent Directors in accordance with the relevant regulations, I, as an Independent Director, performed my duties by attending all kinds of important meetings of the Company, listening to the reports of the management of the Company, conducting on-site research and inspection of the subsidiaries and projects of the Company, reviewing all kinds of documents provided by the Company, internal information bulletins and other materials, as well as communicating with the relevant organisations and other methods. I have worked on-site at the Company for a total of over 60 days.

**III. INDEPENDENT OPINIONS ON SIGNIFICANT ISSUES OF THE COMPANY**

During the reporting period, I, together with other Independent Directors, focused on and reviewed various matters of the Company, and expressed objective and impartial independent opinions in accordance with the laws, administrative regulations, relevant rules of the regulatory authorities or the stock exchanges where the Company's Shares are listed as well as the Articles of Association and other requirements, the details are as follows:

**(I) Independent Opinions on Related-Party (Connected) Transactions.**

During the reporting period, the Independent Directors issued a total of 8 independent opinions on matters relating to related-party (connected) transactions of the Company, mainly including the investment by a consortium of CFHEC in related-party (connected) transactions involved in the project of Guogailing mining area, Yangdong District, Yangjiang City, Guangdong Province and related-party (connected) transactions involved in the increase of the registered capital of CCCC Tianhe, etc. During the review process, the Independent Directors were of the view that the voting procedures for such related-party transactions were lawful and fair, and that the related Directors had abstained from voting in compliance with the Company Law and the Securities Law and other relevant laws and regulations as well as the provisions of the Articles of Association. Such related-party transactions are reasonable and practicable, and are beneficial to the Company's concentration on its main business, further enhancement of its core competitiveness and improvement of its sustainable profitability. Such related-party transactions have followed the principles of fairness, impartiality, voluntariness and good faith, without any prejudice to the interests of the Company and Shareholders, especially the interests of non-related minority Shareholders.

**(II) Independent Opinions on the Restricted Share Incentive Scheme.**

The eighteenth meeting of the fifth session of the Board considered and approved the Resolution Regarding the First Grant of Restricted Shares to the Participants under the 2022 Restricted Share Incentive Scheme. During the review process, the Independent Directors believed that the conditions for the grant of restricted shares to participants set forth in the 2022 Restricted Share Incentive Scheme (the "**Incentive Scheme**") have been satisfied; the number of participants under the first grant was 662, all of whom were within the scope of the participants identified in the Incentive Scheme and its summary considered and approved by the Company's 2023 second extraordinary general meeting, 2023 first A share class meeting and 2023 first H share class meeting, and met the conditions for participants set forth in the Administrative Measures, Incentive Scheme and other relevant provisions; there were no circumstances under which the participants determined were prohibited from receiving restricted shares as stipulated in the Administrative Measures and the Incentive Scheme, and their qualifications as participants were legal and valid; there were no circumstances under which the Company was prohibited from granting restricted shares, no plans or arrangements to provide loans, loan guarantees or any form of financial assistance to the participants, and the Company had the necessary qualifications to implement the share incentive scheme; pursuant to the authorization of the Company's 2023 second extraordinary general meeting, 2023 first A share class meeting and 2023 first H share class meeting, the

Board determined that the first grant date of the Company's restricted shares was 4 May 2023, which was in compliance with the relevant provisions of the Administrative Measures and the Incentive Scheme in respect of the grant date; the implementation of the Incentive Scheme is beneficial to further improving the Company's corporate governance structure, enhancing the incentive mechanism, and strengthening the sense of responsibility and mission of the core personnel for achieving the Company's sustainable and healthy development, which is conducive to the Company's continuous development and does not harm the interests of the Company and Shareholders as a whole.

**(III) Independent Opinions on Major Asset Reorganization of the Company.**

The thirteenth meeting of the fifth session of the Board considered and approved the Proposal of the Company on the Spin-off and Listing of Subsidiaries, namely CCCC Highway Consultants Co., Ltd., CCCC First Highway Consultants Co., Ltd. and CCCC Second Highway Consultants Co., Ltd. by Reorganization (Revised). During the review process, the Independent Directors believed that the Company's proposal complies with relevant laws, regulations, and normative documents such as the Securities Law and the Rules for the Spin-off of Listed Companies (Trial), the Spin-off is feasible and operable; the grants and approvals regarding the Spin-off from the general meeting of the Company, the stock exchanges, CSRC had been disclosed in detail in the previous period, and important notice had been given for the risks of failing to obtain the relevant grants and approvals; each of the Company and the three highway institutes are in compliance with the regulatory requirements on horizontal competition and related-party transactions of the relevant laws and regulations, normative documents and regulatory authorities, and the Spin-off Proposal is commercially reasonable and necessary, which is conducive to highlighting the Company's main business and enhancing its independence; the Spin-off complies with the provisions of relevant laws and regulations as well as policies, follows the principles of openness, fairness, and impartiality; and the procedures adopted by the Board for considering the Spin-off complies with the provisions of the Company Law, the Securities Law and other relevant laws and regulations as well as the articles of association of China Communications Construction Company Limited.

Apart from the above significant matter, the Independent Directors also provided corresponding independent opinions on the following matters of the Company, including the external guarantees and fund appropriation, appointment of senior management and determination of their remuneration, engagement of accounting firm, cash dividends and the implementation of internal control.



**IV. OVERALL EVALUATION**

During the reporting period, I have strictly complied with the relevant laws, regulations and rules, based on the requirements of my duties as an Independent Director, and in the spirit of integrity and diligence, I have given full play to my own strengths and professional experience to provide independent and effective advice for the promotion of the Company's high-quality development, to oversee the independent operation of the Board of the Company in an objective and fair manner, and to continuously safeguard the interests of the Company as a whole and the legitimate rights and interests of Shareholders, especially minority Shareholders. In 2024, I will continue to fulfill my obligations as an Independent Director in good faith, give full play to my role as an Independent Director and contribute to the promotion of the Company's high-quality development.

Independent Director of  
**China Communications Construction Company Limited**  
**WU Guangqi**

28 March 2024

## ZHOU XIAOWEN

According to the Measures for the Administration of Independent Directors of Listed Companies of the China Securities Regulatory Commission and the requirements under the relevant business rules of the regulatory authorities or stock exchanges where China Communications Construction Company Limited (“CCCC” or the “Company”) is listed, I, as an Independent Director, have performed my duties with due diligence by fully playing the role of participation in decision-making, supervision and balance, and professional consultation in the Board, and have earnestly safeguarded the overall interests of the Company and the legitimate rights and interests of minority Shareholders during the year of 2023. I hereby present the report of my duty performance as an Independent Director for the year of 2023 as follows.

**I. BASIC INFORMATION**

Upon election at the first extraordinary general meeting of the Company in 2022, I have served as an Independent Non-executive Director of the fifth session of the Board since February 2022; and also currently serve as the chairman of the Remuneration and Appraisal Committee as well as a member of the Audit and Internal Control Committee and the Strategy and Investment Committee of the fifth session of the Board. Upon self-inspection, I confirmed that my position as an Independent Director complied with the requirements of relevant regulations, and there were no circumstances during the reporting period that affected the independence of my role as an Independent Director.

**II. DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS DURING THE YEAR****(I) Attendance at Board Meetings.**

In 2023, the fifth session of the Board held a total of 16 Board meetings, and considered a total of 89 proposals (88 passed and 1 deferred). The number, method and voting of my attendance at the Board meetings are set out in the table below:

Name of the Independent Director	Number of Board Meetings Attended	Number of Physical Board Meetings Attended in Person	Number of Board Meetings Attended by Electronic Means	Number of Pre-meeting Meetings Attended	Number of Board Meetings Attended by Proxy	Number of Board Meetings Absent from	Voting of the Board Meetings (for/against/abstain/recuse)
ZHOU Xiaowen	16/16	4/4	12/12	10/10	0/16	0/16	88/0/0/0

I voted in favor of all the proposals considered at the Board meetings with no objections or abstentions.

**(II) Attendance at General Meetings.**

In 2023, the Board held 4 general meetings, namely 2023 first extraordinary general meeting; 2023 second extraordinary general meeting, 2023 first A share class meeting, 2023 first H share class meeting; 2022 annual general meeting and 2023 third extraordinary general meeting. I attended all the above-mentioned general meetings and expressed my opinions on the issues considered at the general meetings from the perspective of my own profession and independence, and I did not raise any objection to resolutions at the general meetings of the Company during the reporting period.

**(III) Attendance at the Meetings of Special Committees of the Board.**

In 2023, the Audit and Internal Control Committee held 9 meetings with 28 proposals considered and approved; the Strategy and Investment Committee held 5 meetings with 8 proposals considered and approved; the Remuneration and Appraisal Committee held 3 meetings with 4 proposals considered and approved; and the Nomination Committee held 1 meeting with 1 proposal considered and approved. I actively participated in the work of the special committees of the Board, and reviewed the proposals from a professional perspective, so as to provide practical opinions for the Board to make scientific decisions. My attendance at the meetings of the corresponding special committees are set out in the table below:

<b>Name of the Independent Director</b>	<b>Number of Meetings of the Special Committees Attended in Person</b>	<b>Number of Meetings of the Special Committees Attended by Proxy</b>
ZHOU Xiaowen	18/18	0/18

**(IV) Attendance at Other Important Meetings and Activities of the Company.**

In 2023, I attended 10 meetings organised by the Company to report on the proposals of the Board, communicate the proposals in advance, put forward suggestions for improvement, and avoid blind decision-making and risk omission; I attended the Company's annual working meeting, half-year working meeting, and thematic reporting meeting on overseas business, etc., to gain a comprehensive understanding of the operating and strategy implementation of the Company; I attended the strategy seminars and external directors' seminars of the Company to discuss with other Board members and members of the management relating to the path and initiatives for high-quality development and deepening of reforms; I attended the annual results briefing meeting of the Company to communicate with investors about the annual results and market performance of the Company and to listen to market suggestions. In accordance with the annual research programme of the Board, I have conducted 4 special research activities in 26 significant subsidiaries and various key projects and 1 special activity for major decision-making with other Independent Directors, and have put forward targeted management suggestions on the issues identified in the research and feedback from the grassroots and provided timely feedback to the management of the Company.

**(V) Exercise of Specific Authorities.**

During the reporting period, I participated in reviewing and discussing matters or proposals of the Company regarding related-party (connected) transactions, financial information in financial statements and periodic reports, internal control evaluation reports, appointment of senior management, changes in accounting policies, remuneration plan for senior management, participants of the restricted share incentive scheme and proposals to the Board for the appointment of accounting firms and for convening extraordinary general meetings, and expressed a total of 66 independent opinions on such matters. The exercise of specific authorities by me and other independent Directors complied with relevant requirements, and there were no instances where my proposals were not adopted or my special authorities cannot be exercised normally.

**(VI) Communication with Internal and External Auditors.**

In 2023, as a member of the Audit and Internal Control Committee of the Board, I was actively involved in the review of the Company's financial position, and the implementation and effectiveness of the risk management and internal control system, and in the control of the Company's operations and management in respect of financial compliance, as well as in the independent communication with, and supervision and verification of, the internal audit organisation and the external auditors. During the reporting period, I have listened to a total of 4 relevant reports from the Company's auditors, including a report on the internal control audit findings and other communication matters for the year of 2022, a report on the financial statements and internal control audit for the year of 2022, a report on the review of the interim financial statements for the year of 2023, and a report on the integrated audit plan for the financial statements and internal control for the year of 2023 of the Company. I have reviewed the auditors' qualifications and professional capabilities, strengthened communication during the audit process, and effectively fulfilled the supervisory responsibilities of the Audit and Internal Control Committee towards the accounting firms.

**(VII) Communication and Exchanges with Minority Shareholders.**

During the reporting period, I, as an independent Director, participated in reviewing and overseeing the financial statements and results announcements published by the Company, and raised opinions on their authenticity, completeness, and accuracy to ensure that the minority Shareholders have a clear understanding of the Company's financial positions and result performance. At the same time, I demanded that the Company disclose corporate information in a timely and compliant manner, thereby enhancing the satisfaction and loyalty of minority Shareholders towards the Company. I attended the Company's regular and extraordinary general meetings to communicate with the Shareholders, and listened to the Shareholders' suggestions on the Company's development, so as to effectively safeguard the interests of minority Shareholders.

**(VIII) Suggestions to the Management.**

With a focus on the Company's high-quality development, I made suggestions to the management that: we should strengthen scientific and technological innovation to achieve high level scientific and technological self-reliance and self-improvement; optimise the business layout to promote the construction of a modern industrial system; reinforce key areas to ensure the role in supporting national strategic security. In terms of the development of the Company's overseas business, I suggested the management to: seize the opportunity for the upgraded "Belt and Road" initiative, create high-quality "big projects" in the fields of "big transportation" and "big city", and upgrade from traditional business to high-end business with strategic significance and radiating effects; firmly focus on the main responsibility and principal business, prioritise benefits, pay high attention to the management of projects under construction, secure the market position with the on-site performance, and continuously improve the brand recognition and competitiveness of "CCCC"; highly value internal collaborative management, strive to achieve complementary advantages between platform companies and professional bureaus and institutes, and cooperate for mutual benefits; properly arrange and focus on localised development, forming a development situation involving international talents, materialization of development, integrated contracting project investment, and diversified related professional development; leverage capital strengths, actively engage in capital operations, and seek opportunities for mergers and acquisitions and equity cooperation; improve the ability to control risks, strengthen the prevention of investment and financing risks, implement compliant market operation management, and establish and improve a long-term risk management mechanism.

**(IX) On-site Work at the Company.**

In 2023, in addition to attending the Company's general meetings, meetings of the Board and its special committees, and special meetings of the Independent Directors in accordance with the relevant regulations, I, as an Independent Director, performed my duties by attending all kinds of important meetings of the Company, listening to the reports of the management of the Company, conducting on-site research and inspection of the subsidiaries and projects of the Company, reviewing all kinds of documents provided by the Company, internal information bulletins and other materials, as well as communicating with the relevant organisations and other methods. I have worked on-site at the Company for a total of over 60 days.

**III. INDEPENDENT OPINIONS ON SIGNIFICANT ISSUES OF THE COMPANY**

During the reporting period, I, together with other Independent Directors, focused on and reviewed various matters of the Company, and expressed objective and impartial independent opinions in accordance with the laws, administrative regulations, relevant rules of the regulatory authorities or the stock exchanges where the Company's Shares are listed as well as the Articles of Association and other requirements, the details are as follows:

**(I) Independent Opinions on Related-Party (Connected) Transactions.**

During the reporting period, the Independent Directors issued a total of 8 independent opinions on matters relating to related-party (connected) transactions of the Company, mainly including the investment by a consortium of CFHEC in related-party (connected) transactions involved in the project of Guogailing mining area, Yangdong District, Yangjiang City, Guangdong Province and related-party (connected) transactions involved in the increase of the registered capital of CCCC Tianhe, etc. During the review process, the Independent Directors were of the view that the voting procedures for such related-party transactions were lawful and fair, and that the related Directors had abstained from voting in compliance with the Company Law and the Securities Law and other relevant laws and regulations as well as the provisions of the Articles of Association. Such related-party transactions are reasonable and practicable, and are beneficial to the Company's concentration on its main business, further enhancement of its core competitiveness and improvement of its sustainable profitability. Such related-party transactions have followed the principles of fairness, impartiality, voluntariness and good faith, without any prejudice to the interests of the Company and Shareholders, especially the interests of non-related minority Shareholders.

**(II) Independent Opinions on the Restricted Share Incentive Scheme.**

The eighteenth meeting of the fifth session of the Board considered and approved the Resolution Regarding the First Grant of Restricted Shares to the Participants under the 2022 Restricted Share Incentive Scheme. During the review process, the Independent Directors believed that the conditions for the grant of restricted shares to participants set forth in the 2022 Restricted Share Incentive Scheme (the "**Incentive Scheme**") have been satisfied; the number of participants under the first grant was 662, all of whom were within the scope of the participants identified in the Incentive Scheme and its summary considered and approved by the Company's 2023 second extraordinary general meeting, 2023 first A share class meeting and 2023 first H share class meeting, and met the conditions for participants set forth in the Administrative Measures, Incentive Scheme and other relevant provisions; there were no circumstances under which the participants determined were prohibited from receiving restricted shares as stipulated in the Administrative Measures and the Incentive Scheme, and their qualifications as participants were legal and valid; there were no circumstances under which the Company was prohibited from granting restricted shares, no plans or arrangements to provide loans, loan guarantees or any form of financial assistance to the participants, and the Company had the necessary qualifications to implement the share incentive scheme; pursuant to the authorization of the Company's 2023 second extraordinary general meeting, 2023 first A share class meeting and 2023 first H share class meeting, the

Board determined that the first grant date of the Company's restricted shares was 4 May 2023, which was in compliance with the relevant provisions of the Administrative Measures and the Incentive Scheme in respect of the grant date; the implementation of the Incentive Scheme is beneficial to further improving the Company's corporate governance structure, enhancing the incentive mechanism, and strengthening the sense of responsibility and mission of the core personnel for achieving the Company's sustainable and healthy development, which is conducive to the Company's continuous development and does not harm the interests of the Company and Shareholders as a whole.

**(III) Independent Opinions on Major Asset Reorganization of the Company.**

The thirteenth meeting of the fifth session of the Board considered and approved the Proposal of the Company on the Spin-off and Listing of Subsidiaries, namely CCCC Highway Consultants Co., Ltd., CCCC First Highway Consultants Co., Ltd. and CCCC Second Highway Consultants Co., Ltd. by Reorganization (Revised). During the review process, the Independent Directors believed that the Company's proposal complies with relevant laws, regulations, and normative documents such as the Securities Law and the Rules for the Spin-off of Listed Companies (Trial), the Spin-off is feasible and operable; the grants and approvals regarding the Spin-off from the general meeting of the Company, the stock exchanges, CSRC had been disclosed in detail in the previous period, and important notice had been given for the risks of failing to obtain the relevant grants and approvals; each of the Company and the three highway institutes are in compliance with the regulatory requirements on horizontal competition and related-party transactions of the relevant laws and regulations, normative documents and regulatory authorities, and the Spin-off Proposal is commercially reasonable and necessary, which is conducive to highlighting the Company's main business and enhancing its independence; the Spin-off complies with the provisions of relevant laws and regulations as well as policies, follows the principles of openness, fairness, and impartiality; and the procedures adopted by the Board for considering the Spin-off complies with the provisions of the Company Law, the Securities Law and other relevant laws and regulations as well as the articles of association of China Communications Construction Company Limited.

Apart from the above significant matter, the Independent Directors also provided corresponding independent opinions on the following matters of the Company, including the external guarantees and fund appropriation, appointment of senior management and determination of their remuneration, engagement of accounting firm, cash dividends and the implementation of internal control.

**IV. OVERALL EVALUATION**

During the reporting period, I have adhered to the principles of objectivity, fairness, and independence, fully performed my role and fulfilled my obligations as an Independent Director with integrity and diligence in accordance with relevant laws, regulations and institutional requirements, paid close attention to the Company's development trends and provided more positive and effective opinions and suggestions for the Company's development by leveraging my professional knowledge and experience, thereby promoting the improvement and optimisation of the Company's governance structure. In 2024, I will continue to conscientiously fulfill my obligations and fully exert my role as an Independent Director, and actively safeguarding the legitimate rights and interests of all Shareholders, especially the minority Shareholders.

Independent Director of  
**China Communications Construction Company Limited**  
**ZHOU Xiaowen**

28 March 2024



Details of the proposed amendments to the working manual of independent directors are set out below:

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 1	To further perfect the corporate governance structure of China Communications Construction Company Limited (hereinafter the “Company”), promote the Company’s normalized operations and <del>ensure the performance of duties by</del> independent directors, this manual is <del>speciall</del> y formulated in accordance with the relevant provisions of the Company Law of the People’s Republic of China (hereinafter the “Company Law”), <del>the “Guiding Opinions on the Establishment of a System of Independent Directors by Listed Companies” (hereinafter the “Guiding Opinions”), “Standards of Corporate Governance of Listed Companies”, the “Rules Governing the Listing of Securities on the Shanghai Stock Exchange” (hereinafter the “SSE Listing Rules”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter the “SEHK Listing Rules”), and the “Articles of Association of China Communications Construction Company Limited” (hereinafter the “Articles of Association”).</del>	Article 1	To further perfect the corporate governance structure of China Communications Construction Company Limited (hereinafter the “Company”), promote the Company’s normalized operations and <b>give full play to the role of</b> independent directors, this manual is formulated in accordance with the relevant provisions of the Company Law of the People’s Republic of China, <b><u>Securities Law of the People’s Republic of China, Measures for the Administration of Independent Directors of Listed Companies of the CSRC, and relevant business rules of regulatory bodies or stock exchanges where the Company’s shares are listed,</u></b> and the “Articles of Association of China Communications Construction Company Limited” (hereinafter the “Articles of Association”).	The basis of the manual was replaced in accordance with Article 1 and Article 4 of the CSRC’s Measures for the Administration of Independent Directors of Listed Companies (the “Measures for Independent Directors”).

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 2	Independent directors refer to directors who do not take up any post in the Company other than serving as a director or member of any special committee under the board of directors; <del>are not related to</del> the Company and its substantial shareholders (refer to shareholders who separately or jointly hold shares representing more than 5% of the total number of voting shares of the Company) in a way that may prevent them from exercising independent and objective judgments; and have fulfilled the provisions in relation to their independence under the stock exchange listing rules of the jurisdictions where the Company's shares are listed. <del>Independent directors referred to in this manual shall also meet the requirements on independent non-executive directors as provided under the SEHK Listing Rules.</del>	Article 2	Independent directors refer to directors who do not take up any post in the Company other than serving as a director or member of any special committee under the board of directors; <b><u>have no direct or indirect interest relationship with</u></b> the Company and its substantial shareholders (refer to shareholders who separately or jointly hold shares representing more than 5% of the total number of voting shares of the Company) in a way that may prevent them from exercising independent and objective judgments; and have fulfilled the provisions in relation to their independence under the stock exchange listing rules of the jurisdictions where the Company's shares are listed.  <b><u>Independent directors shall perform their duties independently without being influenced by the Company and its substantial shareholders and de facto controller or other entities or individuals.</u></b>	The definition of an Independent Director was amended in accordance with Article 2 of the Measures for Independent Directors and Article 144 of the Articles of Association, and the bottom paragraph of the "Independence Requirements" for Independent Directors in Article 22 of the original manual was adjusted to the General Provisions.
Article 22	<del>Independent directors shall perform their duties independently without being influenced by major shareholders or de facto controller of the Company, or other units or persons that have an interest in the Company.</del>			
Article 3	<del>Provisions on directors contained in the Articles of Association are applicable to independent directors, except for those provided otherwise in this manual.</del>	Article 3	<b><u>Independent directors owe the duty of faithfulness and diligence to the Company and all shareholders of the Company, and shall conscientiously perform their duties by playing a role of participation in decision-making, supervision and balance, and professional consultation in the board of directors, safeguard the overall interests of the Company and particularly pay attention to the legal rights and interests of small and medium shareholders in accordance with laws, regulations, regulatory requirements, industry standards, and the Articles of Association of the Company, relevant rules and regulations.</u></b>	Amended in accordance with Article 3 of the Measures for Independent Directors and Articles 143 and 214 of the Articles of Association.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 21	Independent directors owe the duty of faithfulness and diligence to the Company and its shareholders as a whole. Independent directors shall perform their duties earnestly in accordance with the requirements under <del>relevant laws, regulations, the Guiding Opinions, the SEHK Listing Rules and</del> the Articles of Association; protect the interests of the Company as a whole; and pay attention to <del>ensure that</del> the legal rights and interests of small and medium shareholders <del>are not harmed</del> .			
Article 5	<del>At least one third of the members of the company's board of directors shall be independent directors, and the number shall not be less than three, of which at least one must be an accounting professional. The accounting professional referred to in this article means a professional with senior title or certified public accountant qualification.</del>  The Company shall have at least one independent director who ordinarily resides in Hong Kong.	Article 4	<b><u>The number of independent directors of the Company shall be not less than three, and the proportion of independent directors to the board of directors shall not be less than one-third,</u></b> of which at least one must be an accounting professional.  The Company shall have at least one independent director who ordinarily resides in Hong Kong.	Amended in accordance with Rule 3.10 of the Hong Kong Listing Rules; Article 5 of the Measures for Independent Directors and Article 147 of the Articles of Association.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 4	<p>To be eligible as an independent director of the Company, a person shall:</p> <p>(1) possess the qualifications for listed company directorships in accordance with the laws, administrative regulations and other relevant regulations of the listing place;</p> <p>(2) <del>possess the independence required under Article 6 of the manual, which means they are not affected by substantial shareholders or de facto controller of the Company or other units or individuals that have material interests in the Company;</del></p> <p>(3) possess basic knowledge on the operations of a listed company, and familiar himself with relevant laws, <del>administrative regulations, systems and rules;</del></p> <p>(4) possess over five years of work experience in <del>the legal and economic fields or otherwise required</del> for his service as an independent director;</p> <p><del>(5)</del> ensure the availability of adequate time and energy to perform the duties of an independent director effectively;</p> <p><del>(6)</del> <del>obtain a certificate concerning his qualifications as an independent director in accordance with relevant regulatory provisions of the listing place.</del></p>	Article 5	<p>To be eligible as an independent director of the Company, a person shall:</p> <p>(1) possess the qualifications for listed company directorships in accordance with the laws, administrative regulations and other relevant regulations of the listing place;</p> <p>(2) <u>comply with</u> the independence <u>requirement</u> under Article 6 of the manual;</p> <p>(3) possess basic knowledge on the operations of a listed company, and familiar himself with relevant laws, regulations and rules;</p> <p>(4) possess over five years of work experience in <u>law, accounting or economics</u> required for his/<u>her</u> service as an independent director;</p> <p><b>(5) <u>having good personal morality without bad records such as material acts of bad faith;</u></b></p> <p><b>(6) <u>in principle, to serve as an independent director in a maximum of three domestic listed companies and to ensure the availability of adequate time and energy to perform the duties of an independent director effectively;</u></b></p> <p><b>(7) <u>other conditions stipulated by laws, administrative regulations, relevant business rules of the regulatory bodies or stock exchanges where the Company's shares are listed and the Articles of Association.</u></b></p>	Amended in accordance with Article 7 and Article 8 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 6	<p>Independent directors must <del>possess</del> independence <del>and comply with the requirements concerning the independence of independent directors under the Guiding Opinions, as well as the provisions concerning the independence of independent non-executive directors under the SEHK Listing Rules or otherwise required by the Hong Kong Stock Exchange.</del> The following persons are not allowed to serve as independent directors:</p> <p>(1) persons employed by the Company or its subsidiaries (excluding independent directors) and their immediate families; main social relations (immediate families refer to spouses, parents, sons and daughters, <del>etc.</del>; main social relations refer to siblings, fathers-in-law, mothers-in-law, <del>daughters-in-law, sons-in-law,</del> spouses of siblings, siblings of spouses, etc.);</p> <p>(2) persons directly or indirectly holding more than 1% of the issued shares of the Company or the Company's top ten natural person shareholders and their immediate families;</p> <p>(3) persons employed by shareholders directly or indirectly holding more than 5% of the issued shares of the Company or the top five shareholders of the Company as well as those persons' immediate families;</p> <p>(4) persons employed by the de facto controller of a <del>listed</del> company or any of its subsidiaries;</p>	Article 6	<p>Independent directors must <b>keep</b> independence. The following persons are not allowed to serve as independent directors:</p> <p>(1) persons employed by the Company, <b><u>its holding companies</u></b> or its subsidiaries (excluding independent directors) and their immediate families; main social relations (immediate families refer to spouses, parents, sons and daughters; main social relations refer to siblings, <b><u>spouses of siblings, parents-in-law, siblings of spouses, spouses of children, parents of children's spouses, etc.</u></b>);</p> <p>(2) persons directly or indirectly holding more than 1% of the issued shares of the Company or the Company's top ten natural person shareholders and their immediate families;</p> <p>(3) persons employed by shareholders directly or indirectly holding more than 5% of the issued shares of the Company or the top five shareholders of the Company as well as those persons' immediate families;</p> <p>(4) persons employed by the <b><u>controlling shareholder</u></b>, de facto controller of a company or any of its subsidiaries <b><u>and their immediate families</u></b>;</p>	Amended in accordance with Article 6 of the Measures for Independent Directors, Rule 3.13(7) of the Hong Kong Listing Rules and Rule 3.13(3) of the Hong Kong Listing Rules.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
	<p>(5) persons who provide financial, legal or consultancy services to the Company and its controlling shareholder or any of their respective subsidiaries, including all team members of any projects, auditing staff of all levels, staff members who sign on relevant reports, partners and chief responsible person of intermediaries providing such services;</p> <p>(6) persons who <del>serve as a director, supervisor or senior management member in any unit which has significant business transactions with the Company or its controlling shareholder or any of their respective subsidiaries, or who serve as a director, supervisor or senior management member in the controlling shareholder of such unit;</del></p> <p>(7) persons who fall under any of the six categories set forth above during the past year;</p> <p>(8) other persons <del>specified in the Articles of Association;</del> and</p> <p>(9) <del>other persons deemed by the CSRC or any stock exchange as unsuitable for serving as independent directors.</del></p>		<p>(5) persons who provide financial, legal, consultancy or <u>sponsoring</u> services to the Company and its controlling shareholder, <u>de facto controller</u> or any of their respective subsidiaries <u>or their core related (connected) persons</u>, including <u>but not limited to</u> all team members of any projects, auditing staff of all levels, staff members who sign on relevant reports, partners, <u>directors, senior management members</u> and chief responsible person of intermediaries providing such services;</p> <p>(6) persons who <u>have</u> significant business transactions with the Company or its controlling shareholder, <u>de facto controller</u> or any of their respective subsidiaries, or who serve <u>in any unit or its controlling shareholder, de facto controller which has significant business transactions with the Company;</u></p> <p>(7) persons who fall under any of the six categories set forth above during the past <u>12 months;</u></p> <p>(8) other persons <u>who are not independent according to the laws, administrative regulations, relevant business rules of the regulatory authorities or stock exchange(s) where the shares of the Company are listed</u> and the Articles of Association;</p>	

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
			<p><u>The subsidiaries of the controlling shareholder and de facto controller of the company mentioned in items (4) to (6) of the preceding paragraphs do not include the enterprises which are also controlled by the State-owned Assets Supervision and Administration Commission as the Company and do not have related (connected) relationship with the Company according to the relevant regulations.</u></p> <p><u>Independent directors shall conduct self-examinations on their independence annually and submit the self-examination results to the board of directors of the Company. The board of directors of the Company shall evaluate the independence of serving independent directors annually and issue specific opinions, which shall be disclosed at the same time as the annual report.</u></p>	

**APPENDIX III**

**DETAILS OF THE PROPOSED AMENDMENTS TO THE WORKING MANUAL OF INDEPENDENT DIRECTORS**

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 7	The Company’s board of directors, supervisory board, shareholders separately or jointly holding more than 1% of the issued shares of the Company can nominate candidates for independent directors, whose appointment shall be subject to the election and approval at a general meeting.	Article 7	The Company’s board of directors, supervisory board, shareholders separately or jointly holding more than 1% of the issued shares of the Company can nominate candidates for independent directors, whose appointment shall be subject to the election and approval at a general meeting, <b><u>and shall not nominate persons who are interested parties with him/her or other close members who have other circumstances that may affect their independent duty performance as candidates for independent directors.</u></b>	Amended in accordance with Article 9 of the Measures for Independent Directors and Article 184 of the Articles of Association.
Article 8	The nominators of independent directors should obtain the consent of nominees before such nomination. A nominator shall have full knowledge of the occupation, academic qualifications, professional title, detailed working experience, and history of all part-time jobs of the nominee, and shall express opinions on the nominee’s qualifications and independence as an independent director. The nominee shall also make a public declaration stating that <del>there is no such relationship between the nominee and the Company which may affect his or her independent and objective judgments.</del>  <del>The Company’s board of directors shall declare the above information in accordance with relevant provisions before convening a general meeting for the election of independent directors.</del>	Article 8	The nominators of independent directors should obtain the consent of nominees before such nomination. A nominator shall have full knowledge of the occupation, academic qualifications, professional title, detailed working experience, history of all part-time jobs of the nominee <b><u>and whether he/she has any bad records such as material acts of bad faith,</u></b> and shall express opinions on that the nominee <b><u>meets the independence requirements</u></b> and other conditions for serving as an independent director. The nominee shall also make a public declaration stating that <b><u>he/she meets the independence requirements and other conditions for serving as an independent director.</u></b>	Amended in accordance with Article 10 of the Measures for Independent Directors and Article 184 of the Articles of Association.



Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 9	<p>Before convening a general meeting for the election of independent directors, the Company shall submit relevant information of all nominees to <del>the CSRC and its offices, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.</del></p> <p>When there is any dissent from the Company's board of directors concerning the nominee's situations, the board of directors shall submit its written opinions as well.</p> <p>Nominees dissented by the CSRC shall be eligible for being a candidate for directorships of the Company but are not eligible as a candidate for independent director. During the election of independent directors at a general meeting, the Company's board of directors shall elaborate on whether the CSRC has expressed dissents on any candidates for independent directorship.</p>	Article 9	<p><b><u>The nomination committee under the Board of the Company shall review the qualifications of the nominees and form a definite review opinion.</u></b></p> <p>Before convening a general meeting for the election of independent directors, the Company <b><u>shall disclose the relevant contents in accordance with the provisions of Article 8 and the preceding paragraphs of the Manual , and</u></b> shall submit relevant information of all nominees to <b><u>the regulatory authorities and stock exchange(s) where the shares of the Company are listed.</u></b> When there is any dissent from the Company's board of directors concerning the nominee's situations, the board of directors shall submit its written opinions as well.</p> <p>Nominees dissented by the CSRC shall be eligible for being a candidate for directorships of the Company but are not eligible as a candidate for independent director.</p> <p>During the election of independent directors at a general meeting, the Company's board of directors shall elaborate on whether the CSRC has expressed dissents on any candidates for independent directorship.</p>	Amended in accordance with Article 11 of the Measures for Independent Directors and Article 184 of the Articles of Association.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 11	If an independent director abstains from attending meetings of the board of directors in person for two times in succession, <del>he shall be deemed to be incapable of performing his duties, and the board of directors shall propose a replacement of the director at a general meeting.</del>	Article 11	<p><b><u>Independent directors shall attend Board meetings in person. If any independent director cannot attend the meeting in person for any reason, he/she should review the meeting materials in advance to form a definite opinion, and authorize in writing another independent director to attend on his/her behalf.</u></b></p> <p>If an independent director abstains from attending meetings of the board of directors in person for two times in succession <b><u>and does not entrust another independent director to attend on his/her behalf, the Board shall, within 30 days from the date of such occurrence, propose to hold a general meeting to dismiss such independent director.</u></b></p>	Amended in accordance with Article 20 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 12	<del>Except for the conditions set forth in Article 6 and Article 11 of the manual and the situations in which a person shall not serve as a director under the Company Law, the office of an independent director shall not be terminated without any reason before expiration. In case of termination of a director's office prior to expiration, it shall be disclosed as a special issue by the Company. If the independent director so removed considers that the reason for his removal is not proper, he or she can make a public declaration.</del>	Article 12	<p><b><u>Before the expiration of the term of office of an independent director, the Company may remove him/her in accordance with legal procedures. In case of early dismissal of an independent director, the Company shall disclose the specific reasons and basis in a timely manner. If the independent director has any objection, the Company shall disclose it in a timely manner. If an independent director fails to meet the requirements of item 1 or item 2 of Article 5 and Article 11 of this manual, he or she shall immediately stop performing his or her duties and resign from his or her post. If the independent director fails to resign, the board of directors shall, upon becoming aware of or when it should have become aware of the fact, immediately remove him/her from office as required.</u></b></p> <p><b><u>If the independent directors resign or are dismissed due to the circumstances specified in the preceding paragraph, resulting in the proportion of independent directors on the board of directors or its special committee not conforming to the provisions of this manual, the Articles of Association or the measures of the Company's special committee, or there is a lack of an accounting professional among the independent directors, the Company shall complete the by-election within 60 days from the date of the occurrence of the aforesaid facts.</u></b></p>	Amended in accordance with Article 14 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 13	<p>An independent director may tender resignation before expiration of his or her term of office by submitting a written resignation to the board of directors, and providing an explanation of any conditions in relation to his or her resignation or which are considered by him/her as necessary to draw the attention of shareholders and creditors of the Company.</p> <p><del>If the proportion of independent directors in the board of directors is lower than the minimum number required under the Guiding Opinions due to the resignation of an independent director, the board of directors shall convene a general meeting for the election of an independent director to fill the vacancy within three months upon the resignation of the independent director. The resignation report of the independent director shall only come into effect when the next independent director fills his vacancy.</del></p>	Article 13	<p>An independent director may tender resignation before expiration of his or her term of office by submitting a written resignation to the board of directors, and providing an explanation of any conditions in relation to his or her resignation or which are considered by him/her as necessary to draw the attention of shareholders and creditors of the Company. <b><u>The Company shall disclose the reason for the resignation of the independent director and the matters in need of attention.</u></b></p> <p><b><u>If the resignation of an independent director will result in the proportion of independent directors on the board of directors or its special committee not conforming to the provisions of this manual, the Articles of Association or the rules of procedures of the Company's special committee, or there is a lack of an accounting professional among the independent directors, the independent director who intends to resign shall continue to perform his/her duties until the date on which a new independent director is elected. The Company shall complete the by-election within 60 days from the date on which the independent director tendered his/her resignation.</u></b></p>	Amended in accordance with Article 15 of the Measures for Independent Directors.
Article 14	<p><del>If an independent director does not meet the independence qualifications or there are other circumstances which render him or her unsuitable to perform the duties of an independent director, and in turn result in the number of independent directors of the Company falling below that required by the Guiding Opinions and the SEHK Listing Rules, the Company shall make up the number of independent directors according to relevant provisions, and inform the Shanghai Stock Exchange and Hong Kong Stock Exchange, issue an announcement and engage another independent director.</del></p>			

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 15	<p><del>In order to bring independent directors' functions into full play, besides the authorities endowed by the Company Law, the SEHK Listing Rules, the SSE Listing Rules and other relevant laws and regulations, the Company shall delegate the following specific authorities to independent directors:</del></p> <p>(1) significant connected transactions (refer to connected transactions to be entered into between the Company and any connected person, the aggregate amount of which exceeds RMB3 million or 5% of the latest audited net asset value of the Company) shall be submitted to the board of directors for consideration upon approval by independent directors;</p> <p>(2) make proposals to the board of directors for the appointment or dismissal of accounting firms;</p> <p>(3) make proposals to the board of directors for holding an extraordinary general meeting;</p> <p>(4) make proposals to hold board meetings;</p> <p>(5) appoint an external auditor or consultancy firms independently;</p> <p>(6) collect voting rights from shareholders in public before the convening of a general meeting.</p>	Article 14	<p><b><u>In addition to the authorities conferred to the directors of the Company, the independent directors shall also have the following special authorities:</u></b></p> <p>(1) significant connected <b><u>(related) transactions (1. transactions with connected (related) natural persons with a transaction amount (including debts and expenses assumed) of more than RMB300,000; 2 transactions with connected (related) legal persons (or other organizations) in which the transaction amount (including debts and expenses assumed) of more than RMB3 million and accounting for more than 0.5% of the absolute value of the latest audited net assets of the Company.)</u></b> shall be submitted to the board of directors for consideration upon approval by <b><u>a majority of the independent directors;</u></b></p> <p>(2) <b><u>before making a judgement, independent directors may engage an intermediary to issue the independent financial adviser's report as the basis for their judgment;</u></b></p> <p>(3) make proposals to the board of directors for the appointment or dismissal of accounting firms;</p> <p>(4) make proposals to the board of directors for holding an extraordinary general meeting;</p> <p>(5) make proposals to hold board meetings;</p> <p>(6) appoint an external auditor or consultancy firms independently;</p>	Amended in accordance with Article 18 and Article 23 of the Measures for Independent Directors, Rule 6.3.6 of the SSE listing rules; Article 150 and Article 151 of the Articles of Association.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
	<p>Independent directors exercising the above authorities shall obtain the prior consent of half of all independent directors. Expenses arising from the engagement of intermediaries or performance of duties by independent directors shall be borne by the Company.</p> <p>If the above proposals are not adopted or the above authorities cannot be exercised normally, the Company shall disclose relevant circumstances.</p>		<p>(7) collect voting rights from shareholders in public before the convening of a general meeting.</p> <p>(8) <u>changes in or waivers of commitments by the Company and related parties shall be submitted to the board of directors for consideration after being approved by the independent directors;</u></p> <p>(9) <u>decisions and measures taken by the board of directors of the Company in connection with the acquisition shall be submitted to the board of directors for consideration after being approved by the independent directors;</u></p> <p>Independent directors exercising the above authorities shall obtain the prior consent of half of all independent directors. Expenses arising from the engagement of intermediaries or performance of duties by independent directors shall be borne by the Company.</p> <p>If the above proposals are not adopted or the above authorities cannot be exercised normally, the Company shall disclose relevant circumstances.</p>	

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 17	<p>Apart from performing the duties set out in Article 15 of this manual, independent directors shall also express their independent opinions to the board of directors or at the general meeting on the following issues:</p> <ol style="list-style-type: none"> <li>(1) nomination, appointment and dismissal of directors;</li> <li>(2) appointment or dismissal of senior management members;</li> <li>(3) remuneration of directors and senior management members of the Company;</li> <li>(4) any existing or new borrowings or payables and receivables by shareholders or de facto controller of the Company or any of their respective connected enterprises with an amount exceeding RMB3 million or 5% of the latest audited net asset value of the Company and whether the Company has adopted any effective measures to recover the debts;</li> <li>(5) issues which in the opinion of independent directors may harm the interests of small and medium shareholders;</li> <li>(6) Impact of the issuance of preference shares on the rights and interests of holders of each class of shares of the Company.</li> <li>(7) Other issues provided in the Articles of Association <del>and the listing rules and other relevant laws and regulations of the jurisdictions where the Company's shares are listed.</del></li> </ol>	Article 16	<p>Apart from performing the duties set out in Article 14 of this manual, independent directors shall also express their independent opinions to the board of directors or at the general meeting on the following issues:</p> <ol style="list-style-type: none"> <li>(1) nomination, appointment and dismissal of directors;</li> <li>(2) appointment or dismissal of senior management members;</li> <li>(3) remuneration of directors and senior management members of the Company <b><u>and issues relating to share plans under the relevant business rules of the regulatory authorities or stock exchanges where the Company's shares are listed;</u></b></li> <li>(4) any existing or new borrowings or payables and receivables by shareholders or de facto controller of the Company or any of their respective connected <b><u>(related)</u></b> enterprises with an amount exceeding RMB3 million or 5% of the latest audited net asset value of the Company and whether the Company has adopted any effective measures to recover the debts;</li> <li>(5) issues which in the opinion of independent directors may harm the interests of <b><u>the Company or</u></b> small and medium shareholders;</li> <li>(6) Impact of the issuance of preference shares on the rights and interests of holders of each class of shares of the Company.</li> <li>(7) Other issues provided in <b><u>laws, administrative regulations, relevant business rules of the regulatory authorities or stock exchanges where the Company's shares are listed, and</u></b> the Articles of Association.</li> </ol>	<p>Amended in accordance with item 5 and 7 of Article 18 of the Measures for Independent Directors; Provision E.1.2(i) of the Corporate Governance Code set out in Part 2 of Appendix 14 to the Hong Kong Listing Rules; Article 244 of the Articles of Association.</p> <p>Consistent with Article 152 of the Articles of Association, except for item 3, 5 and 7.</p>

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
			<u>The board of directors of the Company shall make plan regarding the profit distribution in cash. If the board of directors 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.</u>	
Nil	Nil	Article 15	<u>Prior to board meetings, the independent directors may communicate with the secretary to the board of directors to inquire about the matters to be considered, request supplementary materials, and put forward opinions and suggestions. The board of directors and relevant personnel shall carefully study the questions, requirements and opinions raised by the independent directors, and provide timely feedback to the independent directors on the implementation of the amendments of the proposal.</u>	Amended in accordance with Article 19 of the Measures for Independent Directors.



Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 19	Independent directors shall express one of the following kinds of opinions on the issues set out in <del>Article 15 and Article 17</del> of this manual: consent; qualified opinions specifying reasons; dissent and reasons; or unable to express an opinion and its hindrance.	Article 18	<p>Independent directors shall express one of the following kinds of opinions on the issues set out in <b>Article 14, Article 16 and Article 17</b> of this manual: consent; qualified opinions specifying reasons; dissent and reasons; or unable to express an opinion and its hindrance.</p> <p><u>Where an independent director votes against or abstains from voting on a proposal of the board of directors, he/she shall state the specific reasons and basis, the legal compliance of the matters involved in the proposal, the possible risks, and the impact on the rights and interests of the Company and minority shareholders.</u></p> <p><u>In the event that the related matters are discloseable, when disclosing the board resolution, the Company shall disclose the dissenting opinions of the independent directors at the same time and set it out in the resolutions of the board of directors and the minutes of the meeting. In case of diversified opinions among the independent directors and no consensus can be reached, the board of directors shall separately disclose the opinions of each independent directors.</u></p>	Amended in accordance with Article 21 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Nil	Nil	Article 19	<p><u>The independent directors shall pay constant attention to the implementation of the resolutions of the board of directors related to the matters listed in the Articles of Association, Article 14 of this manual and the rules of procedure for special committees under the board of directors of the Company. If they find that there is any violation of laws, administrative regulations, relevant business rules of the regulatory authorities or the stock exchanges where the shares of the Company are listed and the Articles of Association, or violation of the resolutions of the general meeting and the board of directors, they shall report to the board of directors in a timely manner, and may require the Company to make a written explanation. Where matters for disclosure are involved, the Company shall make timely disclosure.</u></p> <p><u>If the Company fails to make an explanation or a timely disclosure in accordance with the provisions of the preceding paragraph, the independent directors may report to the regulatory authorities and the stock exchanges where the shares of the Company are listed.</u></p>	Amended in accordance with Article 22 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Nil	Nil	Article 20	<p><u>The Company shall regularly or irregularly hold meetings exclusively attended by the independent directors (hereinafter special meeting(s) of independent directors). The matters set out in Article 14 of this manual shall be deliberated at special meetings of independent directors.</u></p> <p><u>Special meetings of independent directors may study and discuss other matters of the Company as needed. A special meeting of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors. If the convenor fails to perform his/her duties or is unable to perform his/her duties, two or more independent directors may convene the meeting themselves and elect a representative to preside over it.</u></p> <p><u>The Company shall provide convenience and support for the holding of special meetings of independent directors.</u></p>	Amended in accordance with Article 24 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Nil	Nil	Article 21	<p><u>The Company has set up remuneration and appraisal committee, nomination committee, audit and internal control committee and other special committees under the board of directors. The special committees of the board of directors shall perform its duties in accordance with the Articles of Association, Rules of Procedures and other regulations of the Company.</u></p> <p><u>The independent directors shall attend corresponding meeting of the special committee in person. If an independent director is unable to attend the meeting in person for any reason, he/she shall review the meeting materials and furnish clear opinions in advance and appoint other independent director to attend the meeting on his/her behalf in writing. The independent director may, in the course of performing his/her duties, bring to the attention of the special committee important matters of the listed company within the scope of the responsibilities of the special committee for discussion and deliberation in a timely manner in accordance with the procedures.</u></p>	Amended in accordance with Article 25 of the Measures for Independent Directors; Article 158 of the Articles of Association.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 23	<del>In principle, independent directors can serve as an independent director for up to five listed companies and shall make sure that there is enough time and energy to discharge his duties as an independent director effectively.</del>	Article 22	<b><u>The on-site working time of an independent director in the listed company shall not be less than 15 days per year.</u></b>  <b><u>In addition to attending the general meeting, the meetings of the board and its special committees, and special meetings of independent directors as required, independent directors can perform their duties by regularly obtaining information about the operation of the listed company, debriefing from the management, communicating with the head of the internal audit institution, the accounting firm undertaking the listed company's audit business and other intermediaries, conducting on-site inspection, communicating with minority shareholders and other means.</u></b>	The original Article 23 duplicates the content of the original Article 4(5), which is hereby deleted.  Separate the contents of the original Article 24 on obtaining information and submitting work reports, and amended in accordance with Article 30 of the Measures for Independent Directors.
Article 24	<del>Independent directors shall attend board meetings on time, understand the business and operations of the Company, take the initiative to investigate and obtain the information required for making strategic decisions. Independent directors shall submit annual work reports at the annual general meeting of the Company and explain the performance of their duties.</del>			

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 29	Information provided to independent directors by the Company shall be kept for at least <del>5</del> years by <del>the Company and each independent director.</del>	Article 23	<p><u>Meeting minutes shall be prepared for the meetings of board and its special committees and special meetings of independent directors in accordance with regulations, and the opinions of independent directors shall be stated in the meeting minutes. The independent directors shall sign and confirm the meeting minutes.</u></p> <p><u>Independent directors shall make work records to record in detail the performance of their duties. Information obtained by independent directors in the course of performing their duties, the relevant meeting minutes, communication records with the staff of the Company and intermediaries, shall form a part of the work records.</u></p> <p><u>The independent directors may require the secretary of the board of directors and other relevant personnel to sign and confirm the important contents of the work records, and the Company and relevant personnel shall cooperate.</u></p> <p><u>The work records of the independent directors and the information provided to the independent directors by the Company shall be kept for at least 10 years.</u></p>	Amended in accordance with Article 31 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 24	<del>Independent directors shall attend board meetings on time, understand the business and operations of the Company, take the initiative to investigate and obtain the information required for making strategic decisions.</del> Independent directors shall submit annual work reports at the annual general meeting of the Company and explain the performance of their duties.	Article 24	<p>Independent directors shall submit annual work reports at the annual general meeting of the Company and explain the performance of their duties. <b><u>The annual work reports shall include the following contents:</u></b></p> <ol style="list-style-type: none"> <li>(1) <u>The number of times he/she attended the board meetings, the manner and the voting situation, and the number of times he/she attended the general meetings;</u></li> <li>(2) <u>His/her participation in the work of special committees of the board of directors and special meetings of independent director;</u></li> <li>(3) <u>The special powers of the independent director listed in this manual;</u></li> <li>(4) <u>The major matters, methods and results of his/her communication with the internal audit institution and the accounting firm undertaking the Company's audit business on the Company's financial and business conditions;</u></li> <li>(5) <u>His/her communication with the minority shareholders;</u></li> <li>(6) <u>The time and content of his/her on-site work in the listed company;</u></li> <li>(7) <u>Other circumstances in the performance of duties.</u></li> </ol> <p><b><u>The annual work reports of the independent directors shall be disclosed at the latest when the Company issues the notice of the annual general meeting.</u></b></p>	Amended in accordance with Article 33 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 25	Independent directors shall comply with the provisions under the Model Code of Appendix 10 of the SEHK Listing Rules.		Nil	Already covered in previous content.
Article 26	<p>The Company shall provide independent directors with necessary working conditions such as offices and ancillary facilities.</p> <p>Secretary to the board of directors shall be responsible for the coordination <del>among relevant functions departments</del> upon request by independent directors <del>and providing independent directors with true and adequate background information so that they can give a reasonable basis for their independent judgments and opinions.</del></p>	Article 25	<p>The Company shall provide independent directors with necessary working conditions such as offices and ancillary facilities <b><u>and personnel support, the office of the board of directors and the secretary of the board of directors shall assist the independent directors in performing their duties.</u></b></p> <p>Secretary to the board of directors shall be responsible for the coordination <b><u>of the smooth flow of information among independent directors and other directors, senior management members, relevant function departments and other relevant personnel, upon request by independent directors, and ensuring that the independent directors are provided with adequate resources and necessary professional advice when performing their duties.</u></b></p> <p><b><u>Secretary to the board of directors shall arrange announcements with the stock exchange where the Company's shares are listed in a timely manner if any independent opinion, proposal and written explanation issued by independent directors shall be announced.</u></b></p>	<p>Amended in accordance with Article 35 of the Measures for Independent Directors.</p> <p>The third paragraph of this Article is the third paragraph of Article 28 of original manual.</p>



Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 27	When an independent director perform his duties, the <del>management</del> and relevant staff of the Company shall provide relevant support without refusal, intervention or withholding, and shall not interfere with his independent performance of duties.	Article 26	<p>When an independent director perform his duties, the <u>directors, senior management members and relevant staff</u> of the Company shall provide relevant support without refusal, intervention or withholding, and shall not interfere with his independent performance of duties.</p> <p><u>In case of obstructions while exercising the power endowed by laws and regulations, the independent directors may explain the relevant situation to the Company's board of directors, require the directors, senior management members and relevant staff to provide relevant support and record the details of encountering obstructions and solutions into work records. If the obstacle still cannot be eliminated, the Independent Directors may report to the regulatory authorities and the stock exchange where the Company's shares are listed.</u></p> <p><u>Where the performance of the duties of an independent director involves information that should be disclosed, the Company shall promptly make disclosure. If the Company does not make disclosure, the independent director may directly apply for disclosure, or report to the regulatory authorities and the stock exchange where the Company's shares are listed.</u></p>	Amended in accordance with Article 38 of the Measures for Independent Directors.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 28	<p>The Company shall ensure that independent directors have the same right to know the facts as other directors do. <del>The Company shall inform independent directors of matters which are decided by the board of directors before the statutory time and provide enough information simultaneously. Should an independent director regard the information provided as insufficient, he may request for supplementary information.</del></p> <p><del>The secretary to the board of directors shall positively provide assistance to enable independent directors to carry out their duties, such as updating them of the Company's affairs, providing them with complete information, inviting independent directors for on-site visits and facilitating communications between independent directors.</del></p>	Article 27	<p>The Company shall ensure that independent directors have the same right to know the facts as other directors do. <b><u>To ensure the effective exercise of their powers, the Company shall regularly inform the independent directors of the operation of the Company, provide information, organize or cooperate with the independent directors to carry out on-site inspection and other work.</u></b></p> <p><b><u>Before the board of directors considers major and complex matters, the Company may organize independent directors to participate in the research and demonstration process, fully listen to the opinions of independent directors, and provide timely feedback to the independent directors on the adoption of opinions.</u></b></p>	<p>The certain content of the first paragraph of the original Article 28 duplicates that of the original Article 30 and is hereby deleted;</p> <p>The second paragraph of the original Article 28 has been adjusted as the third paragraph of the Article 26.</p> <p>Amended in accordance with Article 36 and Article 37 of the Measures for Independent Directors.</p>

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 30	<p><del>Should an independent director regard the information provided as insufficient, he may request for supplementary information. Whenever two or more independent directors are of the opinion that the information provided is insufficient or the evidence is not explicit, they can jointly request the board of directors in writing to postpone the board meeting or postpone deliberation of the issue before the time appointed for the holding of the meeting, and the board of directors shall accept such arrangement.</del></p>	Article 28	<p><b><u>The Company shall promptly issue the notice of meeting of board of directors to the independent directors, provide relevant meeting materials no later than the notice period of the board meeting stipulated by the Articles of Association. If the special committee of the board of directors holds a meeting, in principle, the Company shall provide relevant materials and information no later than three days before the meeting of the special committee. The Company shall keep the above-mentioned meeting materials for at least 10 years.</u></b></p> <p>Whenever two or more independent directors are of the opinion that <b><u>the meeting materials are incomplete, the evidence is insufficient, or the information is not provided in a timely manner</u></b>, they can request the board of directors in writing to postpone the board meeting or postpone deliberation of the issue, and the board of directors shall accept such arrangement.</p> <p><b><u>In principle, the meetings of board of directors and special committees shall be held on the spot. Under the premise of ensuring that all the participating directors can fully communicate and express their opinions, the meeting can be held by video conference, teleconference or other means in accordance with the procedures when necessary.</u></b></p>	Amended in accordance with Article 37 of the Measures for Independent Directors and Article 169 of the Articles of Association.

Original Articles		New Articles		Basis/reason for the Amendments
Articles	Content of Articles	Articles	Content of Articles	
Article 33	<p>The Company shall grant independent directors <del>an appropriate amount of</del> allowances. Standards set for such allowances shall be formulated by the board of directors, approved at a general meeting, and disclosed in the Company's annual report.</p> <p>Besides the above allowances, independent directors shall not obtain other additional and undisclosed benefits from the Company, its major shareholders or any organization or personnel that has an interest in the Company.</p>	Article 31	<p>The Company shall grant independent directors allowances <u>commensurate with their responsibilities</u>. Standards set for such allowances shall be formulated by the board of directors, approved at a general meeting, and disclosed in the Company's annual report.</p> <p>Besides the above allowances, independent directors shall not obtain other benefits from the Company, its major shareholders, de facto controller or any organization or personnel that has an interest in the Company.</p>	Amended in accordance with Article 41 of the Measures for Independent Directors.
Article 37	<p>These Rules <del>have been</del> reviewed and passed at the Shareholders' general meeting, <del>and are effective from the date of the initial public offering of RMB denominated ordinary Shares of the Company in the domestic market and the listing of the Shares of the Company on Shanghai Stock Exchange. The Company may conduct work of independent directors by reference to these Rules prior to the listing of Shares of the Company.</del></p>	Article 35	<p>These Rules shall come into effect and be implemented after being reviewed and passed at the Shareholders' general meeting.</p>	
Article 38	<p>Matters which are not covered in this manual shall be executed in accordance with the relevant national laws and regulations <del>and the Articles of Association. In the event that the manual is not in congruence with the laws and regulations promulgated by the PRC government in the future or the Articles of Association amended through valid procedure, the relevant national laws and regulations and the Articles of Association shall prevail.</del></p>	Article 36	<p>Matters which are not covered in this manual shall be executed in accordance with the relevant national laws and regulations, <u>regulatory provisions, industry standards, as well as the Articles of Association and relevant rules and regulations.</u></p>	Amended in accordance with Article 3 of the Management Measures for Compliance of Central Enterprises issued by SASAC.

*Notes:*

1. Due to addition and removal of certain articles, the serial number of relevant articles and cross references of these rules have been adjusted accordingly without separate explanation.
2. The English version of the proposed amendments to these rules is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

---

# NOTICE OF THE ANNUAL 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 THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) 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 9:00 a.m. on Monday, 17 June 2024 to consider and, if thought fit, to pass the following resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 16 May 2024):

### Ordinary Resolutions

1. To consider and approve the following resolutions:
  - 1.1 To consider and approve the resolution in relation to the leasing of the Leased Assets by the Group to CCCG Group under the Mutual Leasing Framework Agreement and the proposed annual caps thereunder;
  - 1.2 To consider and approve the resolution in relation to the leasing of the Leased Assets by CCCG Group to the Group under the Mutual Leasing Framework Agreement and the proposed annual caps thereunder;
  - 1.3 To consider and approve the resolution in relation to the provision of project contracting services by the Group to CCCG Group under the Mutual Project Contracting Framework Agreement and the proposed annual caps thereunder;
  - 1.4 To consider and approve the resolution in relation to the provision of labour and subcontracting services by CCCG Group to the Group under the Mutual Project Contracting Framework Agreement and the proposed annual caps thereunder;
  - 1.5 To consider and approve the resolution in relation to the sales of material products by the Group to CCCG Group under the Mutual Product Sales and Purchase Framework Agreement and the proposed annual caps thereunder;
  - 1.6 To consider and approve the resolution in relation to the purchase of engineering products by the Group from CCCG Group under the Mutual Product Sales and Purchase Framework Agreement and the proposed annual caps thereunder.

---

## NOTICE OF THE ANNUAL GENERAL MEETING

---

2. To consider and approve the following resolutions:
  - 2.1 To consider and approve the resolution in relation to the provision of loan services by CCCC Finance to CCCG Group under the Financial Services Framework Agreement and the proposed annual caps thereunder;
  - 2.2 To consider and approve the resolution in relation to the provision of guarantee letter services by CCCC Finance to CCCG Group under the Financial Services Framework Agreement and the proposed annual caps thereunder;
  - 2.3 To consider and approve resolution in relation to the provision of bills issuance services by CCCC Finance to CCCG Group and the bond subscription by CCCC Finance from CCCG Group under the Financial Services Framework Agreement and the proposed annual caps thereunder.
3. To consider and approve the following resolutions:
  - 3.1 To consider and approve the resolution in relation to the provision of finance lease services by CCCC Capital to CCCG Group under the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder;
  - 3.2 To consider and approve the resolution in relation to the provision of commercial factoring services by CCCC Capital to CCCG Group under the Finance Lease and Commercial Factoring Framework Agreement and the proposed annual caps thereunder.
4. To consider and approve the audited consolidated financial statements of the Company for the year ended 31 December 2023.
5. To consider and approve the distribution plan of profit and final dividend of the Company for the year of 2023.
6. To consider and approve the report of the Board for the year of 2023.
7. To consider and approve the reports of duty performance of the Independent Directors for the year of 2023.
8. To consider and approve the report of the Supervisory Committee for the year of 2023.
9. To consider and approve the report of the comprehensive budget for 2024.
10. To consider and approve the re-appointment of Ernst & Young as the Company's international auditor and Ernst & Young Hua Ming LLP as the Company's domestic auditor for a term ending at the 2024 annual general meeting of the Company and the authorisation to the Board to determine their respective remuneration.
11. To consider and approve the Investment Plan for 2024.
12. To consider and approve the estimated cap for the internal guarantees of the Group in 2024.

---

## NOTICE OF THE ANNUAL GENERAL MEETING

---

13. To consider and approve the proposed launch of asset-backed securitization.
14. To consider and approve the proposed amendments to the Working Manual of Independent Directors.

### Special Resolutions

15. To consider and approve the proposed registration and issuance of bonds.
16. To consider and approve the application for unified registration of multi-type debt financing instruments.

By order of the Board  
**China Communications Construction Company Limited**  
**YU Jingjing**  
*Company Secretary*

Beijing, the PRC  
16 May 2024

*As at the date of this notice, the Directors are WANG Tongzhou, WANG Haihui, 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*

*Notes:*

#### 1. CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY FOR ATTENDING THE AGM

For purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 12 June 2024 to Monday, 17 June 2024 (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 Tuesday, 11 June 2024. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Monday, 17 June 2024 are entitled to attend the AGM.

#### 2. PROXY

Every Shareholder who has the right to attend and vote at the AGM 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 AGM.

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 AGM (i.e. before 9:00 a.m. on Sunday, 16 June 2024). 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 AGM if he so wishes.

---

## NOTICE OF THE ANNUAL GENERAL MEETING

---

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 AGM.

**3. OTHERS**

The AGM 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.