

2023 Annual Results Presentation of China Communications Construction

(601800.SH, 1800.HK)

Time: 2 April 2024 10: 00-11: 30

Location: Second Floor, China Communications Building

Attendees of the Company: Executive Director and
Chairman, Mr. WANG Tongzhou

Independent Non-Executive Directors, Mr. LIU Hui

Chief Financial Officer, Mr. LIU Zhengchang

Chief Legal Counsel and Chief Compliance Officer, Mr. CI
Zhengkai

Moderator: Deputy Director of the Board of Directors
(Strategic Development Department), Mr. YU Jingjing

On-site Participating Organisations: more than 20
organisations including HSBC International, CICC, GF
Securities, Huatai Securities and China Securities.

Part II: Q&A Session

Next is the Q&A session. We will first address the online
questions and then move on to the telephone and on-site Q&A
session. First, we will submit the questions collected online to
the Chairman for his response.

WANG Tongzhou: Ladies and gentlemen, good morning.

Thank you all for attending the 2023 Annual Performance Briefing of China Communications Construction Company Limited. While listening to the performance report, I have also been following the comments and questions online. I will provide a brief response to the following two questions.

Question 1: Premier Li Keqiang emphasized the need to vigorously promote the construction of a modern industrial system and accelerate the development of new quality productive forces in the Report on the Work of the Government. Can you please elaborate on what the Company has done to accelerate the development of new quality productive forces? What are the plans for the Company in 2024 and beyond?

WANG Tongzhou: The development of new quality productive forces is crucial for building a great modern country, and it is an important support for enhancing international competitiveness. It has significant implications for improving the overall competitiveness of the country, ensuring national security, and promoting people's quality of life. The core of new quality productive forces lies in technological innovation, as independent technological innovation is not only necessary for development but also for survival.

The Company has always regarded technological innovation as an important task, focusing on key areas, accelerating the

breakthrough of core technologies, and leading in various technologies on an international level. We have made significant progress in the construction of national engineering research centers: the Highways and Long Bridges Engineering Research Center and the Dredging Technology and Equipment Research Center. By efficiently integrating internal and external resources, we have established the Deep and Remote Ocean Engineering Technology and Equipment Research and Development Center. We successfully led the approval process for the National Key Laboratory of Green and Long-life Road Engineering in Extreme Environment and participated in the approval of the National Key Laboratory of Safe and Long-life, Healthy Operation and Maintenance of Long Bridges. Last year, we established the high quality development alliance of intelligent port and maritime industry chain.

Since the beginning of this year, the Company has continuously upgraded the overall development strategy of the “123456” initiative, staying in step with the times. Building upon the foundation of the “two macros and two priorities”, we have added two additional pillars: strengthening technological foundations and talent foundations. This further emphasizes the crucial, fundamental, and leading roles of technology and talent in high-quality development while highlighting their key support in enhancing core functions and competitiveness.

Next, we will adhere to the “four orientations”, based on national strategic needs, industry development trends, and the capabilities of CCCC. We will intensify efforts in achieving breakthroughs in core technologies, building a cradle for original technology, making greater strides in areas such as deep and remote ocean engineering, deep earth engineering construction, and core software. We will enhance the functional value of serving national strategies through scientific and technological self-reliance and self-improvement, establish a results-oriented technological innovation system, deploy an innovation chain around the industrial chain, reinforce “genuine dedication” in scientific research, “genuine promotion” and “genuine application” of research achievements, and continuously increase the technological content of high-quality development. This will unleash the incremental innovation of sustainable development and drive the expansion of our leading advantages through the scientific and technological innovation.

To provide a simple example, starting from 2021, we have been enhancing the equipment, intelligence, and digitalization of rivers and lakes treatment. Our independently developed equipment package for desilting rivers and lakes, known as the “Star of Taihu Lake”, has already been implemented in the Taihu Lake area, yielding significant results.

In 2023, the Company accelerated the digital

transformation and upgrading of traditional industries. We drove the transformation and upgrading of traditional industries through digitization and intelligentization, relying on the construction of a modern industrial chain leader and the establishment of a smart port and shipping industry alliance. We accelerated the integration of digital technologies with traditional industries, promoted the high-end, intelligent, and green upgrading of traditional industries. We actively explored industrial application scenarios such as digital support and intelligent production, participate in the formulation of related standards, and expedite the development of a smart and digital industry system with CCCC characteristics, enhancing our systemic innovation capacity and overall competitiveness.

The Company continued to optimize its promotion and application of the CCCC Urban Industry Big Data Platform throughout the entire company, making full and effective use of industrial resources to provide integrated solutions for policy interpretation, urban analysis, and industry introduction. It vigorously advanced the integration of smart transportation, smart cities and smart energy into infrastructures. For example, we have been promoting the comprehensive urban renewal of the Wuli Tuo area in Shijingshan, Beijing, covering 30 square kilometers since 2021. From planning to overall development, and project implementation, we have achieved preliminary

results. Urban renewal has become a new development highlight in Shijingshan.

In 2023, the Company launched domestically produced BIM design foundations and more than 10 specialized products for highway, water transport, and airport industries. It continuously built Beidou model projects, with 3 Beidou application entities approved as National Specialized and Innovative “Little Giant” Enterprises.

The Company made an all-out effort to the development of strategic emerging industries, fully utilized the role of CCCC for pilot reform as a state-owned capital invested company, seized the policy opportunities in the development of strategic emerging industries, compiled a directory of guidelines for the development of strategic emerging industries, clearly defined the entry points and development positioning of the industries in the subdivisions, and formed a package of support policies and specific measures for major investments, mergers and acquisitions of industries, technological research and development, and standard formulation.

The green energy segment focuses on the application scenario of “big transportation and big cities”, and makes every effort to create a new development mode of “integration of transportation and energy”. The construction technology segment has been promoting its businesses in different areas,

such as sand and gravel aggregates, solid waste treatment, and assembled buildings, and constructing a synergistic development model for multiple businesses. The digital intelligence segment aims to “strengthen the industry chain” of the traditional core industry, with a priority focus on the strategic layout in three niche areas: smart urban parking operations, vehicle-to-road cooperation, and intelligent port and shipping logistics. We facilitated the integration and development of the “three new” businesses of the Company, initiated the establishment of the specialized and new science and technology innovation fund, and accelerated the Company’s layout of the strategic emerging industries through the fund’s outward investment and served the Company’s industrial transformation and upgrading.

In 2023, the Company successfully won the bidding of many pumped storage power station projects and offshore photovoltaic projects; and undertook 15 key technical tasks for the future industries of the SASAC. The Company has perfected its top-level design and supporting system for green and low-carbon initiatives, identified a green and low-carbon center, and selected 10 exemplary model projects and 10 key technological achievements for promotion and application. Three international projects have been selected as national cases for the green “Belt and Road” initiative, demonstrating

effectiveness in establishing the industry's green and low-carbon brand.

Next, the Company will accelerate the development of new productive forces in accordance with the requirements of the central government and SASAC. We will continuously increase the proportion of strategic emerging industries and identify the entry point of the “strategic emerging industries + future industries” layout system. We will closely focus on strategic emerging industries and future industries, select 2-3 key areas to strengthen technological breakthroughs, optimize industrial organization, gather industrial elements, and cultivate an industrial ecosystem.

The Company strengthens efforts to achieve breakthroughs in core technologies, build a cradle for original technology, and is committed to improving the independent innovation capability. Relying on the construction of a modern industrial “chain leader” and the establishment of a smart port and shipping industry alliance, we accelerate the integration of digital technologies with traditional industries. The Company specifies the subdivisions and development responsibilities of key areas such as smart transportation, high-end equipment, clean energy and ecological and environmental protection, accelerate the formation of the development trend of achieving breakthroughs on multiple fronts, and develop a specialized,

refined, differential and innovative and little giant enterprise in each subdivision of the strategic emerging industries.

Specifically, the Company will speed up the formation of CCCC strategic emerging industry development fund to promote the incremental development of the “three new” businesses. We will actively pursue opportunities in onshore new energy field and strive for a leapfrog development. The Company will actively plan and respond to the demand for transformation and upgrading of traditional infrastructure, and vigorously advance the integration of smart transportation, smart cities and smart energy into infrastructures. The Company will increase the integration and development of the Eastern Data Western Computing Data Center and new energy construction, further sort out the experience of expanding the implementation of the 5G base station project, and accelerate the development of the related information infrastructure business, and fully utilize the its advantages in resource integration of the entire industrial chain. Gradually, we will drive the expansion into new fields, aiming to further increase the proportion of revenue from strategic emerging industries by 2024.

Thank you, everyone!

Question 2: The Company’s new contracts value, profit, and cash flow in 2023 have all shown significant growth

compared to peer companies. What are the main reasons for this? Can the Company sustain continuous growth in 2024 and beyond? In the current economic environment, what are the main sources of performance growth?

WANG Tongzhou: This is a great question. I meet with you all every year, and you know that at the end of 2020, the Company established the “123456” development ideas. In recent years, we have consistently embraced new development concepts and promoted the construction of the new development pattern. Focusing on high-quality development, starting from 2021, we identified it as the “year of institutional construction”, 2022 as the “year of high-quality development implementation”, 2023 as the “year of deepening high-quality development”, and 2024 as the “year of enhancing high-quality development”.

We have proposed the “four initiatives” for high-quality development. For starters, we aimed to scale up projects. In 2023, we integrated market resources through multiple measures, reformed regional headquarters, vigorously expanded the market, and promoted the scaling up of projects. This is why we have seen good growth in new contracts value and revenue. Meanwhile, we prioritized the development of international business, and overcame the difficulties in our overseas business during the pandemic, achieving double-digit growth in various key indicators last year. Secondly, we strived to strengthen

investment. We were resolutely strengthening our investment business, conducting risks check, prevention, and resolution both domestically and internationally, and restoring the essence of investment. Additionally, we were fully committed to solidify the value of assets, expediting the monetization of non-core and non-advantageous assets, and disposing of inefficient assets and ineffective assets, greatly promoting the optimization and enhancement of the Group's asset quality. On top of that, we were also promoting to optimise capital. Firstly, we strengthened market value management. After the pandemic last year, we increased our communication and roadshows to investors. Secondly, we were promoting the spin-off listing of CCCC Design, continuing to promote refined project management, enhancing the concept of managing the entire lifecycle, strengthening the assessment of operating cash flow and fund budget management, and intensifying efforts to collect receivables. All of these efforts are not short-term measures. Last year, we experienced relative growth in performance because the Company fully and faithfully applied the new development philosophy and continuously promoted the "123456" development strategy.

The new contracts value approved by the board of directors of the Company in 2024 will be no less than 13.5% in terms of growth rate, and the goal for revenue growth will be no less than

8.2%. The Company believes that the infrastructure situation is showing signs of improvement. We will adhere to the annual goal and closely monitor the key indicators of “one profit and five rates”. We will strengthen the focus on high-quality orientation, address weaknesses, and deploy precise measures to continuously enhance our value creation capabilities.

In terms of **macro policies**, China’s economy has shifted from the stage of high-speed growth to high-quality development. Since the fourth quarter of 2023, a series of incremental policies and stock policies have provided support for economic recovery. In 2024, it is emphasized to maintain stability while pursuing progress, foster stability through progress, and establish new systems before dismantling the old. We will continuously pursue the scope expansion and effectiveness enhancement on fiscal policies. The amount of new special bonds will reach around RMB4 trillion, being strongly supported by local government’s special refinancing bonds and trillions of treasury bonds.

In terms of market development, the Company will continue to focus on its main responsibility and principal businesses, adhere to the business strategy of expanding projects and strengthening investment, closely follow the national strategy to allocate resources, focus on important regions, major markets, and key projects, and coordinate the favorable

expansion of overseas business. And we optimize resource allocation, increase the development of new-quality productive forces, accelerate the layout of strategic emerging industries, and actively promote market development around the market demand for high-energy port hubs, comprehensive three-dimensional transportation networks, urban interconnections, urban rail transit, urban energy level upgrading, industrial-financial integration, canal economic belt construction, ecological environment protection, and river basin management. We will fully invest in the fields of highway-to-railway and highway-to-waterway conversions according to the central government's deployment, which are also the strengths of CCCC.

In terms of business management, we adhere to the principle of “contracts with income, income with profits, and profits with cash flow”, and maintain our focus on expanding cash projects. We persevere in promoting high-quality project management. With cash flow and profit management as the core, we select high-quality investment projects and prevent investment in loss-making projects from the source. We continue to establish the idea of “living on a tight budget”, further reducing management costs, doing a good job in risk

identification in key areas, and preventing and resolving PPP business and government payment risks.

In terms of deepening reform, we continuously implement the relevant requirements for deepening and improving the reform of state-owned enterprises, implement the action of deepening and improving the reform of state-owned enterprises with high standards, promote the integration of the Party's leadership into corporate governance, and strengthen the promotion of special reform. And we focus on problems, break the deep-seated contradictions through deepening reform, gradually achieve the transformation and upgrading of the development model, and get out of the painful period of structural adjustment of the state-owned enterprises in the construction industry. And we continuously build a strategic layout for high-quality development, enhance technological innovation capabilities, promote the modernization of enterprise management systems and management capabilities, and truly add more vitality to high-quality development through deepening reform.

In terms of technological innovation, we should adhere to technological innovation-driven high-quality development, accelerate the cultivation and development of new productive

forces, keep a close eye on bottlenecks, accelerate the breakthrough of core technologies, rely on the two national key laboratories and two technical research centers to speed up the breakthrough and play the role of the high-quality development alliance for intelligent port and shipping industry, keep a close eye on the trend of digital development, accelerate the construction of digital CCCC, and strive to be in the forefront of state-owned enterprises in the construction industry.

In terms of quality improvement and efficiency enhancement, we have taken multiple measures to “consolidate assets”, with a focus on divestiture of “two non-core” assets, vitalization of inefficient and non-operating assets. We have taken measures to accelerate the treatment, consolidation, and divestiture of non-core assets. We have also developed asset revitalization and disposal plans on a company-by-company basis and conducted special assessments to maximize asset turnover efficiency, accelerate cash flow, and release resources for the development of our main businesses.

Thank you for your attention.

Moderator: Thank you for your patient answers and introduction to the overall development plan for 2024. Now we'll proceed to the phone Q&A session.

Question 3: China Securities: The Company has set a relatively high growth rate for its business plan in 2024. In which areas will the Company focus to ensure the growth rate in 2024? What do you think about the overall macroeconomic situation and the industry situation of the Company in 2024?

LIU Zhengchang: Just now, the Chairman has introduced the future prospects of the Company's overall development. The first question is about the Company's future development areas. One is to maintain a 13.5% growth rate in new contract signings in 2024, compared to 13.7% last year. In terms of future development areas, domestically, we will focus on segmented markets in key markets such as smart transportation, ecological environment protection, and clean energy in the technology sector, and we will implement the main responsibilities of various industries. Currently, the development momentum of infrastructure construction is still good, and there is great potential for our main responsibility and principal business, especially in rivers, lakes, and seas.

In terms of overseas markets, our new contract signings and profit contributions maintained a growth rate of 18% last

year. This year, from a regional perspective, we will vigorously develop in Asia, Africa, Latin America, and Oceania.

Question 4: China Securities: It can be seen that the overall asset impairment situation of CCCC in 2023 is lower than that in 2022. The asset impairment situation of central enterprises in the industry this year is relatively serious. What are the main reasons for the decrease in the Company's impairment? What measures have been taken to control the scale of impairment?

LIU Zhengchang: There are several reasons for the decrease in asset impairment last year. On the one hand, the new contract amount signed during the year was mainly focused on expanding cash projects, which significantly enhanced the ability of accounts receivable formed during the year. Secondly, we strengthened collections in 2023, especially for long-aged receivables, and the effect was very good. At the same time, we also increased the disposal of assets brought about by past investments, including through market-oriented and capital-based treatments, and the effects were particularly noticeable. Therefore, our overall asset impairment decreased last year. This year, we are about to introduce new measures to

further consolidate our assets based on last year's foundation, so that our assets can bring higher turnover rates and more operating income, thereby generating higher profits and returns.

Question 5: Tianfeng Securities: The Company's annual report focused on the cultivation and expansion of the "Three New" business. What is the current proportion and revenue volume of the "Three New" business in the Company's overall revenue? And what are the plans for the "Three New" business this year?

CI Zhengkai: Regarding the development of strategic emerging industries, the Chairman just gave a brief introduction, and I will introduce a little more. The development of strategic emerging industries is one of our core strategies. Currently, the revenue from the entire strategic emerging industry accounts for about 17% of our total revenue. For the next step in the development of strategic emerging industries, we will focus on developing the latest key technologies, new energy, and new materials.

From the perspective of our overall goals, we will further increase its proportion and strive to increase it to about 25% by the end of the 14th Five-Year Plan period. In terms of

implementation methods, we will achieve this goal by establishing new development platforms, including internal collaboration and industrial research to improve our overall proportion.

In addition to strategic emerging industries, we are also focusing on upgrading our main high-end and intelligent business. We will take multiple measures to improve the proportion and quality of the development of strategic emerging industries.

Question 6: TF Securities: Your company received many overseas orders last year. Looking ahead to the next two years, what are your plans for operating in countries along the “Belt and Road” and throughout the overseas market?

CI Zhengkai: Last year, the overseas contributions were significant to the Company’s overall growth. This is also a result of the Group’s long-term “overseas priority” development strategy. In recent years, the Group has proposed a transformation from business internationalization to Company internationalization. This transformation focuses more on the internationalization of resource allocation and overall

management and control. And there are still many risks and opportunities in international business. Everyone has seen the overall risks, such as increasing regional conflicts, intensifying great power rivalry, and the United States' decoupling and supply chain disruption. From another perspective, international business is concentrated in the top-tier companies. For CCCC, which has been operating overseas for a long time, we have 289 overseas institutions with a complete business layout.

For our future overseas plans, we have developed a country-specific strategy for each country. Opportunities come from several areas: one is the transformation and upgrading of developed countries, the second is developing countries moving towards a new stage of industrialization, including the demand for public infrastructure and services in emerging countries. In addition, the "Belt and Road" initiative, which we have always considered crucial, still has a promising market prospect in the future. In particular, the eight major plans proposed by President Xi provide us with additional opportunities. The advanced offshore technology of CCCC, derived from our digitalization and decarbonization technologies, will be highly beneficial for the expansion of our overseas business. This is our understanding of the issue. Thank you.

Question 7: HSBC: Just now, the Chairman mentioned that the new business goal for 2024 can still be maintained at a double-digit level. Could you break down the new orders by sector, including road and bridge, port, and urban construction? Which sector is the main growth driver this year?

LIU Zhengchang: The year-on-year growth rate of newly signed contracts in 2023 was 13.7% compared to the previous year. This year, the Company's Board of Directors has approved a growth rate of newly signed contracts of no less than 13.5%, which is maintaining growth on the basis of last year. The operating income will be no less than 8.2%, which is fully based on our firm confidence in the market this year. The Company will continue to focus on its main responsibility and principal business, adhere to the business strategy of expanding current exchange and strengthening investment, closely follow the resources invested by national strategies, and further focus on new areas such as smart transportation and high-end equipment. We will increase our efforts to expand the market.

At the same time, we will optimize resource allocation, increase the development of new productive forces, accelerate the layout of strategic emerging industries, focus on high-level port hubs, comprehensive three-dimensional transportation networks, urban agglomeration interconnections, urban rail

transit, urban energy level upgrades, and the integration of production and usage, including the construction of economic belts along canals. All of these will provide a strong foundation for us to increase new orders this year.

Question 8: HSBC: Last year, the growth rate of overseas orders was relatively fast. What is the expected growth rate of overseas orders this year? Thank you.

LIU Zhengchang: As I briefly mentioned earlier, the Company mainly grew in some regions last year. This year, we will leverage our advantages in overseas market on the basis of last year, including setting up and investing in resources, leveraging our existing brand influence overseas, and taking advantage of the “Belt and Road” Initiative’s 10th anniversary and some new major projects that are being implemented. These series of favorable policies, along with our Company’s “overseas priority” strategy being further implemented, will bring new growth points and opportunities for our overseas business this year.

Question 9: Bingshen Investment: I have a question to ask the Chairman. Last year, we repurchased H shares, but

it was less than 10% of the repurchase limit. The price of H shares is less than half of A shares. Does the Company have further plans to repurchase H shares? Thank you.

WANG Tongzhou: Thank you for your question. We have a plan for stock repurchase in accordance with the normal development needs of the enterprise. Within this planning scope, we will gradually promote it according to market conditions and the needs of the Company's development. I would like to report to you that due to the listing of CCCC Design, in order to consider the stability of the stock market, we have not considered much in this respect, and have done some. But I believe that as the Company's quality improves, the Company will fully utilize any means of securities law and securities-related regulatory provisions to promote the Company's substantive development and promote the Company's market value management. Thank you.

Q10: Everbright Securities: First of all, I would like to congratulate the Company for achieving such a good performance. I have two questions, the first one is about the Company's expansion plan in the urban village business and the current situation of expansion, as well as the Company's

view on the profitability of the project?

CI Zhengkai: The Company has put forward the strategy of “two macros and two priorities”, of which “one macro” is the “big city” business, and the entire urban village business is the direction we focus on, which also matches the national strategy of urban renewal projects. At present, there are about 20 urban village businesses, and the effect is relatively good from the overall implementation situation. Next, CCCC has a lot of business in this area, because the development of the entire urban village business is to focus on key regions and key cities, which is more compatible and consistent with our overall organizational layout. Secondly, the urban village business is an integrated business with whole industry chain, for us, which is also more advantageous. Our advantages in this area are more obvious, including planning in the early stage, construction in the middle stage, operation in the late stage, and the introduction of industries. So the entire urban village business is also the direction we want to develop in the future.

Q11: Everbright Securities: What is the current progress of the Company in terms of market value management being included in the assessment? What initiatives will the Company take in the future? Including whether it will increase the proportion of dividends in the

future?

CI Zhengkai: SASAC has specific requirements for market value management, and we are also in accordance with the relevant requirements of the SASAC, the first one is doing the overall market value management scheme. Secondly, when management convened the relevant meeting yesterday, in the process of business performance appraisal, the market value management will also be included in the assessment of each unit as a key direction and important content. In addition, market value management is also integrated with the Group's internal reform and professional integration, according to the needs of progress. In addition, we have successfully implemented the incentives related to the tenure of entire management, from the perspective of the effect of the entire incentives, which mobilized everyone's enthusiasm, and we also standardize the entire information disclosure, including investor relations management. The next step is to strive to do a good job of market value management, including the spin-off and listing of the design segment we did last year, which provides a very good space for the next development of CCCC Design, and also amplifies the market value of CCCC. We will do a good job in accordance with the requirements of market value management in the next step, and we also hope that you will give us some suggestions and comments, thank you.

Q12: GF Securities: institutions are generally focusing on the Company's 12 key regions, the proportion of revenue, the proportion of order, and receivables, including the proportion of some long-term accounts receivables and movable assets. what is the specific proportion in 2023? If the aging is long, is there any possibility that the Company will unite with other state-owned enterprises, the Ministry of Finance or SASAC for unified communication to make some special provision adjustments?

LIU Zhengchang: Thanks for the question from GF Securities. In 2023, we are also responding to the national plan to allocate debt to key areas, and the entire proportion of revenue, including the proportion of contract assets, is not very high. We also did a preliminary analysis, one is compared with central construction enterprise in the same industry, the second is compared with ourselves, and the proportions are not very high, and the specific data I will provide you next.

This year, especially in the previous period, for 12 provinces, cities and regions on the restriction of government investment, we also carried out corresponds. New government investment projects and other business model projects don't affect us very much, from the project level, it mainly limited some of the projects at all levels of government, and for projects

with guaranteed support through central investment and financial funds are still unaffected at present. So please don't worry about that.

Next, we are also actively pursuing, recently, some individual governments have also taken the initiative to come to us for discussion, with certain proportions, but we will still be prudent and active in the settlement of the past receivables in a timely manner.

Q12: GF Securities: Regarding CCCC Design, I used to work in CCCC Public Affairs Institute, and I am also an analyst who came out from the Public Affairs Institute, so I would like to ask a question on behalf of the capital market from the perspective of CCCC designers. After the listing of CCCC Design, do we have any more considerations on overseas business with CHEC and CRBC, the two big overseas international engineering companies? Is there any medium to long term planning in terms of digital operation and maintenance inspection to strengthen and enlarge the stock market? Is the Company's strategy clear at the Group level? This is also a big concern for investors during the roadshows, thank you.

CI Zhengkai: Design collaborated with overseas, for the spin-off and listing of CCCC Design, our positioning is

high-end, green and internationalization. Therefore, CCCC Design will have a lot of incremental growth in the future, including one of the very important aspects is the incremental growth of overseas. Overseas increment, because CCCC has several platforms, which have many locations overseas. There are also many types of business among all the overseas businesses of CCCC, one of the important types of business is EPC, including providing overall planning schemes for the governments of the host countries through high-end design, consulting, and planning, and providing CCCC's package schemes, which is also an advantage of CCCC.

In addition, in terms of overseas design, we are also building some platforms, because CHEC, CRBC, and CCCC Design itself are all within the scope of the listed company of CCCC, so overall, there is no such problem in terms of competition within the same industry and related transactions. Next, we will go through the internal assessment to guide the way to group together to go overseas, embracing the warmth. We will do a good job in overseas business according to the market-oriented principle.

Digitalization and operation and maintenance business is also the direction of our future efforts, for digitalization, especially BIM technology, now the six subsidiaries have a good foundation, through strengthening the top-level design, then

with unified planning, graded implementation, and exploring the application of scenarios, there will be a very good space for development in the future. The operation and maintenance inspection business is also a direction that we will focus on in the future, and it is also the overall competitive advantage of integration. So we now also have planning in this area, and specifically, we can give you a detailed communication and exchange, thank you.

Q12: Huatai Securities: the Company's gross profit margin in the fourth quarter has a very significant increase, may I ask the main reasons, and whether the future outlook is a sustainable trend of improvement, or stabilized at this level?

LIU Zhengchang: Thanks for the question from Huatai Securities. Last year, our revenue growth in the first three quarters was about 1%, and we had a significant growth in the fourth quarter, and the overall annual revenue growth was 5.1%. There are several reasons, one was that the domestic growth was 3.1% and the overseas growth reached 17.8%, and the contribution also reached 15%. The main reason for the revenue growth in the second half of the year was due to the rapid growth of overseas revenue. The domestic infrastructure business, the dredging business and other businesses also

realized rapid growth in the fourth quarter, which also provided a solid foundation for us to secure more than 5.1% growth for the full year. There was also fourth-quarter growth from some major projects, which laid the foundation for ensuring steady growth for the year.

Q13: Huatai Securities: Seeing that the reduction of the Company's full-year tax contributed more to profit, is the tax rate reduction a sustainable situation?

LIU Zhengchang: currently, from series of meetings of the state including the Central Economic Work Conference and Financial Work Conference, have released the policy signal to further reduce fees and taxes. At the same time, we also continued to increase the efforts of high-tech enterprise applications in the previous year during the Company management, to fully enjoyed the dividends that the tax policy brings to our business. I believe that this year, one is the policy, and another is active cultivation or application for high-tech enterprises, while maintaining a certain degree of sustainability.

Q14: Huatai Securities: Seeing that the gearing ratio of the Company has a slight increase, now what kind of requirements on gearing ratio of the whole assessment is? Is it necessary to have some measures to further reduce

leverage? Will this affect the expectation of a faster growth rate in the future?

LIU Zhengchang: The gearing ratio of the Company increased slightly last year, which was 72.7%. However, a number of policies, systems and measures have been introduced. From the asset side, the Company has made scientific use of capital investment, continued to increase the collection of funds, and achieved results in strengthening centralized management. At the same time, we have rationalized the transfer, investment and use of internal funds. Regarding fund raising, we have raised funds to the headquarter level in order to reduce the favorable policy of the state on downward financing. At the same time, we used our headquarters to negotiate with the headquarters of various banks and financial institutions to reduce our financing costs.

In terms of the account receivables and inventory risk, the Company further increase the assessment of past uncollected account receivables and contract assets, especially the long-term account receivables, and achieve the full collection of account receivables. As for the management of contract assets, we increase the confirmation of rights and tried our best to convert our receivable debts into monetary funds.

At the same time, we also increase the disposal of inefficient and ineffective assets, assets that can not bring us

profits and can not be converted into cash flow, are the key targets of the current year to make assets. While for the investment assets generated in the past investment process, we also need a package of policies, on the one hand, through market-oriented transactions, convert it into current cash flow. On the other hand, we utilize the current policy to press down assets and reduce liabilities, which is the consideration on the asset side.

Q15: CICC: The Company's overseas business is developing at a fast pace, and the orders and sales are developing rapidly, in this process, what kind of talent reserve, technology reserve and supporting institutional mechanism are we building? What efforts have been made in this regard for the "14th Five-Year Plan" period, and what results have been achieved?

CI Zhengkai: Overseas business is our strength, and it is also our hope for the future. Therefore, the whole Group has proposed the transformation from business internationalization to enterprise internationalization, during which the core and the most important thing is the talent in fact, which in our understanding includes two aspects. The first aspect is that international mindset and experience are required to manage a team well. The second is talent, we need to integrate talent

resources on a global scale. Therefore, since the Group has proposed the transformation from business internationalization to enterprise internationalization, we have specially formulated the relevant system arrangement for talent internationalization in the overall human resource planning.

In addition, the Company has actively implemented overseas localization, because in terms of resource allocation, including the past epidemic-raging three years, the Company's localization has increased by 10 percentage points, and now reaches 85%. At the same time, there is a welcome change that before localization was more at the labor level, but now it is at the management and technical level, and the core key personnel are also upgraded to localization.

In terms of the overall evaluation mechanism, we have made a special list prioritizing overseas talents, including arrangements for overseas talents in terms of salary, evaluation and welfare. At the same time, we have also made some differentiated arrangements because there are two main types of companies in the overseas business, one is a platform company and the other is a specialized company, which is also our strength. We have also formulated different policies for each of these two categories to ensure that the entire overseas talent mechanism can support the development of the entire overseas business.

In terms of technology reserve, domestic and overseas technology reserve are promoted together. In accordance with a dual circulation development pattern involving both international and domestic development, the Company, on the one hand, transfers domestic advanced technology to foreign countries to support the development of the project, and on the other hand, introduces the relevant cutting-edge technologies from abroad. A case in point is a number of wastewater treatment technologies that CHEC boasts overseas, which are actually needed for the construction of “Beautiful China” initiative in the future. The above-mentioned explains our dual circulation development pattern.

Q16: CICC: Last year has seen the operating cash flow improving by more than RMB10 billion year-on-year, and the idea of making more cash flow and making investment more competitive has been very effective. Just now Mr. Liu talked about the efforts made in Collection of payment, I would like to ask something about the investment business this year, in addition to strategic emerging industries, what are other investment focus and areas? Thank you, Mr. Liu.

LIU Zhengchang: The overall principle of the investment business this year is to make our investment stronger, and on the basis of the 26% compression of investment last year, we have

to compress it again this year. Basically, we have to control the total amount, optimize the incremental amount and improve the quality, and make the starting point and goal that investment should bring value into practice.

The business within territory now has a more rational layout, and the investment subjects are more concentrated, mainly concentrated in the national key areas, key markets and projects, so as to ensure that this year we can pick the best investment of the best. At the same time, compared with other industry peers, we are the first to take the downsizing and strengthening of investment, and the current results are also the best.

Q17: Guotai Junan Securities: According to the planning annual report announcement, our dividend payout ratio is 20%. So what's the Company's plan for future dividend policy?

CI Zhengkai : We are all very concerned about dividends. Since the listing of CCCC, the Company's dividends have been relatively high in the construction industry. According to rough statistics, the Company's cumulative dividends to small and medium-sized shareholders is about RMB16.9 billion. Second, in terms of policies, the SSE, including the relevant parties also have relevant guidelines, so our future arrangements for the

whole of our dividend policy will be carried out in accordance with the guidelines. Thirdly, in line with the principle of maximizing shareholders' interests and balancing corporate development, the entire dividend policy will be determined by taking into account the development of the industry, including the current operating status of the Company, the development of strategic emerging industries that will be of concern to everyone in the future. As the Company develops, we will maintain a good balance between the overall interests of shareholders, employees and related parties in order to maximize the interests of shareholders.

Q18: Guotai Junan Securities: In corporate governance, can the management take into account the opinions of independent directors?

LIU Hui: Thank you for your question. As an outside director, according to the requirements set by SASAC, we mainly play a role in strategy setting, decision making and risk prevention. CCCC has strengthened the construction of its board of directors and established a corporate governance system with clear powers and responsibilities, equalization of duties, checks and balances, and efficient operation in accordance with the requirements of SASAC. Outside directors of CCCC are in the majority, and their work is carried out in accordance with the

relevant rules and regulations and decision-making procedures.

As outside directors, they should be able to do their best just as internal staff members, and also work hard to integrate into the enterprise. As outside directors, it is necessary to be fair and square, and professional. When it comes to how to effectively combine the three positioning aspects I just mentioned with the development of CCCC, and play a good role, from the current governance point of view, what comes first is the basic rules for the work of outside directors, which is an institutional arrangement needs relevant refinement, so that the outside directors can operate normally in accordance with the requirements of the SASAC and the needs of the construction of the board of directors of CCCC.

Second, we strengthen the research and understanding of the enterprise. In accordance with the arrangement of CCCC, the outside directors should regularly conduct research on the major key projects of the second-tier companies and foreign countries in China, to understand the investment situation of CCCC, the operation of the investment projects, as well as the risk prevention and control situation in the implementation of the projects. We are particularly concerned about the formulation of strategies, the improvement of systems, and especially the risk prevention and control.

Third, we have a very open communication mechanism for

major decisions and matters that go to the board of directors. One is the special committee, and the other is the regular communication meeting of outside directors, in which each of our outside board of directors communicates fully with management and exchanges opinions on the investment projects they are studying. For communication at the meeting, some of them even enter the site for further research to identify and prevent risks, and to ensure that significant risks are identified, prevented and controlled.

So based on our operation in the past few years, it is believed that the CCCC has a clear strategic positioning, just like the overall development strategy of the “123456” initiative the chairman of the board mentioned just now, and the direction of development is clear as well. For the time being, we are focusing on the main responsibility and principal business, and their strength in the infrastructure, design and dredging. This strength is the foundation of Coccus's foundation and enterprise development, as well as the important foundation of their domestic market, especially overseas market expansion. CCCC's market is booming, by utilizing our traditional advantages and technical strength, and based on our rich experience in rail transportation, the Company is going global, in other words, it has won many major international projects. For example, the well-known Longde Railway, the subways in

Colombia, East Coast Rail Link in Malaysia, the largest single project of USD12 billion, which is unimaginable in China. Why should such a large project be entrusted to Chinese companies or to CCCC? It's because CCCC is the forerunner and leader in China in terms of railway transportation, technology, performance, management and talents.

Therefore, as outside directors, we can see that CCCC has a strong cultural, technological, human resources and management background, and is not only able to grasp the direction in strategy, but also able to identify and prevent and control risks in specific decision-making. Therefore, according to our outside directors, through full communication with CCCC, we have basically achieved sound investment, steady development, and strategic consideration of both the present and the long term. CCCC attaches great importance to innovation, especially on its three new businesses, namely new business, new industry and new business model.

When it comes to the strategic emerging industries, in the investment plan, we have arranged more than RMB170 billion investment this year, non-main businesses arrangements for more than RMB20 billion investment, which gives full consideration to the expansion of traditional and advantageous industries to new areas. Another is the cross-border development of strategic emerging industries, the total amount of strategic

emerging industries is 17.8%. In accordance with the requirements of the SASAC and based on CCCC's own development, the "two macros and two priorities" strategy and national strategic emerging industries, further layout is required to do an excellent job in this regard.

In general, we have been working with CCCC for so many years, and I think the operation of the board of directors is both standardized and efficient. We are doing our best for the development of CCCC to jointly promote its sound and sustainable development. Thank you for your question.

Q19: Guotai Junan Securities: Are there any new changes in the Company's ESG practices?

CI Zhengkai: ESG is a topic that has received much attention in the past two years, and SASAC also has some relevant operational demonstration requirements. As an internationalized enterprise and a listed company with A+H shares, CCCC has established an ESG system at a very early stage, and is also one of the earliest listed companies to publish an ESG report.

ESG is an integral part of the core competitiveness of an enterprise. Combined with the business development and needs of the company, the first change is to pay more attention to corporate governance, and we take ESG as an important means

and the starting point of modernizing corporate governance in the future. Second, we pay special attention to green development, because according to the new development philosophy, green development is very critical. Especially in the middle of achieving internationalization, green development and the harmony between human and nature are very critical. Third, we pay special attention to the relationship with the community. As an internationalized company, we firstly achieve hard connectivity of infrastructure, and for soft connectivity, ESG is a very good means for that. In addition, we have incorporated ESG into the important scope of market value management. These are the changes in ESG in our understanding in recent years. Thank you.