

2016 Interim Report Press Conference	
Speaker	Content
Moderator	<p>➤ Dear guests, investors and netizens, good morning! Welcome to CCCC 2016 Interim Report Press Conference. The presentation was organized by CCCC and technically supported by SSE Infonet Ltd. Thank you for your attention and participation.</p>
Moderator	<p>➤ On August 31, CCCC published its 2016 Interim Report. Investors can visit roadshow.sseinfo.com to view the report. To deepen investors' knowledge of the company, core management of CCCC will communicate with investors online in regard to investors' concerns such as CCCC's business performance and conditions in the first half of 2016.</p>
Executive Director & CFO FU Junyuan	<p>➤ Dear moderator and investors, good morning! Welcome to CCCC 2016 Interim Results Presentation. First of all, I would like to thank all investors for your great attention and strong support to us over the years. We will directly communicate with you online and present our business performance in the first half of 2016 to deepen your understanding of us.</p> <p>In the first half of the year, the Company proactively adapted to and played a leading role in the “new normal” of economy, seized the macro development trend, focused on the strategy of “experts in five areas” and the market positioning of “a partner to share the economic and social development responsibilities of government, a participant to deeply involve in the regional economic development and a quality public service provider for government procurement”, and various efforts have achieved outstanding results, which had built a solid foundation for the completion of tasks of the whole year and realized a good start to achieve the development objectives of the “Thirteenth Five-Year Plan”.</p> <p>In the first half of 2016, revenue of the Group was RMB182,313 million, representing a year-on-year increase of 3.7%; profit attributable to owners of the parent was RMB7,258 million, representing a year-on-year increase of 6.5%; and earnings per share was RMB0.40. New contracts amounted to RMB283,795 million, representing a year-on-year increase of 7.6%. As at 30 June 2016, the backlog of the Group amounted to RMB942,299 million, representing an increase of 8.6% compared with that as at 31 December 2015.</p> <p>In the following Q&A session, we will answer common concerns and the questions of investors wanting a better understanding of us, and sincerely hope you will be satisfied with our answers.</p>
Visitor 29461	<p>Hello, Mr. Fu. As a shareholder in CCCC, I have seen the increase of revenue in the first half year is 4.04%, and the profit increase 7.66%, the overall performance is good. Do you think it's in line with expectations?</p>

Executive Director & CFO FU Junyuan	<p>➤ In the first half of the year, the Company proactively adapted to and played a leading role in the “new normal” of economy, seized the macro development trend, focused on the strategy of “experts in five areas” and the market positioning of “a partner to share the economic and social development responsibilities of government, a participant to deeply involve in the regional economic development and a quality public service provider for government procurement”, and various efforts have achieved outstanding results, which had built a solid foundation for the completion of tasks of the whole year and realized a good start to achieve the development objectives of the “Thirteenth Five-Year Plan”.</p>
Visitor Llama	<p>➤ How was the profit of the Company's business sectors?</p>
Board Secretary, Secretary & Chief Economic Manager LIU Wensheng	<p>➤ In the first half of 2016, we registered operating revenues of RMB183,439 million and primary operating revenues of RMB182,313 million, up 4.04 percent and 3.88 percent from RMB176,311 million and RMB175,499 million in the same period of last year respectively. Reason for the growth of the primary operating revenues: the primary operating revenues of infrastructural construction business, infrastructural design business and heavy machinery manufacturing business and other businesses were up 1.68 percent, 5.26 percent, 10.09 percent and 46.81 percent year on year respectively (all before elimination of inter-segment transactions);</p> <p>Our integrated gross profit was RMB23,458 million, up 1.83 percent from RMB23,037 million registered in the same period of last year, including a gross profit of RMB22,713 million from primary businesses, down 0.24 percent from RMB22,767 million registered in the same period of last year.</p> <p>The integrated gross profit rate was 12.79 percent, down 0.28 percent from 13.07 percent registered in the same period of last year. The gross profit rate of primary businesses was 12.46 percent, down 0.51 percent from 12.97 percent registered in the same period of last year. The gross profit rate decreased on the decline in the gross profit rate of infrastructural design business, dredging business and other businesses.</p>
Visitor 16854	<p>➤ How is “replacing the business tax with a value-added tax” affect the Company's revenue and gross profit in the first half of 2016 ?</p>
Executive Director & CFO FU Junyuan	<p>➤ In the short term, due to the features of “price-tax separation” in the value-added tax (VAT), “replacement of business tax with value-added tax” will result in many direct impacts on domestic construction projects, and will affect the company's operating income and total profit to a certain extent. The income decreases by about 2 percent in the first-half year, and the profit is positively affected, mainly involving domestic projects in two sectors: infrastructure construction and dredging business.</p> <p>In the long run, “the levying of VAT to replace business tax”, through controlling VAT, will promote facilitate the implementation of the Company's professionalization strategy, regulate business operations, and improve company management. It will gradually weaken the negative effects of the Company,</p>

	constantly facilitate management and development of the Company and unceasingly provide positive energy for the Company.
Visitor 24633	➤ Can you tell something about the status of the Dredging business unit becoming independent/ being split off?
Board Secretary, Secretary & Chief Economic Manager LIU Wensheng	<ul style="list-style-type: none"> ➤ The listing target of CCCC dredging remains the same. More information (if any) will be announced. ➤ Some large-scale projects signed in the last year and this year have not come to the busy period for construction, and replacement of business tax with value-added tax results in some impacts. Consequently, the income from the dredging business decreases.
Visitor 47498	➤ Concerning the dredging segment, can you inform us about how much comes from overseas operations?
Executive Director & CFO FU Junyuan	➤ In the first half of 2016, revenue from the dredging business of the Group was RMB12,393 million, representing a year-on-year decrease of 20.1%. The value of new dredging contracts entered into by the Group reached RMB22,496 million, representing a year-on-year increase of 46.9%. Wherein, the value of new contracts from overseas markets amounted to RMB45 million (equivalent to approximately USD7 million).
Visitor 67370	➤ The performance of the Company in the first half of 2016 was good, but I noticed that the administrative expenses increased greatly. What's the reason?
Executive Director & CFO FU Junyuan	➤ In the first half of 2016, the administrative expenses were RMB8,946 million, representing an increase of 13.95%, which is primarily attributable to the increase in cost of research & development. Besides, the cost of research & development in the first half of 2016 was RMB2,312 million.
Visitor 68164	➤ The contracts signed by company in the first-half year increases 7.6% on the year-on-year basis, lower than that of other large companies in the industry. What is the reason?
Board Secretary, Secretary & Chief Economic Manager LIU Wensheng	➤ Thanks to many factors, for example, the policy for stabilizing growth, accelerated investment in infrastructure, and booming of real estate in China, new projects speed up their commencement, the markets for construction of railway, rail transit, and urban infrastructure become prosperous, and the markets for construction of roads and bridges keep at high level in the first-half year. However, the market for waterway engineering fluctuates dramatically. The contracts signed by the Company in the first-half year mainly increase from overseas projects, investment projects, railway projects and dredging business for infrastructure construction. The port projects on infrastructure construction and equipment manufacturing business decline to some extent, whereas the road and bridge projects almost keep the same as those in the last year.
Visitor 68164	➤ Recently, China Communications Construction Group (CCCC) has been

	<p>identified as a pilot of state-owned investment companies. How will China Communications Construction Company Limited (CCCC) be affected in future? In addition, what reform plans will be made by CCGG in future? Will these plans affect the China National Real Estate Development Company and China Greentown?</p>
<p>Board Secretary, Secretary & Chief Economic Manager LIU Wensheng</p>	<p>➤ CCGG is identified as a pilot of central state-owned investment companies, reflecting the high acknowledgement for the management, reform and development of the company, including CCCC. This will certainly lead to profound influence on the development of CCGG in “13th Five-year Plan” and future. The overall plan for reform of CCGG is in preparation. All measures (if any) for the reform of CCCC will be disclosed to and communicated with investors according to regulatory rules.</p>
<p>Visitor 68164</p>	<p>➤ Does the Company have any refinancing plans, for example, issuing new shares, the overweight arrangement, issuing bonds, etc.?</p>
<p>Board Secretary, Secretary & Chief Economic Manager LIU Wensheng</p>	<p>➤ Actually, the Company has various normal financing needs in the process of its development. We will continuously pay attention to different financing channels and choose suitable means for moderate financing if needed.</p>
<p>Visitor 68164</p>	<p>➤ Has the Company participated in overseas speed regulation railway project construction? How many projects are expected?</p>
<p>Board Secretary, Secretary & Chief Economic Manager LIU Wensheng</p>	<p>➤ The Group is one of the largest railway construction enterprises in China and has developed into main force in national railway construction by virtue of its high level of construction and excellent management capabilities. However, there is a large gap between the Group and two traditional railway construction enterprises- CREC and CRCC in market shares in China, in terms of railway construction.</p> <p>➤ Recently, the Company signed business contracts on four projects with Kenyan government including Naivasha - Kisumu standard gauge railway project, Kisumu- Malabar standard gauge railway project, newly established Kisumu port project and Nairobi container inner port expansion project with predicted contract amount of USD5,300 million, and assisted owners for funding settlement.</p>
<p>Visitor llama</p>	<p>➤ As shown in the report, the net expenditure of the Company's operational cash flow in the first-half year is RMB15,600 million, which is higher than on the year-on-year basis. Meanwhile, China has accelerated the investment in infrastructure and fixed assets in the first-half year, and the monetary policy is flexible. How do you think about this?</p>
<p>Executive Director & CFO FU Junyuan</p>	<p>➤ In the first-half year, China accelerated the investment in the infrastructure industry, and the account receivables and inventory of the Company increased greatly, resulting in the increase of expenditure in operational cash flow on the year-on-year basis.</p>
<p>Visitor 53660</p>	<p>➤ Mr.Fu, how are the reflection of newly PPP contracts, the invested capital and earnings in PPP projects, in finance report?</p>

Executive Director & CFO FU Junyuan	<p>➤ In the first half of 2016, the value of new contracts of the Group for investment projects in Mainland China infrastructure construction business amounted to RMB41,505 million, representing a year-on-year increase of 46.1%, and accounting for 17% of that of the infrastructure construction business. During the process of designing and implementing the foregoing projects, the value of construction and installation contracts to be undertaken by the Group is estimated to be RMB29,653 million.</p> <p>In the first half of 2016, among the Company's infrastructure construction business, the value of new contracts in terms of BOT projects, government procurement projects and urban comprehensive development projects amounted to RMB33,920 million, RMB6,419 million and RMB1,166 million, respectively, representing 82%, 15%, 3% of the value of new contracts for infrastructure construction investment projects, respectively.</p> <p>During the period of "Eleventh Five-Year Plan", the Company commenced to dedicate to the development of investment projects aiming to obtain profits from investment activities other than from, among others, rational design and construction projects. As at 30 June 2016, according to statistics, the total contracted investment amount of the Group's BOT projects was estimated to be RMB268,530 million, wherein, the accumulative completed investment amounted to RMB171,299 million, and the uncompleted investment amounted to RMB97,231 million. The total contract value of government procurement projects entered into by the Group amounted to RMB237,061 million, wherein, the accumulative completed investment amounted to RMB80,190 million, with an investment amount of RMB62,847 million of projects having entered into the payback period and cumulatively RMB33,494 million having being recovered. The total contract value of the Group's urban comprehensive development projects was estimated to be RMB181.131 million, among which, RMB44,563 million having been completed cumulatively. RMB25,864 million sales amount having been realized and RMB18,956 million having been received by the Company.</p>
Visitor 98387	<p>➤ Hello, Mr. Liu. I've noticed that some news said the Company is planning to purchase IDE (the biggest saline water conversion corporation in the world), and the price will be USD650 million. What is the consideration of this acquisition, does the Company have any further acquisition planning in the future?</p>
Board Secretary, Secretary & Chief Economic Manager LIU Wensheng	<p>➤ As far as we know, the planning to purchase IDE is taken into account by our shareholder CCCG, which is not in our Company's business area.</p>
Visitor 39053	<p>➤ Hello, Mr. Fu. In the first half of 2016, the provision of accounts receivables is RMB1,103 million, representing a large increase from RMB590 million registered in the same period of last year, what is the reason?</p>

Executive Director & CFO FU Junyuan	➤ According to the accounting policy, the management withdraws the account receivables properly as per the account aging by following the prudence principle, and this is normal.
Visitor Ilama	➤ Would you please introduce the key business risks of the Company?
Board Secretary, Secretary & Chief Economic Manager LIU Wensheng	<p>➤ We have annual operating revenues of over RMB400,000 million and total assets of over RMB700,000 million, our businesses cover a wide range of market fields such as traffic infrastructure design, construction, equipment manufacturing, investment and urban comprehensive development, and we enjoy strong international influence in the overseas project market, thus results of single project bids and fluctuations in single market fields do not easily affect our business performance heavily.</p> <p>However, investors should notice that we still face the systematic impact of periodical functions of macro economy on our business development as a participator in free market competition, and face the risk of price fluctuations of materials such as steel, cement, fuel, sand stone and asphalt as a major engineering project contractor. Due to needs of daily business operation and business restructures, certain amounts of borrowings and payables may lead to the risk of interest rate fluctuations and changes, and overseas business development may lead to the risk of exchange rate changes and the risk of changes in international economic and political situation. With a multitude of projects in progress, we also face force majeure risks which may cause damage to operators and property, such as natural disasters in operation fields such as rainstorm, flood, earthquake, typhoon, tsunami and fire as well as public health emergencies.</p>
Moderator	➤ Dear investors and netizens, the presentation is drawing to an end. Let's welcome the guest from the listed company for a concluding speech.
Executive Director & CFO FU Junyuan	<p>➤ Dear shareholders, we have made satisfactory operating achievements in the first half of 2016, for which the management personnel at various levels and all employees of the Company have done plenty of work effectively and made tremendous efforts. There are still arduous and onerous work tasks in the second half of 2016, therefore we will continue uniting all forces with strong determination, and working hard realistically with greater enthusiasm, more effective measures and in a more practical manner, in order to ensure the successful completion of annual targets, and create a new situation for promoting the development during the "Thirteenth Five-Year Plan" period and accomplishing the great goal of "building the Company into a world-class enterprise". All shareholders, people from all walks of life and friends that have cared about our Company for a long time, we hope for your continual help and support!</p> <p>We are much willing to make in-depth communication with you by various means in the future, thank you!</p>
Moderator	➤ That's all for the presentation. Thanks for your participation!

