

China Communications Construction Company (601800.SH, 800.HK)

Meeting Briefing of Design Business Roadshow in 2023

Date: February 10, 2023

Theme: Design Business Development Promotion of China Communications Construction Company Limited (“CCCC”)

Attendees:

Leaders of CCCC

Secretary of CCCC Board of Directors and heads of relevant departments

Leaders of CCCC Highway Consultants CO., Ltd.

Part I Introduction of Design Business Development and Restructuring Plan

There are 14 design institutes in CCCC, with business mainly related to 5 industries, such as water transportation, highway, railroad, airport and municipal works. Most of the design institutes were formerly under the Ministry of Communications and the Ministry of Construction, so the design institutes of CCCC are endowed with unique historical legacy and tradition. Since the integrated listing of CCCC, the market-oriented process of design institutes has been advanced gradually. With coverage of design business in all provinces of China and more than 60 countries and regions in the world, as well as 119 domestic branches and 14 permanent branches abroad, these design institutes have participated in the construction of many well-known major projects at home and abroad, including Hangzhou Bay Bridge. Among the world's top 10 cross-sea bridges with the largest span, the Company has participated in the design for 7 of them; among the world's top 10 large-span suspension bridges, the Company has participated in the design for 6 of them.

In the 6 design institutes under such capital operation, there are 3 academicians of the Chinese Academy of Engineering, 3 chief engineers of the Ministry of Communications and 6 directors of highway bureaus, showcasing the outstanding advantage of high-end talents. Designers account for 10% of the Company's headcount, whereas the contract value and turnover of the design business account for about 5%, but the profit contribution is up to 15%. Such a high input-output ratio of the

design business can fully reflect its superior operation quality and efficiency.

The increment of future business will be largely contributed by the collaboration among business sectors of CCCC, expansion of domestic and overseas markets, creation of new business areas, upgrading of business models and digitalization, and mergers & acquisitions (M&A) as well as capital operation, which will provide the Company with a path to achieve high-quality development in a more rapid and better way. With respect to expansion of business areas, highway, municipal works, and architectural design are initially included in the listing of the Company, which will be followed by new areas such as water conservancy and hydropower, offshore wind power, and photovoltaic power generation with continuous efforts.

Designer is the future planner. CCCC Highway Consultants CO., Ltd. adheres to the spirit of “being innovative and planning for the future”, while designers of CCCC firmly uphold the principle of “being skilled at planning, understanding risks, and making frequent breakthroughs”. We hope that the spin-off of design business in CCCC and its independent operation will create new development opportunities, and that the efforts and commitments of CCCC designers will be recognized by everyone.

Part II Q&A Session

1. The integrated listing of design institutes focuses on highway and municipal works. In the future, will the Company integrate other internal design assets as well? If there is any M&A plan, will the income approach be used for asset valuation?

Answer: The Company has planned to integrate other internal design assets and incorporate them into the listing platform of design business for the next three years. As for the asset valuation approach, based on the asset-light positioning and attribute, the continued adoption of income approach will not be excluded. The Company has not worked out a specific integration scheme at present, but it will uphold the principle of being fair and reasonable. Relevant details will be determined as the case may be and will be duly disclosed by the Company as per regulatory requirements.

2. Please brief on the areas and regional layout of the Company's design business growth, as well as the key overseas business and areas.

Answer: The Company currently has a dotted distribution of high-end market for its design

business and will focus on comprehensive three-dimensional transportation network and large-scale integrated projects, including the construction of large-scale airport, railway and highway. The current main overseas markets of the Company's design business are mostly in Africa and Asia, and the markets in Southeast Asia, Central and Eastern Europe have also been gradually explored in recent years. Meanwhile, the Company is aware that the demand for inter-regional transportation connections is also increasing with the economic growth, especially in technology-intensive areas such as grand bridges and cross-sea channels, and the Company's design business is more competitive in these high-end markets.

3. Please brief on the assets and liabilities of the Company's design business and the current market share in the new energy sector. Please share the outlook for infrastructure investment trends of the Company in the next 5 years.

Answer: Part of the design institutes took part in organizing construction projects in the earlier stage, which affected their asset-liability ratios. With consideration to the effect of construction projects, this indicator is expected to be greatly decreased. New energy is an emerging business of the Company, and the design business has laid a solid foundation in integrated energy management. The professional integration of CCCC and China Three Gorges Corporation in water conservancy and hydropower this year will also be conducive to business collaboration with the design business. For the intelligent transportation which is more valued in the market, the unified industrial standard and specification have not been formed, and the Company will pay constant attention to the development of the new infrastructure.

4. Please brief on the capital expenditure plan and scale of the design business, as well as the investment in the traditional and intelligent business. In terms of the future design business, will the Company consider launching the REITs product?

Answer: In terms of future investment direction of raised funds, the Company plans to invest more than 50% of the raised funds on technology research and development as well as new business layout, and 30% on the improvement and expansion of traditional business. The design business is positioned as an asset-light operation platform, and the overall investment scale of fixed assets is limited, so the Company may also try the equity investment as appropriate based on the business development, and will make a financing plan and a timely announcement with overall considerations including REITs.

5. Please brief on the plan of design business in terms of overseas M&A and the integration ideas after the M&A. As the design institute is a talent-intensive enterprise, will the equity incentive plan be considered in the future?

Answer: The development of CCCC has an edge on overseas business, and the Company is ahead in overseas M&A. The integration of enterprise after M&A is an important issue, and the Company has always upheld the international development principle, so that the Company can go global and better fit in the international community. The Company highly values the way to attract and retain talents, so it will not exclude the medium and long term incentive plan including equity incentives in the future, and will disclose the related progress accordingly.

6. Please share the Company's view on the development trend of domestic infrastructure construction. How will the Company increase its domestic market share of design business in the future? What is the financial strength of overseas owners in terms of overseas business?

Answer: The Company is optimistic about the highway survey and design industry. The domestic highway network is currently up to 160,000 km, ranking the first worldwide. Although the domestic road network is well developed, the Company is aware that with the economic growth, there is a great market demand in the cross-river and cross-sea channels of western China, which will become a strong growth point for the design business in the future. The design institutes under the Company have a high market share in highway design and survey, particularly in the high-end market, so it still has the potential for market expansion.

CCCC has ranked first in Asia among the world's largest contractors rated by ENR for many years in a row, and the Company has a solid foundation and a great wealth of experience in overseas business. As the third "Belt and Road" Summit Forum will be held in China this year, based on the overall environment of overseas business, we believe that there will be good news for overseas business soon. The Company has been exploring overseas markets for many years, yet our owners have not had any substantial and systematic financial default so far, and the Company has a corresponding internal control system and coping experiences in overseas risk prevention and control.

7. Is there any obstacle for the Company to tap into water conservancy and hydropower projects?

Answer: CCCC started cooperation with China Three Gorges Corporation this year, and plans to acquire the equity of China International Water & Electric Corporation (CWE). As one of the first companies to “go global”, CWE has a number of operating hydropower plants in Africa, Southeast Asia and other regions with long-term and stable cash flow income. The Company believes that the collaboration between CCCC's construction capability and CWE's hydropower business will continuously boost the Company's competitive edge in hydropower projects.

8. Please brief on the competitiveness of the design business in terms of compensation and benefits, as well as the Company’s view of performance commitment calculation, and will the divestiture of construction business greatly affect the design business?

Answer: The Company has always valued the talent cultivation and striven to create a nice environment for employees to have a sense of belonging and happiness. Taking CCCC Highway Consultants CO., Ltd. as an example, among the new recruits in recent years, there are graduates from Tsinghua University, Tongji University and other key universities, which proves that the design business of the Company has a competitive edge in terms of compensation and benefits.

As for the performance commitment, the current asset valuation and performance commitment calculation are both based on the data of orders in hand and evaluated in a prudent manner, and the Company is optimistic about the performance arrangement based on Valuation Adjustment Mechanism. The Company has currently divested the non-main business of the design business, which may affect the income scale, but the net profit margin of construction business is low, the impact of such divestiture on the scale of net profit and profitability will be limited.

9. Please elaborate the dividend policy in the preferred shares proposal and the use of raised funds

Answer: The pricing and yield level of the preferred shares will ultimately be determined by inquiry. The interest rate of bond products with the same maturity in the second half of 2022 is low, whereas the preferred shares issued by the Company is comparatively competitive. Regarding the use of raised funds, it will not only be used as the supplement to financial liquidity, but also arranged in a reasonable way by the Company based on the actual operation and project development.

10. Please analyze the strength and weakness of the Company’s design business in overseas

market competition and the business collaboration in market development.

Answer: CCCC and its affiliated companies have a great wealth of experience in the development of overseas business, and CCCC ranks third among the world's largest contractors rated by ENR this year. In terms of the infrastructure construction, the Company's development ability of the whole industry chain can provide integrated infrastructure products involving the investment, design and consultation, construction and operation management. We believe that all of the above will have effective interaction with design business. Besides, the affiliated design institutes of the Company were once engaged in preparation of about 70% of the design standards for domestic highway construction, and took the lead in using Chinese design standards in international large-scale infrastructure projects such as Madura Bridge. We believe that the future overseas expansion of design business will also be satisfactory.

11. In the existing projects of design business, what is the proportion of projects undertaken from the parent company? What are the main types?

Answer: Overseas business is one of the highlights and strengths of the Company development. In terms of business types, firstly, the collaborative level between the design business and other business sectors of the Company is very high. Secondly, some projects of design business are accomplished under the framework of bilateral and multilateral cooperation among governments, including road network planning, urban development planning, technical standard consulting, etc., and design business has also been involved in some foreign aid projects. Thirdly, we have cooperated with international peers in term of design business, and participated in the bidding of large infrastructure construction projects through joint venture tendering. We believe that the spin-off operation of the Company's design business will also lay a solid foundation for the scale and group-oriented development of its overseas business.