

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 I 2023 Annual Results Report

I. Results Highlights

In 2023, the Company adhered to the general principle of pursuing progress while ensuring stability, closely followed the main line of “Year of Deepening High-quality Development”, withstood pressure, coordinated efforts, and focused on surmounting challenges, thereby realizing progress and

improvement amidst stability in operating results.

The revenue of the Company amounted to RMB755,646 million, representing a year-on-year growth of 5.1% and completing 98% of its annual operating goal. Gross profit amounted to RMB94,528 million, representing a year-on-year increase of 12.9%. The net profit attributable to owners of the parent amounted to RMB24,734 million, representing a year-on-year increase of 22.3%. Dividend proposal suggested that dividend per 10 shares were RMB2.9253 and cash dividend ratio was 20%.

II. Market Expansion

In 2023, the Company achieved significant results in market expansion, with the value of new contracts amounting to RMB1,753,215 million, representing a year-on-year increase of 13.68%. As of the end of 2023, the backlog of the Company amounted to RMB3,450,659 million.

Guided by the “two macros and two priorities” strategy, the value of overseas new contracts amounted to RMB319,700 million, a substantial year-on-year increase of 47.5%, contributing 18% to the Company’s overall performance, a year-on-year increase of 4 percentage points.

According to the overall requirements of the “four initiatives” to strengthen investment, the investment contract value as recognized in proportion to equity amounted to RMB208,618

million, including RMB195,056 million recognized for domestic market and RMB13,562 million recognized for overseas market, and the contract value of new construction and installation contracts to be undertaken was estimated to be RMB150,140 million. Among these projects, concession BOT projects, government paid projects and urban comprehensive development projects and others contributed 27%, 13% and 60% respectively.

III. New Infrastructure Construction Projects

Categorized by location, domestic projects contributed 81.1%, while overseas projects contributed 18.9%. Regarding domestic projects, in terms of project areas, port construction contributed 5.4%, road and bridge construction contributed 22.4%, railway and other projects contributed 2.4%, and various projects related to urban construction contributed 50.9%.

IV. Business Segment Contribution - Revenue

Returning to the consolidated statements, in terms of revenue proportion by each business segment, infrastructure construction contributed the most, accounting for 84.7%, representing a year-on-year increase of 5.3%. Infrastructure design contributed 6%, showing a slight year-on-year decrease of 5.9%, mainly due to the reduction in EPC projects during the process of business structure adjustment. Dredging contributed 6.8%, representing a year-on-year increase of 4.9%. Other

businesses contributed 2.5%, showing a year-on-year increase of 6.1%.

In terms of location, overseas revenue amounted to RMB115,900 million, marking a significant year-on-year increase of 17.9%, contributing 15% to the Company's overall revenue and raising by 1 percentage point.

V. Business Segment Contribution – Segment Result

The contribution of each business segment is as follows: infrastructure construction accounted for 84.2%, infrastructure design for 9.1%, dredging for 6.2%, and other businesses for 0.5%. The infrastructure construction remained the most significant contributor to the Company's operations. Not only did it have a high proportion of contribution, but also achieved a year-on-year growth rate exceeding 20.9% in 2023, based on business segments.

VI. Operation Cost Structure

From the operational cost pie chart, the top three components were subcontracting costs, accounting for 42.7%, followed by raw materials and consumables at 32.3%, and employee salaries at 9.1%. In terms of cost classification, the composition and impact were generally consistent with previous years. Regarding the impact on revenue, the proportions of subcontracting and raw materials are also largely consistent with previous years. Preliminary assessment suggests that

fluctuations in raw material prices had limited impacts on the Company's cost expenses. This was partly due to the Company's control over raw material price risks when signing contracts, and partly due to the Company's efforts in centralized procurement of major raw materials, which have yielded positive results.

VII. Infrastructure Construction

The value of new infrastructure construction contracts amounted to RMB1,558,482 million, representing a year-on-year increase of 14.0%. The substantial growth in the value of new contracts for overseas projects made a direct positive contribution. Additionally, domestic projects also saw a year-on-year increase. The backlog amounted to RMB2,987,922 million.

In terms of financial performance, revenue reached RMB667,802 million, a year-on-year increase of 5.3%. Gross profit amounted to RMB77,179 million, representing a year-on-year increase of 14.8%. The increase in revenue and gross profit was mainly attributed to the growth in overall revenue from both overseas and domestic projects, as well as the overall improvement in gross profit margins for both overseas and domestic projects. Gross profit margin increased by one percentage point from 10.6% in the same period last year to 11.6%.

Segment business reached RMB34,061 million, a year-on-year increase of 20.9%. The operating profit margin increased from 4.4% in the same period last year to 5.1%. The growth in operating profit and the improvement in operating profit margin were mainly attributed to the improvement in gross profit margin on one hand and strict control over administrative expenses on the other. Additionally, the provision for bad debts in infrastructure construction returned to a reasonable level.

VIII. Infrastructure Design

The value of new infrastructure design contracts amounted to RMB55,972 million, representing a slight year-on-year increase of 2.0%. In terms of project segments, EPC projects still had a significant impact at this stage, contributing to around 60% of the new contract value of infrastructure design. The backlog amounted to RMB154,256 million.

In terms of financial performance, revenue reached RMB47,302 million, a slight year-on-year decrease of 5.9%. This was mainly due to adjustment of business structure, specifically a year-on-year decrease in EPC projects. Gross profit reached RMB8,731 million, representing a year-on-year increase of 5.4%. The gross profit margin improved significantly from 16.5% in the same period last year to 18.5%, marking a substantial improvement for the first time in over a

decade. This improvement was primarily attributed to adjustments in the business structure, leading to a reduction in EPC projects.

Segment business reached RMB3,660 million, showing a slight year-on-year decrease of 3.1%. The operating profit margin increased slightly from 7.5% in the same period last year to 7.7%, mainly due to the improvement in gross profit margin and effective control over expenses.

IX. Dredging

The value of new dredging contracts amounted to RMB119,193 million, representing a year-on-year increase of 11.8%. The backlog amounted to RMB278,577 million.

In terms of financial performance, the revenue reached RMB53,506 million, representing a year-on-year increase of 4.9%. Gross profit reached RMB7,136 million, showing a year-on-year increase of 3.4%. The gross profit margin decreased slightly from 13.5% in the same period last year to 13.3%, remaining relatively stable.

Segment business amounted to RMB2,505 million, showing a year-on-year increase of 3.7%. The operating profit margin remained largely unchanged from the same period last year at 4.7%.

X. Capital Expenditure

Now let's return to the consolidated statements. In 2023,

the Company's capital expenditure amounted to RMB42,886 million. Among this, capital expenditure for concession BOT projects totaled RMB20,507 million, representing a year-on-year decrease of 16.6%. Capital expenditure, excluding concession projects, was primarily allocated to property, plants, and equipment investments, which increased compared to the previous year.

XI. Statement of Profit or Loss

Through the above analysis, it is clear that revenue increased by 5.1%, while gross profit saw a significant growth of 12.9%, primarily due to the improvement in gross profit margin. Operating profit decreased by 4% year on year, attributed to the improvement in gross profit margin and management expenses mainly taken by labor and administrative costs, and research and development expenses increased by 16.4%. Bad debt provisions returned to normal levels seen in previous years, accounting for 1% of revenue. With these factors combined, operating profit achieved growth of 14.6%, and the operating profit margin increased from 4.7% to 5.2%.

The profit attributable to the parent reached RMB24,734 million, with the net profit margin increasing from 2.8% to 3.3%. Overall, the growth in net profit can be attributed to the improvement in gross profit margin and effective cost control. Additionally, it is noted that the number of subsidiaries enjoying

the preferential tax rate of 15% for technological innovation increased last year, resulting in an effective tax rate of 17%, the lowest in history. These combined factors contributed to the significant growth in net profit.

XII. Balance Sheet

Overall, the various indicators are at reasonable levels in accordance with the requirements of asset solidification and debt leverage control. However, we have also noticed a few indicators. First, property, plant, and equipment have increased by 23.7% year on year due to the increase in capital expenditure. Second, in terms of current and non-current assets, contract assets, trade receivables, and accounts receivable have grown faster than revenue, reflecting some pressure on domestic industry receipts. The asset-liability ratio stood at 72.7%, a slight increase of 0.9 percentage points year on year.

Below are four bar charts, where we have calculated ratios according to different market demands, which can serve as a reference for everyone.

XIII. Cash Flow Statements

In 2023, the net cash flow from operations improved significantly to RMB12,074 million, compared to RMB1,139 million in the same period last year. This significant improvement was mainly attributed to the Company's long-standing efforts to strengthen cash flow management and

increase asset revitalization. Project's collection of payments showed significant improvements in 2023. The net cash outflow from investment activities amounted to RMB55,885 million, compared to RMB46,927 million in the same period last year. This increase in investment net cash outflow was mainly due to a significant amount of funds received from the disposal of equity in a subsidiary project in the same period last year, which did not occur this year. The net cash inflow from financing activities amounted to RMB50,300 million, primarily arranged to meet the needs of project development.

Finally, based on the overall business performance in 2023, we are determined to continue targeting the goal of becoming a world-class enterprise with "three types" in 2024. Seizing the opportunity of the "Year of Deepening High-quality Development", we will continue to improve quality and efficiency, strengthen our focus on shareholder returns, and hope to propel the Company to a new level of high-quality development.

Thank you.