

2024 Annual Results Presentation of China Communications Construction (601800SH,1800HK)

Time: 15:00-16:30, March 31, 2025

Location: 2F, CCCC Building

Attendees of the Company:

Executive Director and President, Wang Haihuai

Independent Non-executive Director, Liu Hui

CFO and Board Secretary, Liu Zhengchang

Vice President, Yang Zhichao

Overseas Business Director, Tang Qiaoliang

Executive Director and Chairman of CCCC Design, Cui

Yuping

Moderator:

Deputy Director of the Board Office (Capital
Department), Yu Jingjing

Attending agencies:

More than 20 institutions, including GF Securities, Huatai
Securities, Galaxy Securities, and CITIC Securities.

Part I 2024 Annual Results Report

I. Performance Overview

In 2024, the Company maintained steady business development by closely adhering to the theme of "Year of Improvement in High-quality

Development". In compliance with international accounting standards, the Company reported operating income of RMB 768,243 million with YoY growth of 1.7%; Operating profit of RMB 39,307 million with YoY growth of 0.9%; Net profit attributable to owners of the parent of RMB 23,854 million with YoY decrease of 3.6%; Net inflow of operating cash flow of RMB 12,506 million with YoY increase of 3.7% and earning per share (EPS) of RMB 1.4 with YoY decrease of 3.4%.

Following the resolution proposed by the Board of Directors, the Company's cash dividend ratio for 2024 was increased to 21%, representing a year-on-year increase of one percentage point. This adjustment fully aligns with the requirements for high-quality development and market value management, and also serves as a positive declaration by the management.

In accordance with Chinese accounting standards, the Company achieved a net profit of RMB 30,347 million and a return on equity of 8.03% in 2024, thereby meeting the unlocking target requirements for equity incentives. The EVA assessment results of the Group are still pending confirmation.

II. Market Expansion

In 2024, the Company intensified its efforts to explore both domestic and international markets, resulting in new contracts totaling RMB 1,881,185 million, representing a year-on-year increase of 7.3%. The contribution ratio is 90% from infrastructure construction, 3% from infrastructure design, 6% from dredging and 1% from other businesses.

By the end of 2024, the backlog of the Company amounted to RMB 3,486,773 million, indicating substantial order backlog.

In alignment with the overseas priority strategy, the new contracts from international regions amounted to RMB 359,726 million, reflecting a YoY growth of 12.5%, constituting 19% of the Company's total new contracts with a YoY growth of one percentage point. Geographically, the regional markets of Africa, Asia, and Oceania collectively account for more than half of the overseas contract value, thereby constituting our primary market areas. By business types, nearly half of the overseas contract value is related to the construction of roads and bridges, ports, and railways. The Company also excels in the urban business areas of housing construction, urban rail transportation, municipal projects, etc.

In alignment with the overall strategy to cultivate a secondary growth path, the Company shall enhance new quality productive forces through scientific and technological innovation and development. In 2024, the Company accelerated the establishment of a new business structure, intensified the efforts to explore emerging business markets, and actively created new quality productive forces with CCCC characteristics. The new contracts from emerging business areas amounted to RMB 705,347 million, reflecting a 46.43% YoY growth. From the perspective of industry types, the energy conservation and environmental protection industry, exemplified by sewage treatment and recycling projects, contributed 40%. The new energy industry, primarily comprising offshore wind power, onshore wind power, and solar power generation,

contributed 24%. The new materials industry, represented by high-performance concrete, product manufacturing, and decorative architecture, contributed 15%.

In the new business area, the typical representatives include energy projects; water conservancy projects; agriculture, forestry, animal husbandry and fishery projects, which have demonstrated significant growth in new contract amounts of 146.4%, 109.8%, and 248.3%, respectively.

In accordance with the overarching requirements for strengthening investment, the scale of the Company's investment business was judiciously reduced in 2024, and the business structure underwent continuous optimization. According to the equity proportion, the contract amount was confirmed to be RMB 129,383 million with a 38% YoY decrease. It is estimated that the construction and installation contracts that can be executed within the design and construction phases amount to RMB 110,084 million. By business types, the contribution ratio is 58% from franchised BOT projects, 28% from urban comprehensive development projects, and 14% from government-funded non-operating projects. By project types, the contribution ratio is 61% from road and bridge construction projects, 36% from urban construction projects, and 3% from ports and other projects.

III. Business Segment Contributions-Revenue

The four business segments of infrastructure construction, infrastructure design, dredging and other businesses contributed 84.9%,

4.5%, 7.4% and 3.2% for revenue. From the perspective of dual circulation between domestic and international markets, the overseas market yielded a revenue of RMB 134,780 million, reflecting a growth rate of 16.3%, accounting for 18% of the Company's total revenue after an increase of nearly three percentage points.

IV. Business Segment Contributions- Segment Result

For segment result, the contribution ratio is 81% from infrastructure construction, 8.8% from infrastructure design, 7.6% from dredging and 2.5% from other businesses.

V. Operating Costs Structure

The Company has achieved sustained results in cost control according to the lean project management requirements. 30.9% of the operating costs are incurred from raw materials and consumables, 43% from subcontracting and 8.9% from labor. In alignment with the Company's overarching strategy of deepening the integration of the three chains and achieving cost reductions and synergies, the primary costs have exhibited varying positive impacts on the revenue proportion. Specifically, the expenditure on raw materials and consumables has decreased from 30.4% to 29.1%, subcontracting costs have experienced a slight increase from 40.2% to 40.5%, and labor costs have reduced from 8.5% to 8.3%. Notable positive outcomes have been realized in the management of raw material and subcontracting costs.

VI. Infrastructure Construction

The value of new contracts in the infrastructure construction sector amounted to RMB 1,700,582 million, representing a YoY growth of 9.1%. The backlog amounted to RMB 2,947,341 million. By project types, the contribution ratios are as follows: 5.2% from port construction, 16.2% from road and bridge construction, 1% from railway construction, and 57.4% from urban construction and other segments. Since the commencement of the "14th Five-Year Plan", the Company has intensified and expedited the development of comprehensive transportation and big city, prioritized rivers, lakes, and seas, as well as overseas markets. Notably, the big city area has contributed to more than half of the infrastructure construction.

The revenue amounted to RMB 682,603 million after a YoY growth of 2.2%. The gross profit was RMB 74,610 million with the gross profit margin experiencing a slight decrease from 11.6% to 10.9%, which remains within the normal fluctuation range. The operating profit margin dropped from 5.1% to 4.8% based on the operating profit of RMB 32,942 million, showing a narrower decline than the gross profit margin. Overseas business plays a major role in revenue growth. The minor decline in the gross profit margin falls within a reasonable range. The profit level of domestic businesses remains essentially stable, while the overseas business decreases slightly. The decline in operating margin is narrower than the gross profit margin, mainly due to the combined effect of the lower impact of administrative expenses and the decrease in the provision for impairment.

VII. Infrastructure Design

The value of new contracts in the infrastructure design sector amounted to RMB 52,646 million. The backlog amounted to RMB 179,220 million.

The revenue was RMB 36,287 million with a YoY decrease of 23.3%. The decrease in revenue was mainly due to the adjustment of business structure and the focus on the core businesses with reduced number of EPC projects undertaken. The gross profit was RMB 7,244 million with a YoY decrease of 17%, while the gross profit margin increased from 18.5% to 20.0%, an increase of 1.5 percentage points. The operating profit margin increased from 7.7% to 9.9% based on the operating profit of RMB 3,583 million. The adjustment of business structure had a positive impact on the improvement of gross profit margin, and also brought about the improvement of divisional performance and profit level.

VIII. Dredging

The value of new contracts in the dredging sector amounted to RMB 116,017 million after a slight decrease by 2.7%. The backlog amounted to RMB 328,626 million.

The revenue was RMB 59,461 million with a growth of 11.1%. The gross profit was RMB 7,857 million, and the gross profit margin was basically stable at 13.2%. The operating profit margin increased from 4.7% to 5.2% based on the operating profit of RMB 3,105 million. The increase in revenue is mainly due to the focus on the core businesses with

an increased number of traditional dredging and reclamation projects. The upgrade in profit levels is primarily attributable to the effective control of management expenses, the reasonable provisioning for impairments, and the significant increase in efforts to collect accounts receivable which resulted in the recovery of substantial debts.

IX. Capital Expenditure

The capital expenditure experienced a decline of 28.3% to RMB 30,751 million. Capital expenditure on franchise projects within the infrastructure construction sector decreased to RMB 12,472 million from RMB 20,507 million in the previous year, as a result of business structure adjustments and requirements on strengthening investment.

X. Statement of Profit and Loss

In 2024, the operating revenue was RMB 768,243 million, with a compound growth rate of 4.0% over 2021. The gross profit was RMB 92,603 million, with a compound growth rate of 3.1% over 2021. The operating profit was RMB 39,307 million, with a compound growth rate of 4.4% over 2021. The net profit shareholders entitled to was RMB 23,854 million, with a compound growth rate of 9.1% over 2021. The substantial increase in net profits shareholders entitled to was primarily attributable to the effective control of management expenses and the prudent management of risks related to financial assets and loss provisions.

XI. Abstract from Balance Sheet

In the "14th Five-Year Plan" period, the Company has continued to enhance its asset management, primarily focusing on 8 items, of which 7 are listed in the table, which include monetary funds, accounts receivable, inventory, fixed assets, equity investment, intangible assets, contract assets, and financial assets. For example, the intangible assets valued RMB 197,233 million after a decrease of 1.7%. Nevertheless, due to the pressures exerted by domestic market collection and payment processes, there was a significant YoY growth in contract assets and accounts receivable, resulting in a greater occupancy of financial resources.

XII. Abstract of Financial Leverage from Balance Sheet

The asset-liability ratio reached 74.8%, an increase of 2.1 percentage points, and continued to be under pressure. In the subsequent phase, the Company will, on one hand, persist in reinforcing asset management requirements, while on the other hand, intensify efforts concerning accounts receivable, contract assets, and inventories, in order to improve the debt leverage level and the capacity to prevent and manage risks.

XIII. Cash Flow

The net inflow from operating activities was RMB 12,506 million. In comparison to the preceding three quarters, cash flow in Q4 exhibited a marked improvement, reflecting the characteristics of industry payment collection and the outcomes of government debt liquidation efforts. Net cash flow from investment activities amounted to RMB 29,619 million in the form of net outflow. The YoY reduction in outflow was primarily attributed to the decreased expenditures on intangible assets, including

the acquisition of fixed assets. Investment activities generated a net cash inflow of RMB 41,640 million, and the decrease in net inflow was mainly due to the increase in investment recovered by minority shareholders; The financing costs accounted for 4% on an average after weighing in 2024, and 3.86% in the last year.

XIV. Outlook

This year has been designated as the "Year of Breakthroughs in High-Quality Development". The Company is committed to achieving significant advancements in six key areas: national strategy implementation, high-quality and stable growth, innovation drive, in-depth reform, risk prevention, and guidance in Party construction, so as to ensure the successful conclusion of the "14th Five-Year Plan."