2025 First Quarter Results Presentation of China Communications Construction (601800.SH and 1800.HK)

Time: 28 April 2025 15:00-16:00

Location: Conference call

Attendees of the Company:

CFO and Board Secretary:LIU Zhengchang

Securities Affairs Representative:YU Jingjing

On-site Participating Organizations: more than 40 organizations, including GF Securities, Huatai Securities, UBS Securities and Morgan Stanley.

Part II Q&A

1. What is the Company's outlook for the second quarter? Will the funds be available in April? Can the cement shipment data and the Company's operations be verified?

Answer: In the first quarter, the Company's key financial indicators experienced a year-on-year decline due to the actually short available time for construction and the delay in government payments. These indicators are expected to gradually normalize in the second quarter. **Firstly,**the Company will allocate additional resources based on project progress to expedite the transformation of current output value and operating income. **Secondly,**the contracts in progress by the end of last year are expected to exhibit a relatively high conversion rate in the second quarter. **Thirdly,**the availability of funds will improve. The special bonds issued by the government last year will be released more quickly, providing effective financial support for the advancement of the Company's projects. **Fourthly**,the Company's intensified transformation and upgrading of emerging businesses will significantly support major economic indicators. Overall, business progress in the second quarter will accelerate, compensating for the deficiencies of the first quarter.

2. Will the growth rate target proposed by management in the 2025 annual report remain unchanged, and will the annual goals be strictly pursued?

Answer: The Company assessed and finalized the 2025 plan target at the board meeting in January this year, aiming for a year-on-year growth rate of 7.1% in new contract amount and 5.0% in operating income. The above-mentioned indicators are already at a relatively high level among the same industry of central state-owned construction enterprises. This indicates that while fully analyzing its own development possibilities, the Company is also committed to meeting the expectations of investors. Please rest assured, investors. We will be more motivated and diligent.

3. The Company's credit impairment write-back increased in the first quarter. What will the credit impairment situation be like in the coming months?

Answer: The Company's impairment provision policy remains relatively without any adjustments in recent years. The Company's businesses remain relatively stable, notwithstanding minor fluctuations observed in certain months. Nonetheless, the overall provision ratio and policy adjustments for the entire year will remain unchanged. The Company's strategy of maintaining stable operations persists, and its capacity to mitigate risks has markedly enhanced. For more details, please refer to the specific data presented in the semi-annual and annual reports for this year.

4. During the first quarter, overseas orders significantly increased. Could you please specify the regions and types of projects that contributed to this growth?

Answer: The Company rigorously adheres to the strategy "focusing on comprehensive transportation and big cities, and prioritizing overseas markets and businesses related to rivers, lakes and seas". With the expansion of its international operations as a priority, collaborative efforts are made through four overseas platforms, including China Harbour Engineering Company and China Road & Bridge Corporation. From a country-specific construction standpoint, the Company maintains permanent offices in 139 countries and regions to collect information and provide service support. The growth in overseas orders for the first quarter met expectations, primarily due to substantial contributions from traditionally advantageous regions such as Africa and Southeast Asia. Meanwhile, new achievements were made in Latin America and Europe. Currently, the Company's overseas business operations are in favorable condition, with intensified efforts to expand the market. In 2024, the new contract amount from overseas regions experienced double-digit growth. In the first quarter of this year, the growth rate of new contract amounts reached 17.14%. Operating income also achieved positive year-on-year growth, and the profit level remained relatively stable and improved.

5. In the first quarter, there was a significant increase in design orders. What are the underlying reasons or driving forces contributing to this growth, and is it possible to achieve an increase in construction orders from these design orders subsequently?

Answer: The new contract amount for design business in the first quarter was RMB 15.516 billion, representing a year-on-year increase of 53.15%. The primary reason is that the relatively small base last year and the substantial influence of certain individual projects lead to a relatively high data elasticity. Over the past two years, the Company has actively pursued the spin-off listing of CCCC Design & Consulting Group Co., Ltd. There has been a notable increase in business volume within the sectors of surveying, design, consultation, and supervision. However, the absolute value of these activities remains smaller compared to EPC projects, and we are under pressure to secure more design contracts. The significant increase in new contracts for design service within a single quarter is primarily attributable to the previously low base and does not indicate an adjustment in the Company's strategy.

6. What are the expansion forms for the Company's energy and water conservancy business, and what are the primary methods and sources for project acquisition?

Answer: With regard to the energy business, since the implementation of the "14th Five-Year Plan", the Company has expedited its transformation and development within the new energy sector, and has initiated specialized sector integration to consolidate its strengths to establish dedicated companies for new energy businesses. Currently, significant advancements have been achieved in fields such as offshore wind power, deep-sea engineering, and deep-sea pipe laying.

Regarding the water conservancy business, the Company has enhanced the upstream-downstream coordinated development in the water conservancy industry. It is anticipated that numerous water conservancy projects will be initiated within the year. Furthermore, the Company will persist in monitoring a series of significant projects and undertake major national-level water conservancy projects.

7. What are the Company's considerations regarding dividends? Can the absolute dividend per share be more predictably forecast in the future?

Answer: The Company places significant emphasis on market value and stock price. Over the past three years, it has undertaken extensive research and learning activities to improve the quality of its controlled listed companies. Following the issuance of the *Regulatory Guidelines for Listed Companies No. 10 - Market Value Management* by the China Securities Regulatory Commission, the Company has thoroughly solicited market opinions through performance briefings and communication and survey with investors. More efforts have been made to improve the "toolbox" for market value management, refine and improve the scientific, continuous, and stable dividend policy: **Firstly,**based on the previous year's foundation, the Company has established a regular mechanism for annual pre-dividend distribution, increasing the frequency from once a year to no less than twice a year. **Secondly,** it is proposed to further increase the dividend ratio contingent upon a certain improvement in cash flow. For instance, in 2024, in view of the positive net profit attributable to the parent company and a net inflow of operating cash flow, the Company raised the cash dividend ratio from 20% to 21%. **Thirdly,**based on policy requirements and market arrangements, each case may be evaluated individually, with additional special considerations as necessary. In conclusion, with respect to the dividend policy, the Company will persist in maintaining transparency and appropriately increase the dividend ratio as the case may be.

8. Following the issuance of special treasury bonds valuing RMB 2 trillion at the end of last year, and an additional issuance of approximately RMB 1.5 to 1.6 trillion by the end of April this year, what is the Company's current status regarding collections, particularly concerning long-term receivables? Is there a potential for a substantial advancement in the reduction of pressure from long-term receivables within this year? When the proportion of accounts payable to total liabilities is less than 30%, what

measures can be taken to effectively manage and forecast the cash flow for this year?

Answer: Currently, the absolute value and proportion of the Company's long-term receivables are relatively substantial. The primary reason is attributable to the fact that, in recent years, several of the Company's investment projects have encountered phased issues related to government contract fulfillment. At the end of last year, a special bond policy was issued by the Central Government. Through this policy, the Company recovered a substantial amount of funds, thereby alleviating some financial pressure. However, when compared to the government's overall fund payment capacity, there remains significant room for further optimization. In the previous year, the government's initiatives for debt liquidation primarily concentrated on addressing the accumulated long-term receivables. The special bonds and special treasury bonds issued by the Central Government were predominantly utilized to address outstanding debts associated with significant projects in various provinces and autonomous regions. This year, more substantial efforts in this regard are anticipated. Meanwhile, the absolute value and proportion of the Company's accounts payable are both within a reasonable range and above the industry average. The Company will continue to fulfill its social responsibilities and diligently settle payments with migrant workers and SMEs.