



中國建築

CHINA STATE CONSTRUCTION

Stock Code : 601668.SH

2020 INTERIM RESULTS PRESENTATION

**Wuhan Huoshenshan Hospital*

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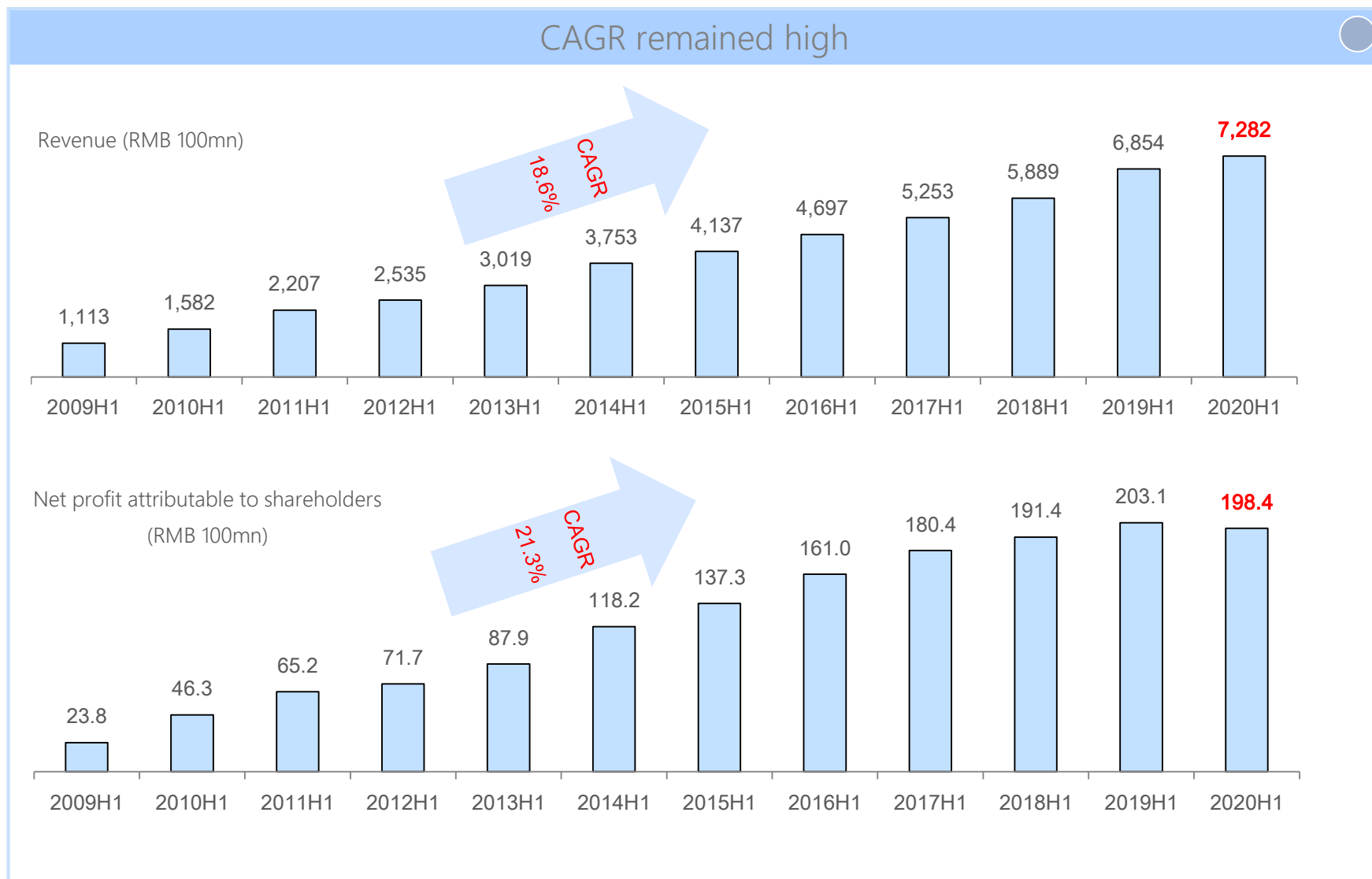
Investment Highlights

1 Revenues & Profits

Growth rate of major indicators returned to positive

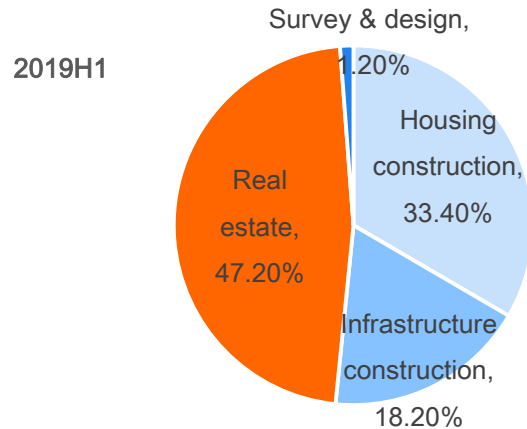
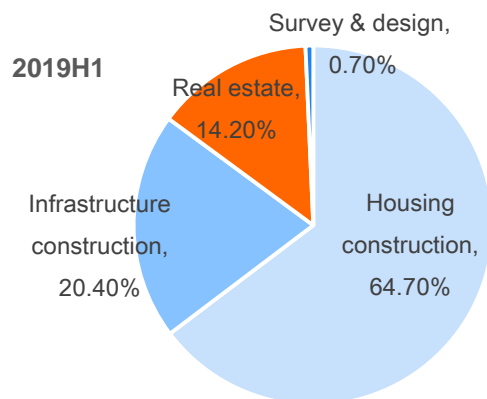
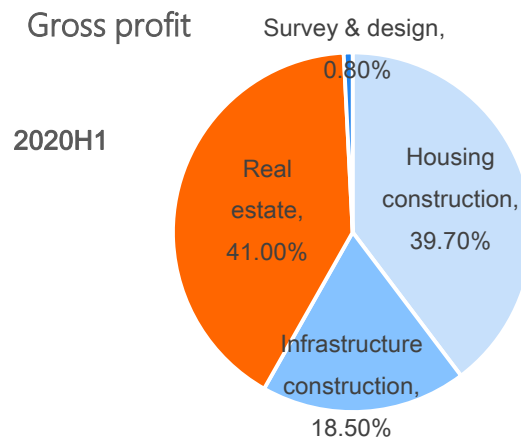
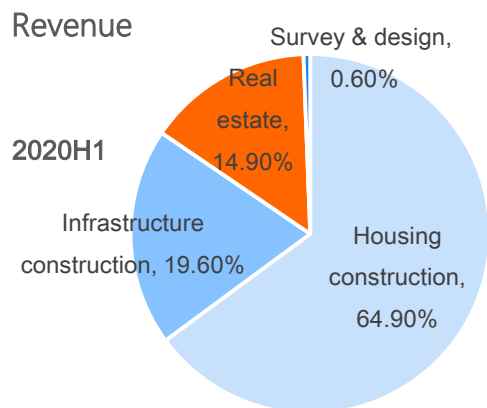
Financial Index	2020H1 (RMB 100mn)	2019H1 (RMB 100mn)	Increase (%)
Revenue	7,281.9	6,854.2	6.2
Operating profit	432.6	417.1	3.7
Net profit attributable to shareholders	329.3	321.5	2.5
Net profit attributable to shareholders (after deducting non-recurring P&L)	198.4	203.1	-2.3

1 Revenues & Profits (con't)



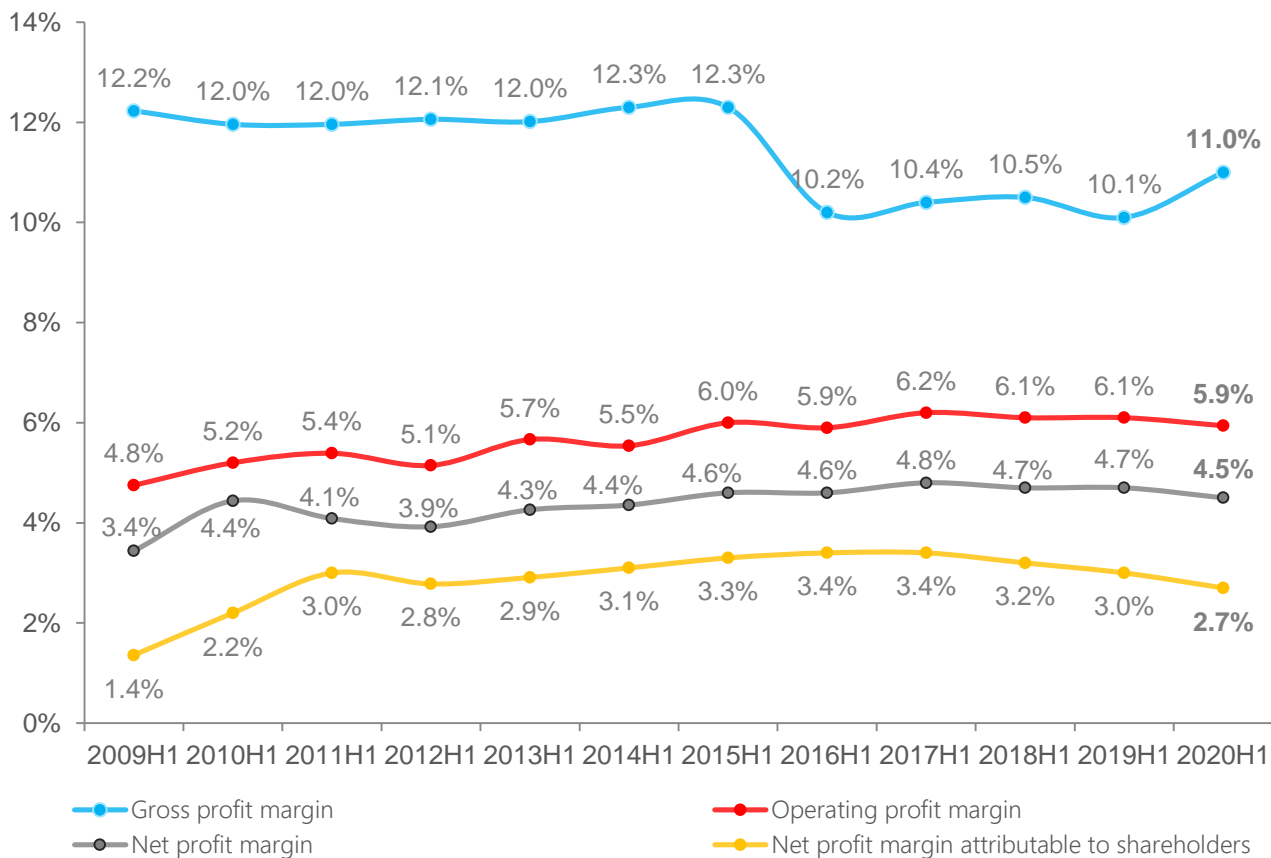
2 Results Breakdown by Business Line

Housing construction made a greater contribution to profit



3 Overall Profitability

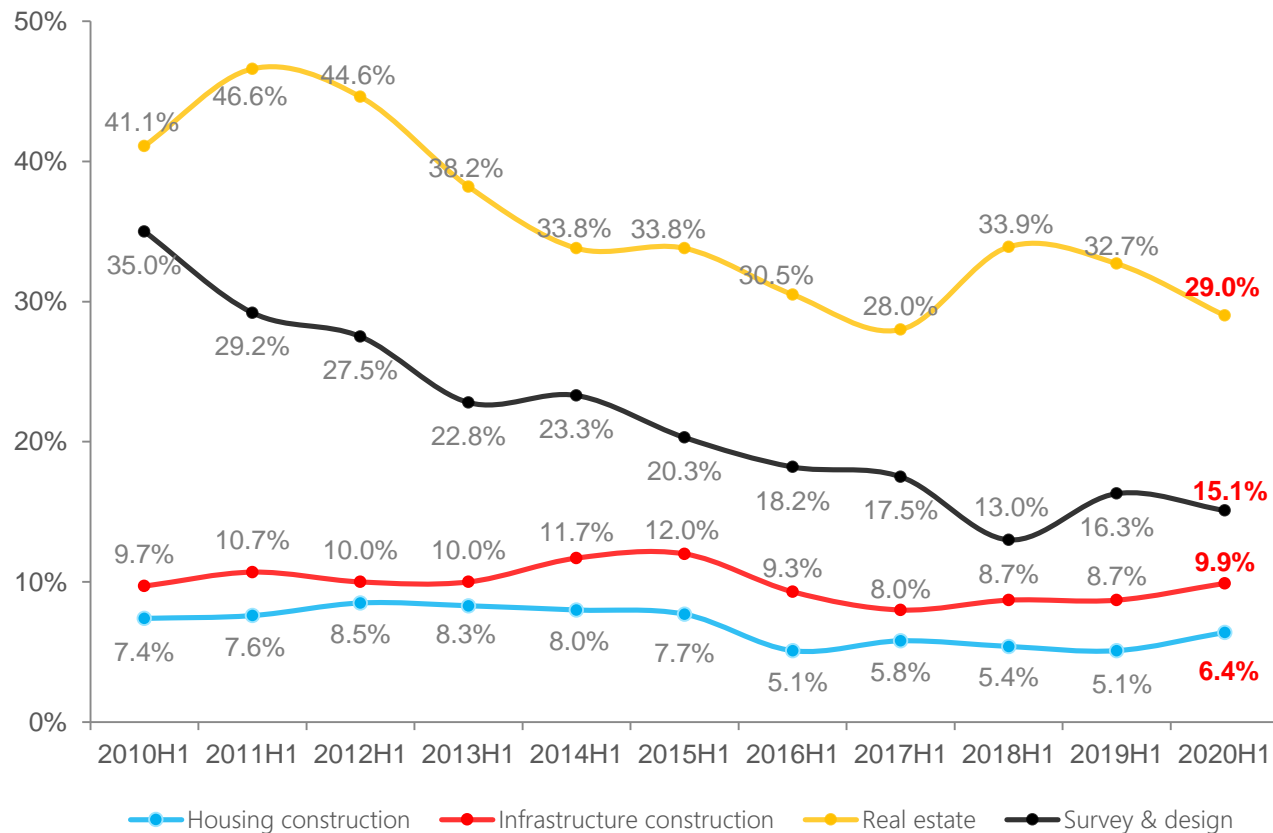
Slight decrease in profitability



Data sources: interim reports. Due to the replacement of business tax with value-added tax, gross margins are not calculated on the same basis.

3 Overall Profitability (con't)

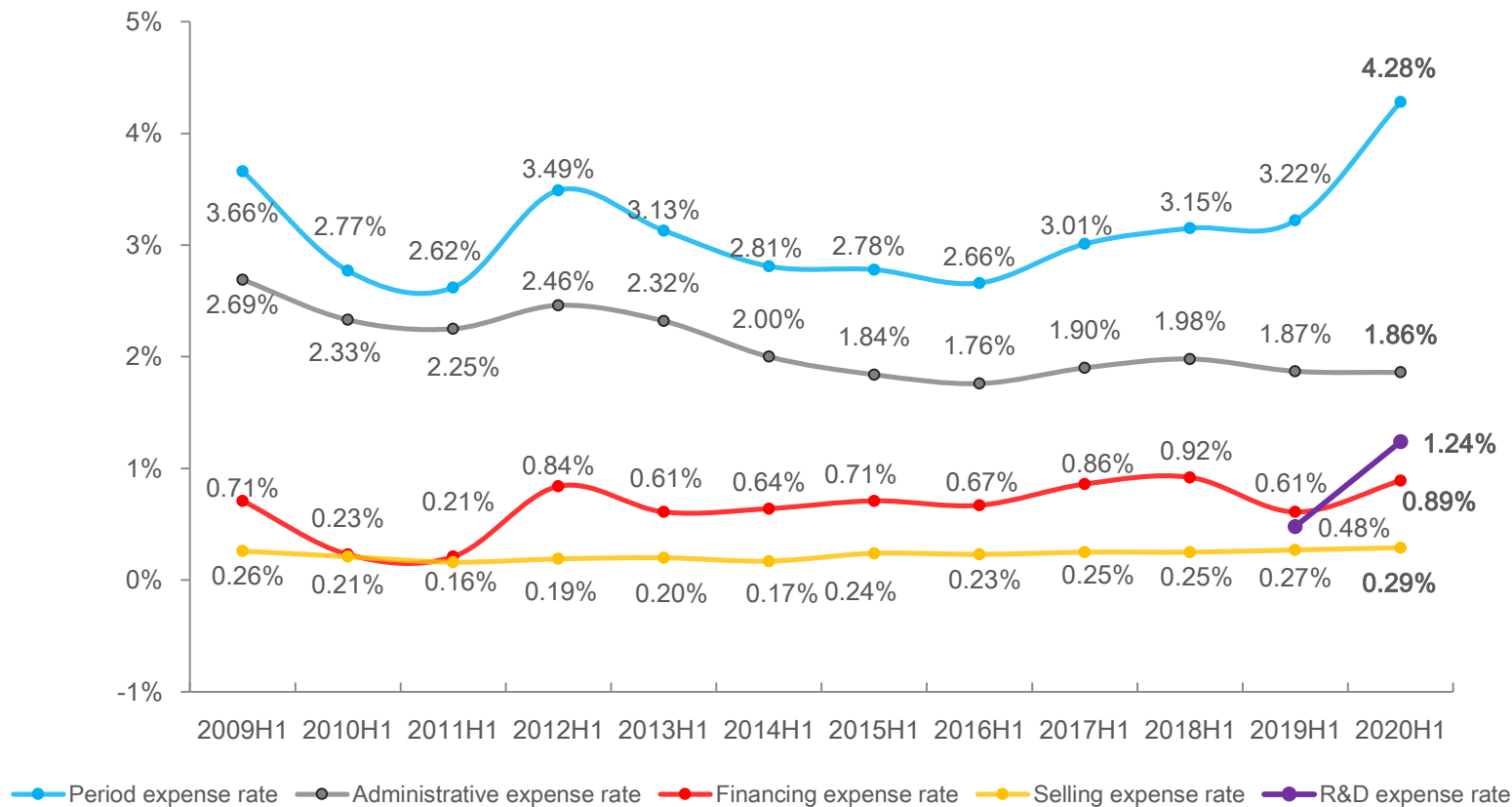
Gross profit margins of housing and infrastructure construction rebounded



Data sources: interim reports. Due to the replacement of business tax with value-added tax, gross margins are not calculated on the same basis.

3 Overall Profitability (con't)

R&D expense rate drove up expenses during the period



Data sources: interim reports. Due to the change of the financial report format, the administrative expense rates are not calculated on the same basis.

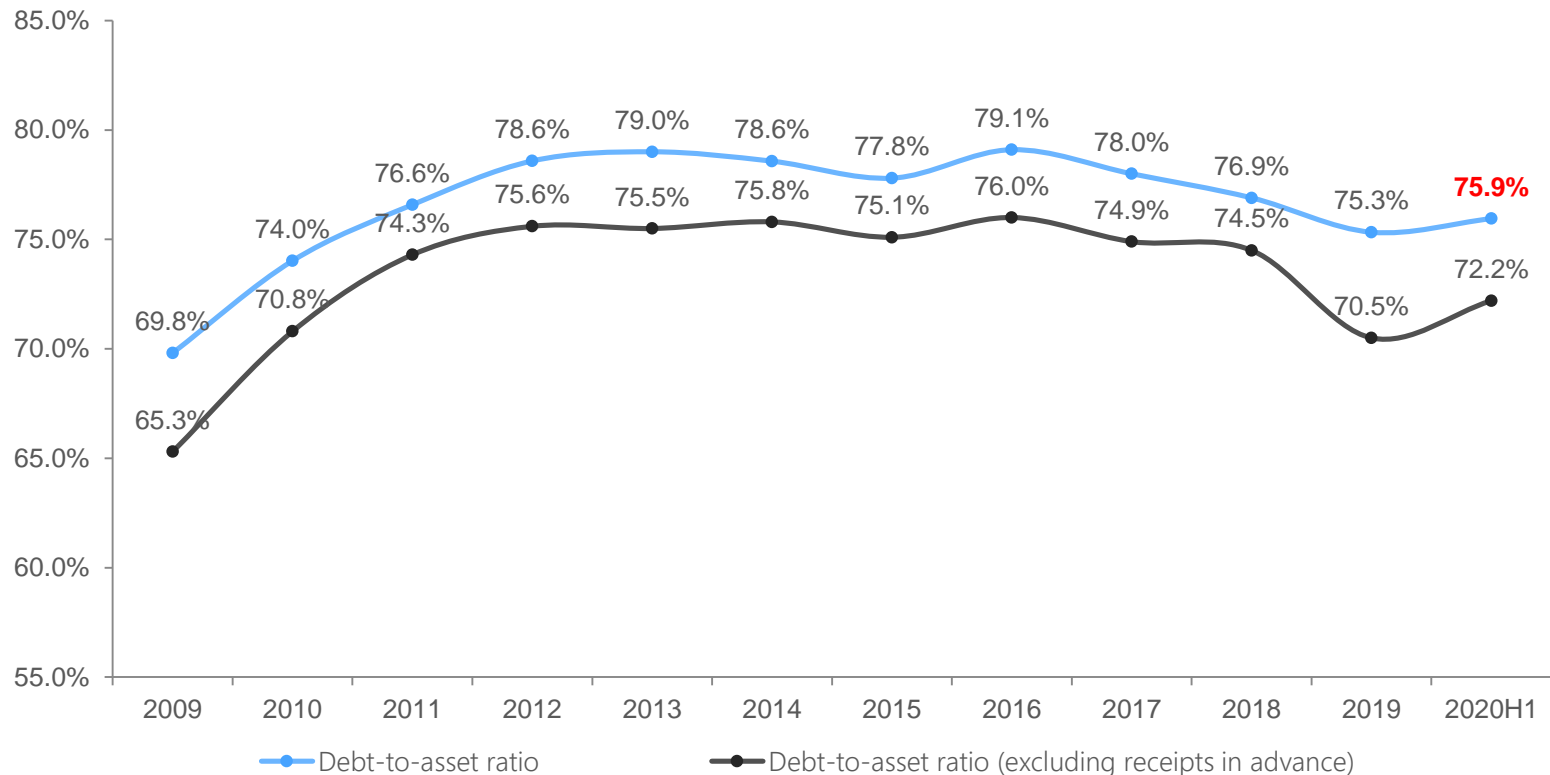
4 Assets & Returns

Steady growth in earnings per share

Financial index	Unit	2020H1	2019A	Growth rate
Total assets	RMB 100mn	21,754	20,345	6.9%
Net assets (Equity)	RMB 100mn	5,233	5,018	4.3%
Net assets attributable to shareholders	RMB 100mn	2,778	2,772	0.2%
Earnings per share (XD)	RMB	0.47	2019H1 : 0.45	4.4%
Liability/asset ratio	%	75.95	75.33	0.62%
ROE	%	6.98	2019H1 : 7.52	-0.54%

4 Assets & Returns (con't)

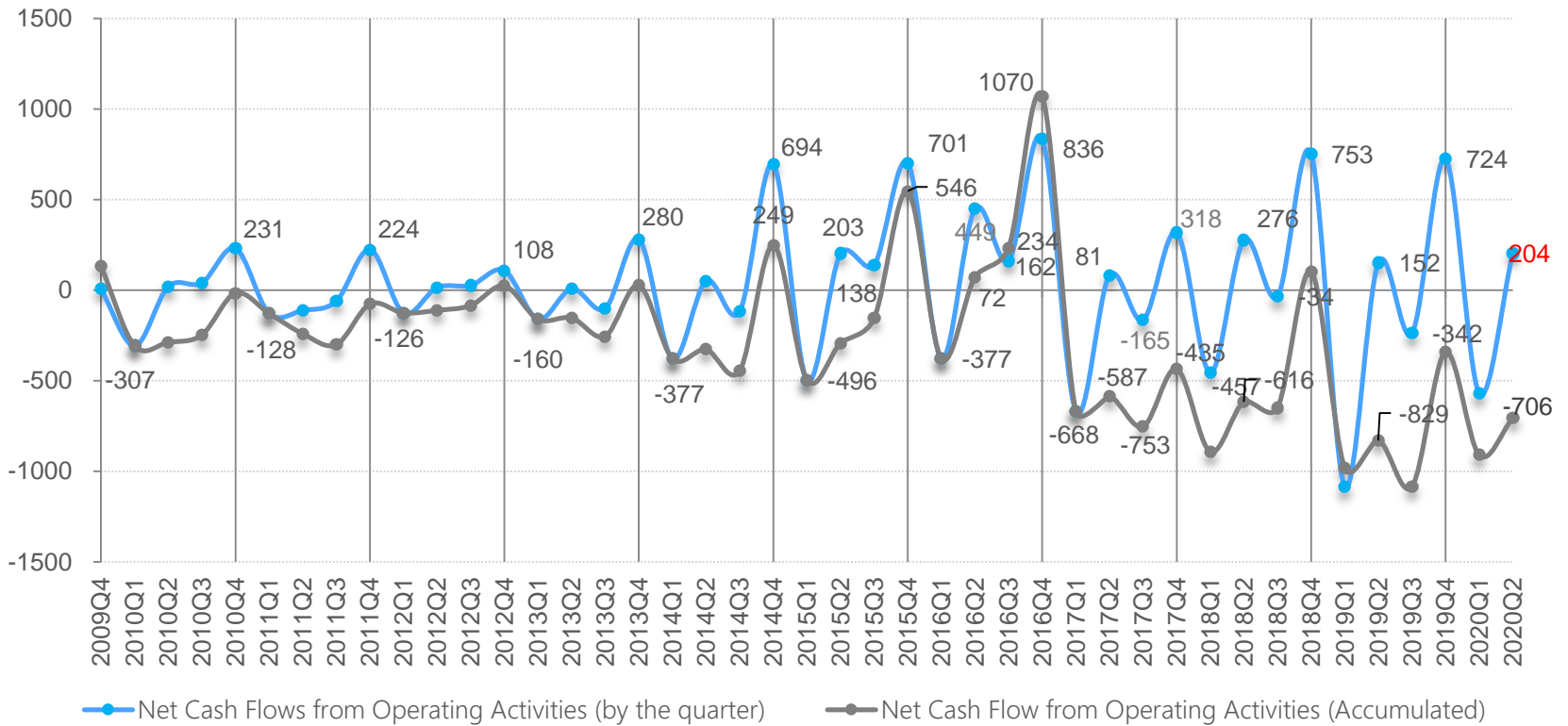
Stable Debt-to-asset ratio



5 Cash & Cash Flow

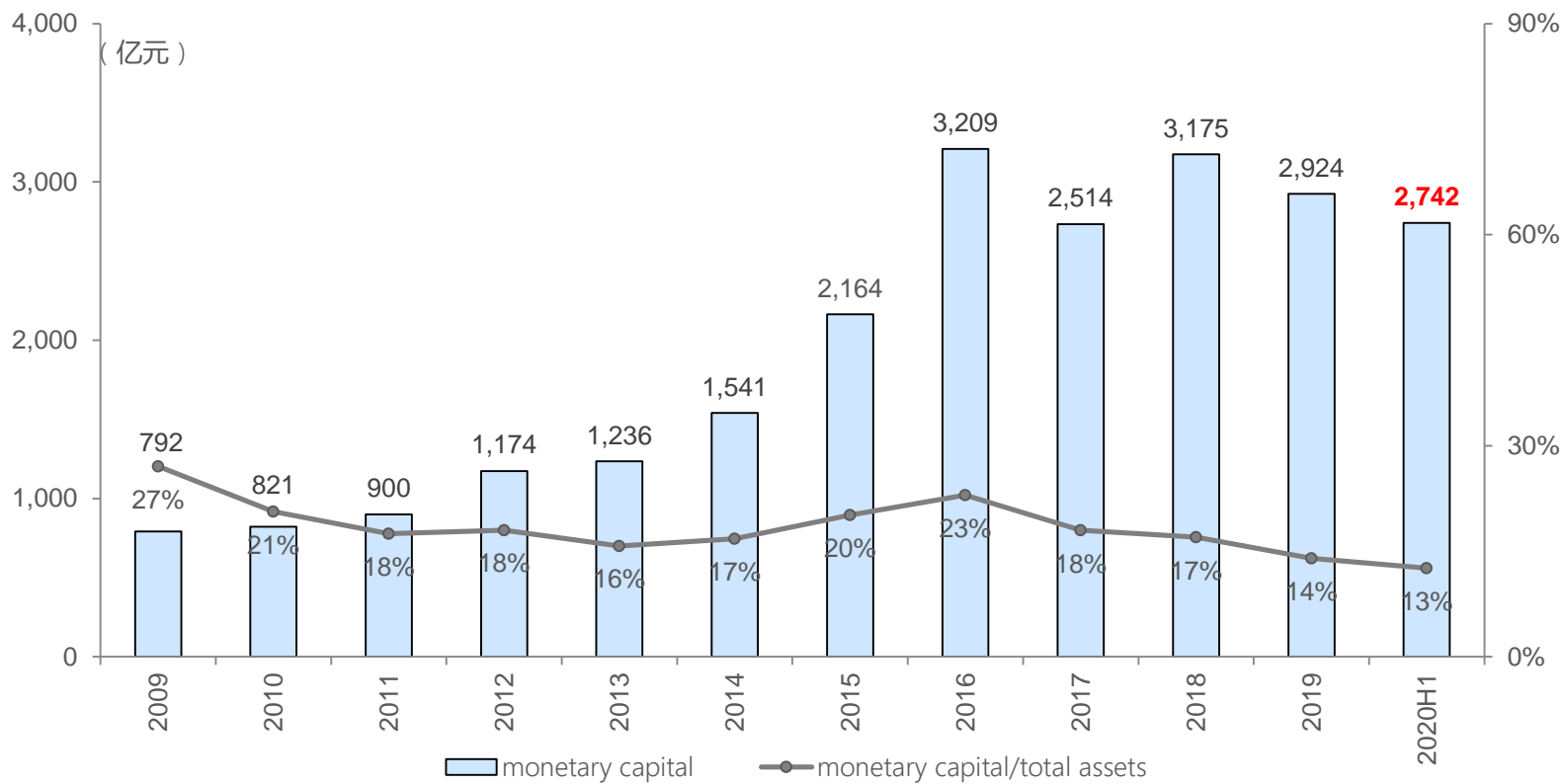
Cash flow faced challenge

Cash Flow from Operating Activities (RMB 100mn)



5 Cash & Cash Flow (con't)

Decline in the scale of monetary capital



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Investment Highlights

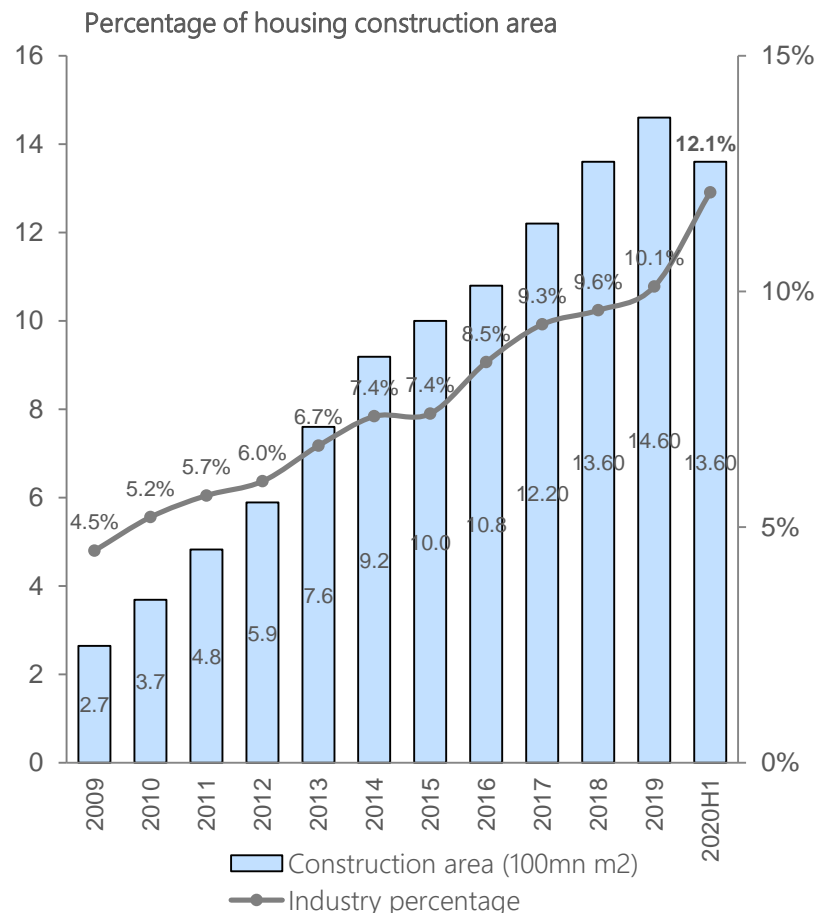
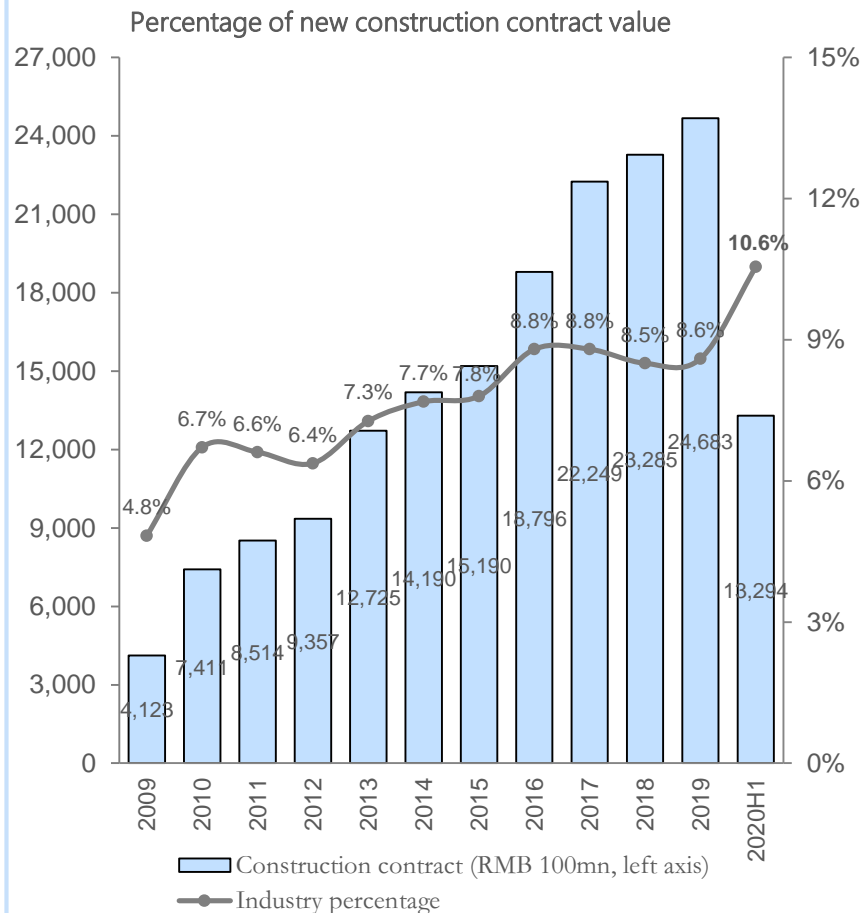
1 Contract Value

Infrastructure business recovered and grew

Segment	2020H1 (RMB 100mn)	2019H1 (RMB 100mn)	Change (%)
New contract value for construction businesses	13,294	12,518	6.2
Housing construction	10,617	10,351	2.6
Infrastructure construction	2,610	2,112	23.6
Investigation and design	68	55	23.2

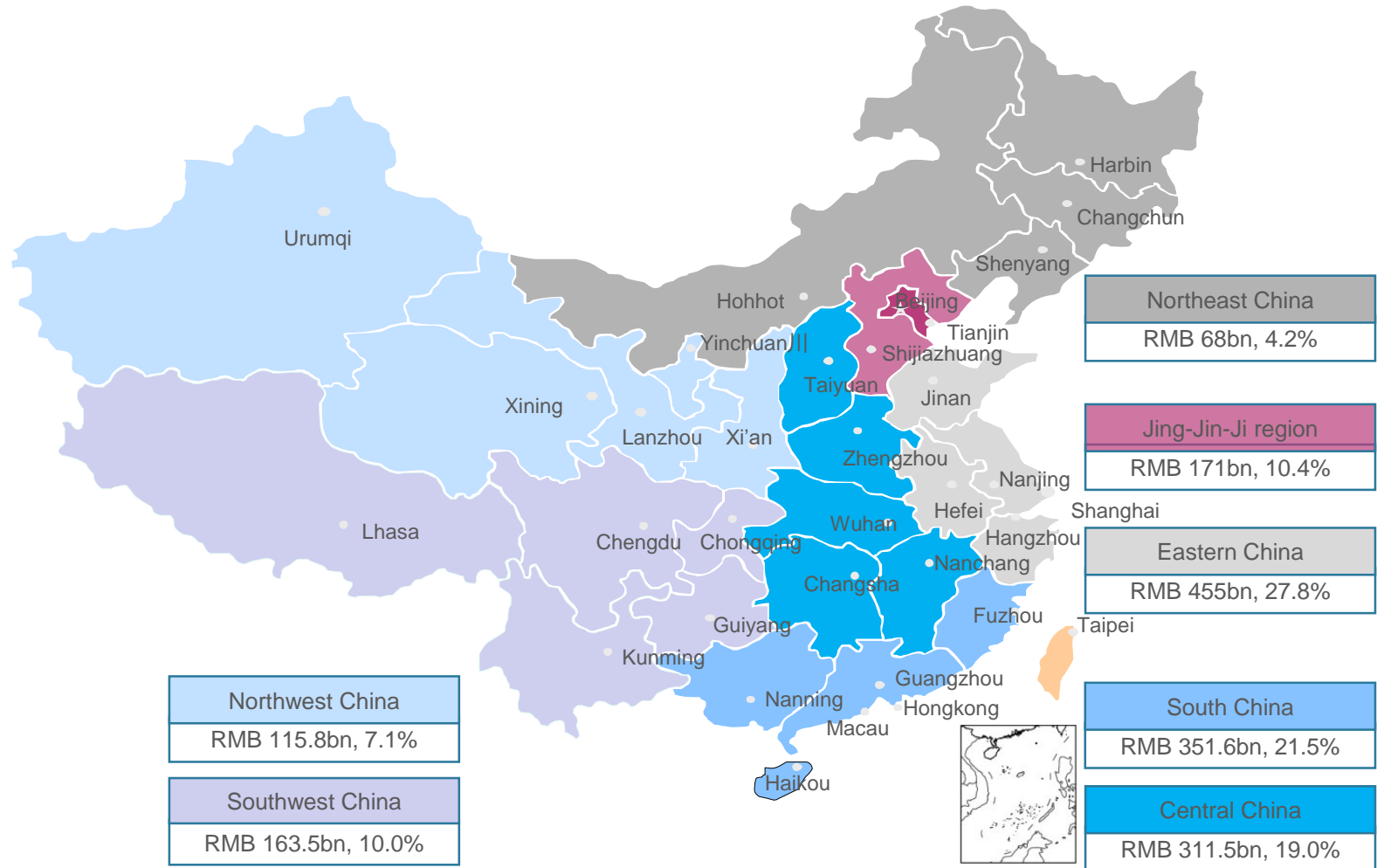
2 Construction

Rising market share



2 Construction (con't)

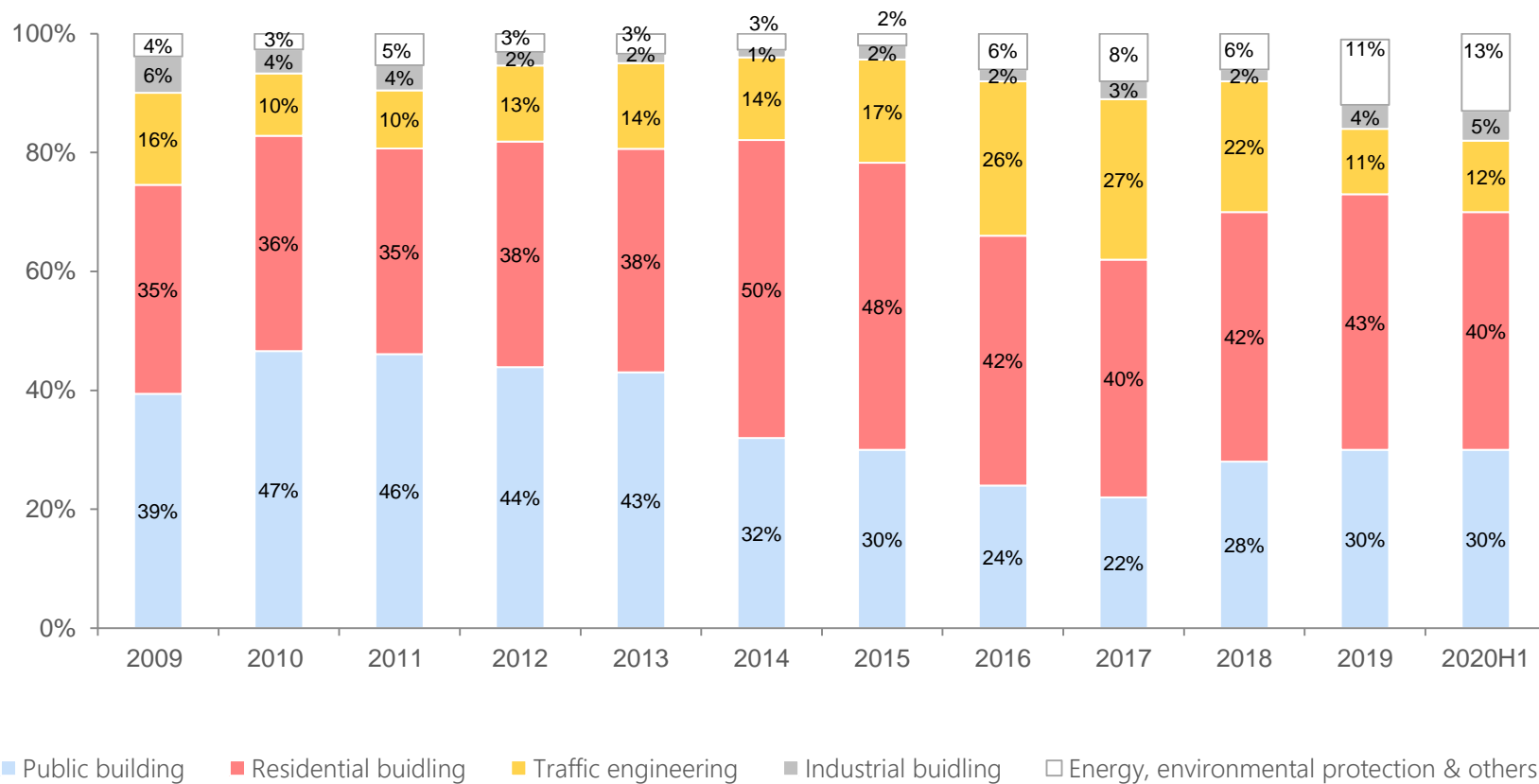
Reasonable and balanced regional distribution



2 Construction (con't)

Increase of the proportion of traffic engineering

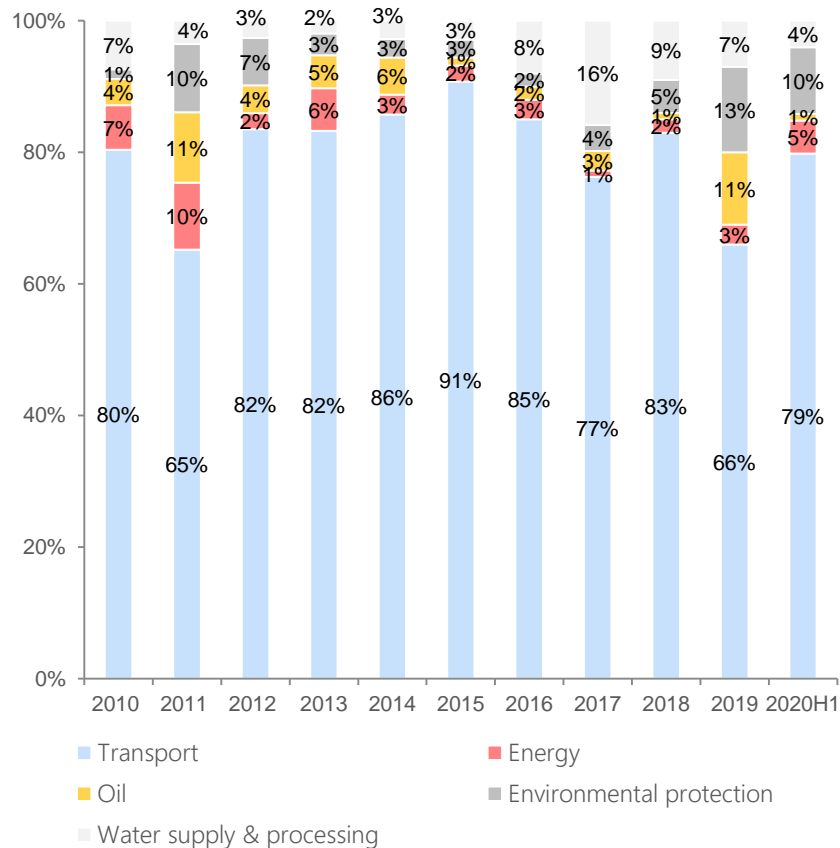
New construction contracts value breakdown



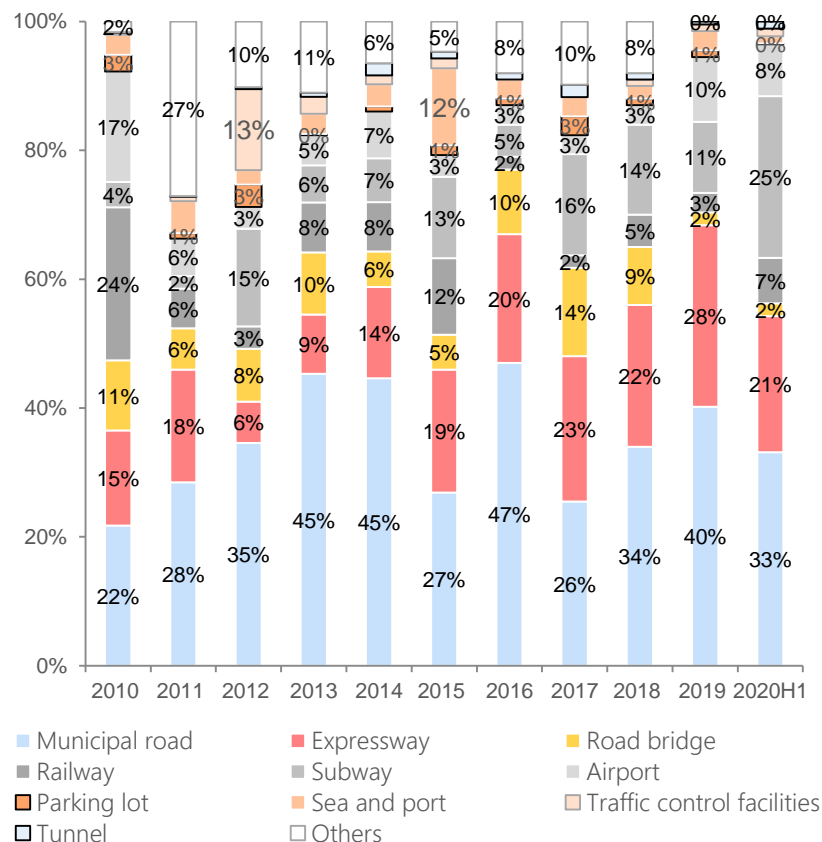
2 Construction (con't)

Significant improvement in rail transit

Composition of Infrastructure Construction contracts

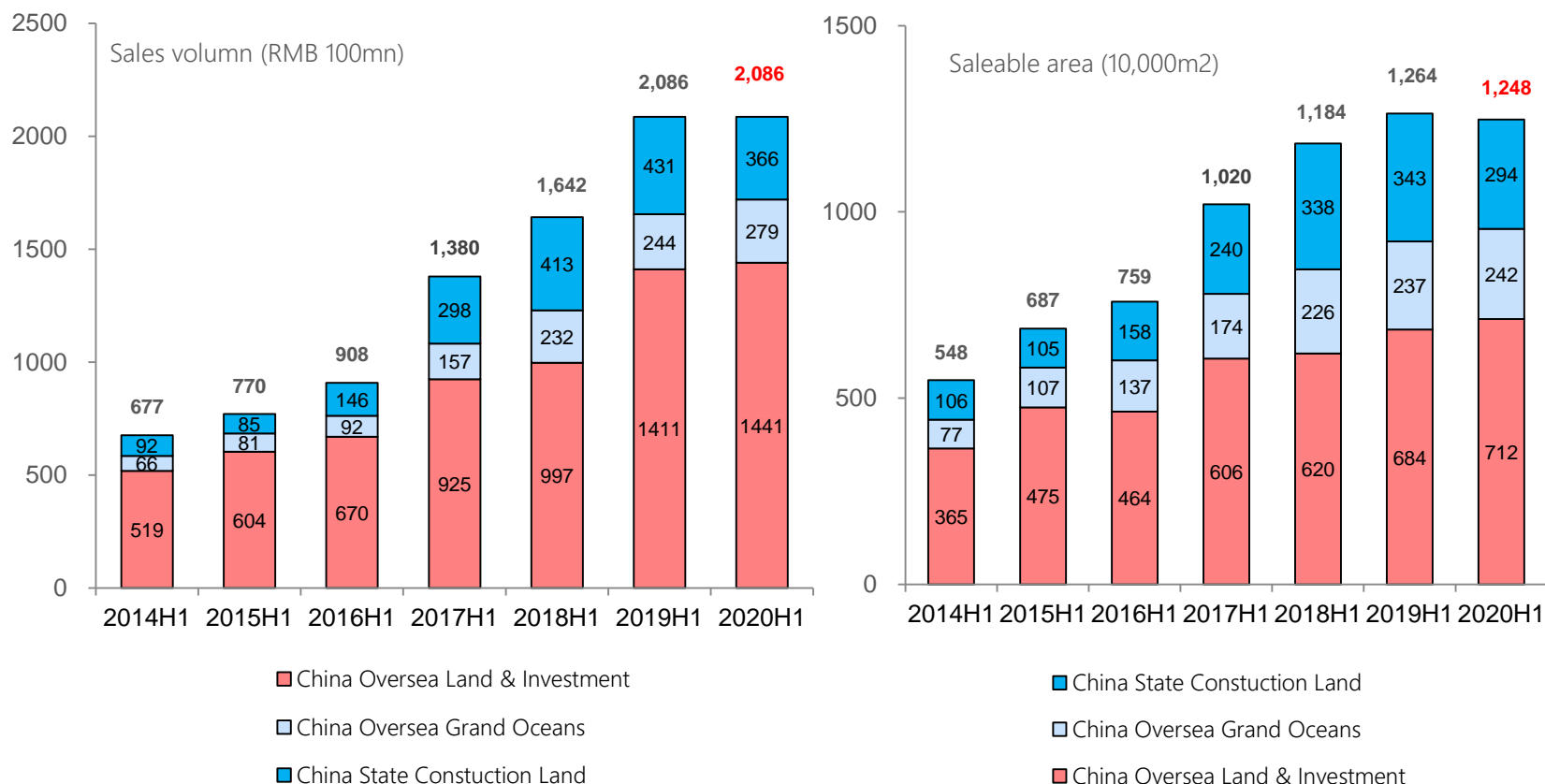


Composition of transport project contracts



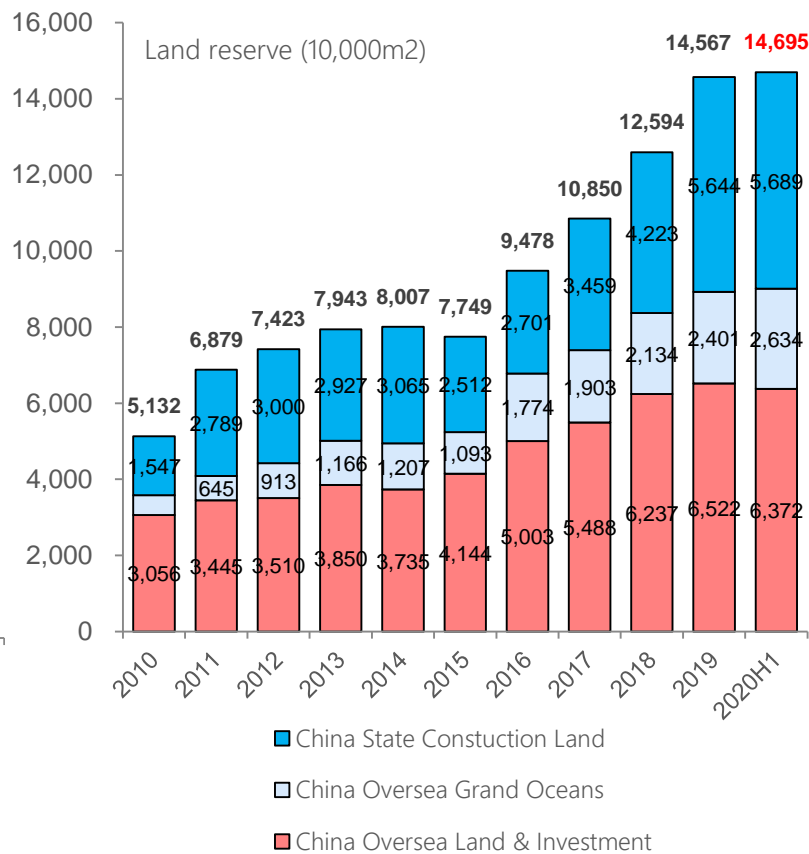
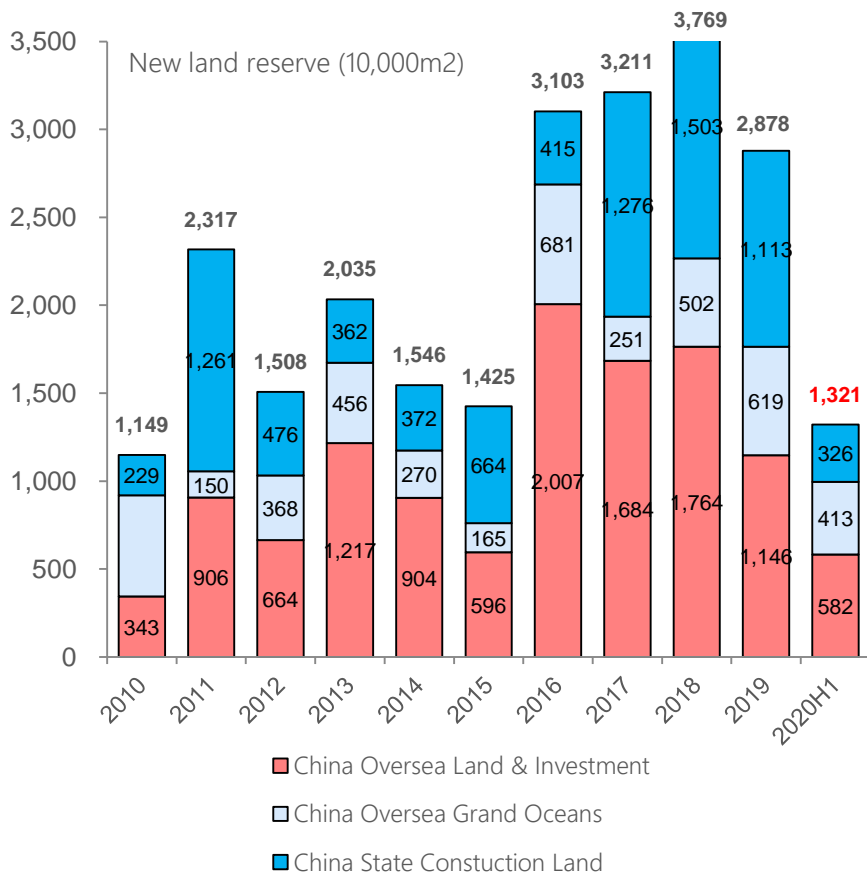
3 Real Estate Development

Stable sales of real estate



3 Real Estate Development (con't)

Sufficient land reserve



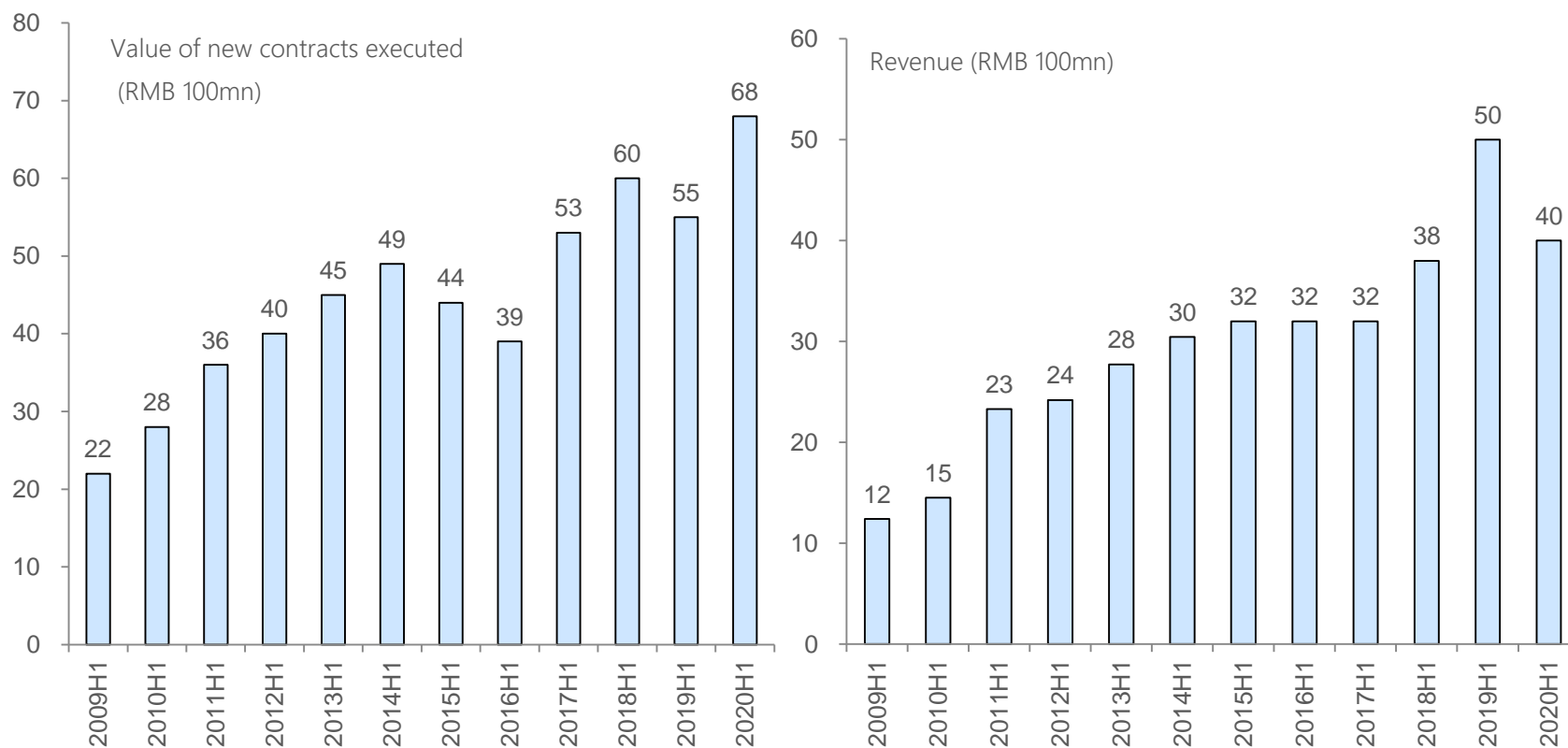
3 Real Estate Development (con't)

Over 70% of inventory in first-tier and provincial capital cities

City \ Year	2020H1		2019A		Change (%)
	Amount (RMB 100mn)	Percentage (%)	Amount (RMB 100mn)	Percentage (%)	
Total	5,824	100	5,527	100	5.4
Tier-one cities	1,376	23.6	1,310	23.7	5.0
--Shanghai	391	6.7	401	7.3	-2.5
--Beijing	710	12.2	695	12.6	2.2
--Guangzhou	121	2.1	112	2.0	8.0
--Shenzhen	154	2.6	103	1.9	49.5
Provincial capital	2,985	51.3	2,397	43.4	24.5
Where : --Jinan	274	4.7	308	5.6	-11.0
--Wuhan	315	5.4	264	4.8	19.3
--Chengdu	262	4.5	259	4.7	1.2
Other cities	1,463	25.1	1,820	32.9	-19.6

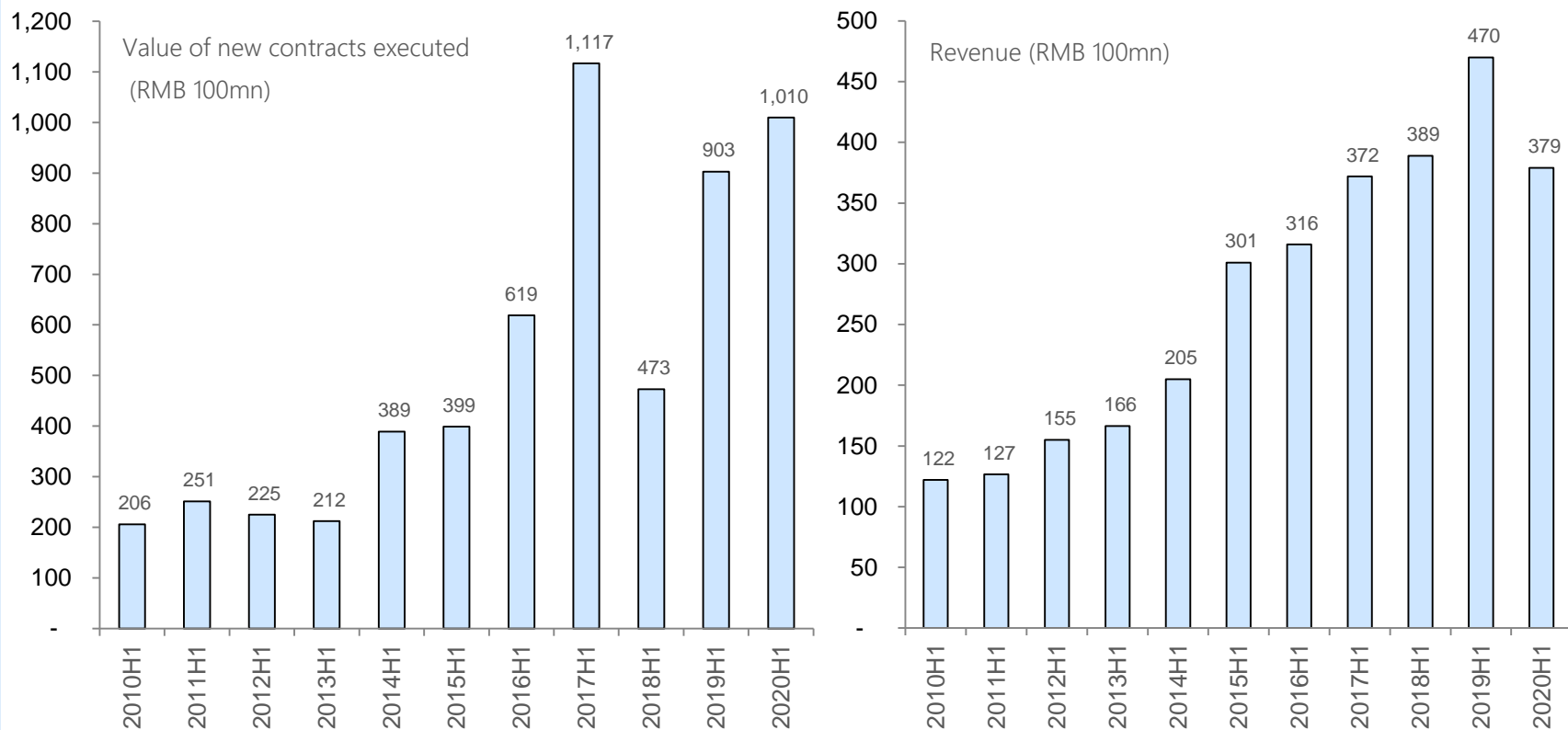
4 Survey & Design

Survey & Design maintained its scale



5 Oversea Businesses

Overseas contract value continued to grow



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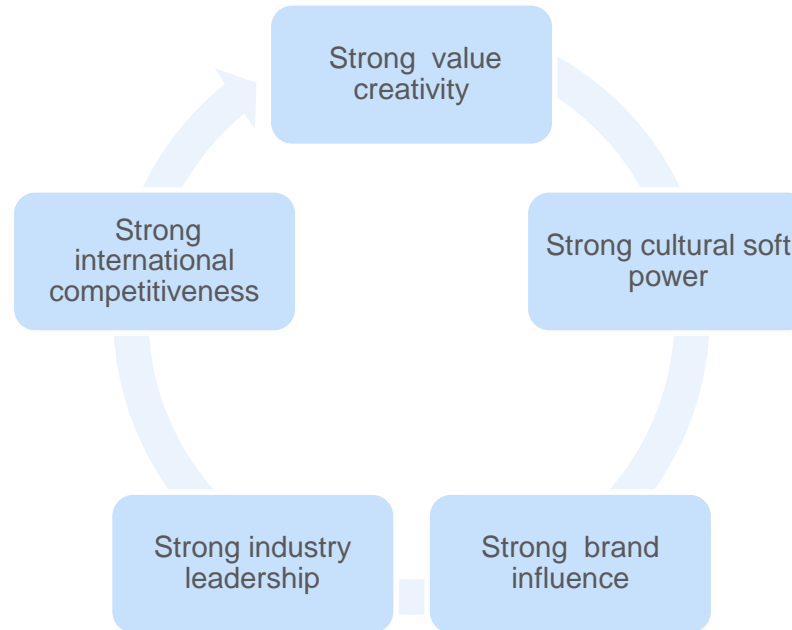
Main Achievements

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Investment Highlights

1 Strategic Guidance

Solidly advance the “one creation and five aspects of strength” strategy



Indicator system

Preliminarily established 17 aspects such as the Company’s profitability, external evaluation, growth status, investment recognition, and employee satisfaction, which include 33 indicators such as the Company’s net profit, ROE, and P/E ratio.

Strategic measures

In-depth integration with the “14th Five-Year Plan”, focusing on nine strategic measures including enhancing technological innovation, improving governance efficiency, making great efforts to international operations, accelerating digital transformation, and promoting green development.

2 Macro-level Strategic Development

Coordinated layout in key areas and coordinated development

The Beijing-Tianjin-Hebei coordinated development area

- Successful completion and acceptance of the new stadium “Ice Arena” for the 2022 Winter Olympics.
- Undertaken a livelihood project, being the resettlement housing project of Group C in Rongdong Distric of Xiong’an.
- Won the bid for National Convention and Exhibition Center (Tianjin) Phase II.

The Yangtze River Economic Belt and The Yangtze River Delta

- Built Huoshenshan Hospital and Leishenshan Hospital in Wuhan rapidly.
- Shanghai-Suzhou-Nantong Railway undertaken was put into operation.
- Won the bid for the PPP project in Zhangjiagang Bonded Zone.

The Guangdong-Hong Kong-Macao Greater Bay Area

- Won the bid for the II phase of Shenzhen Metro Line 13.
- Won the bid for the project of Guangzhou Evergrande Football Field.
- Won the bid for the Studio City in Macau project.

- The total value of new contracts for the Company’s construction business in Beijing-Tianjin-Hebei Region (Xiong’an New District), the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area amounted to nearly RMB trillion, accounting for over 60% of the value of new contracts and reflecting the Company’s unwavering support for macro-level strategic development.

3 Principal Businesses

Good development momentum of principal businesses

A

Housing Construction

- **High-rise buildings:** Won the bid for the Changsha Greenland V Island Star City Light Tower; Suzhou International Financial Center, the tenth tallest building in China, was successfully completed and accepted.
- **Public buildings:** Won the bids for projects including the Xi'an High-tech Zone International Conference Center, Ningbo International Conference Center, and Yangtze River International Convention Center.
- **Rapid construction advantage:** Completed the construction and delivery of Huoshenshan Hospital and Leishenshan Hospital in Wuhan with high quality in only 10 and 12 days, respectively.

B

Infrastructure Construction

- **Rail transits:** Won the bids for projects including the II phase of Shenzhen Metro Line 13, the I phase of Chengdu Rail Transit Line 27, Xi'an Metro Line 8, and Changchun Metro Line 2.
- **Airports:** Won the bids for projects such as the first section of the terminal area of Hohhot New Airport.
- **5G network, data centers and other new infrastructures:** Nanning Zhongke Wireless Sensor 5G Industrial Park Project, Smart Parking Project of Shenzhen New Energy Bus Integrated Station, Guiyang Satellite Big Data Industrial Base, Shenzhen Pingshan New Energy Automobile Industrial Park and other projects.

C

Real-estate Development

- **Residential real estate:** Under the long-term mechanism of “stabilizing housing prices, land prices, and expectations”, maintain the balance between brand leadership, scale and benefit.
- **Commercial real estate:** Steadily increase its holdings of operating assets, owning 11.54 million square meters of investment properties encompassing office buildings, hotels, and commercial property, with a net book value of RMB 88.51 billion, accounting for 4.1% of the Company's total assets.

D

Overseas Business

- **Steady expansion:** The new terminal building project of Cambodia's New Phnom Penh International Airport, the 700-bed CHU Hospital in Algiers, Algeria, and the I phase infrastructure of Bulim Square in Singapore.
- **Ensuring compliance:** Key projects under the “Belt and Road” initiative including the extension of the southern expressway of Sri Lanka's transportation and economic artery, and the largest social housing project in Maldives with 7,000 social housing have been completed ahead of schedule.

4 Investment Business

Investment Payback remained high

investment category	Investment in 2020H1 (RMB 100 mn)	Investment payback in 2020H1 (RMB 100 mn)	Ratio of investment to income (%)	Proportion of investment payback (%)
Real estate development	1,125	1,167	104	73.4
Investment in infrastructure and housing construction	347	167	48	22.7
Comprehensive urban construction development	59.5	53	89	3.9
Total	1,531.5	1,387	91	-

PPP projects

- The Company has 374 PPP projects under implementation, with a planned interests investment of RMB 619.2 billion. The PPP business fields involved include municipal engineering, transportation, comprehensive development of towns and industrial parks, ecological construction and environmental protection.
- A total of 80 PPP projects of the Company has entered the operating phase.

5 Technological Innovation

Technological innovation focuses on practical results

A

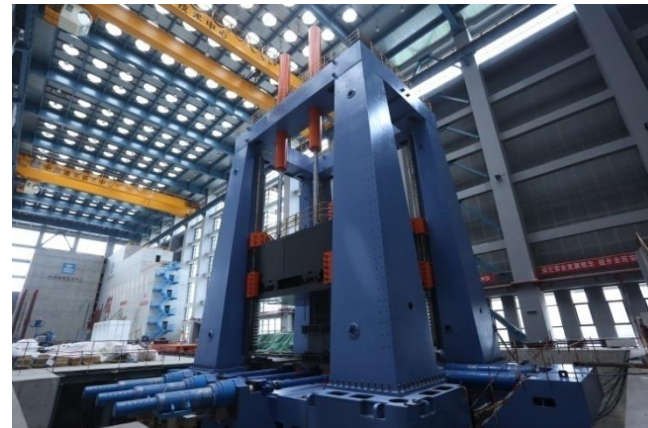
Investment
Guarantee

- Investments in research and development of RMB 9 billion, a year-on-year of 1.76 times;
- Intensity of investments in research and development is 1.2%, and there remains room for improvement compared with peers;
- The role of technological innovation has become more prominent, and the Company has released 153 medium and long-term key R&D directions in 10 areas.

B

Key
Breakthrough

- **Key equipment R&D and manufacture:** The successful application of the factory-style “residential building machine” in Chongqing Zhongjian Yuhu No. 1 project marking the gradual popularization and application of the “aircraft building machine” to conventional housing construction projects.
- **Rapid construction of prefabricated buildings:** The construction of over 100 hospital projects represented by the “Two Hospitals” in Wuhan integrates rapid construction service capabilities and prefabricated construction system technology to provide the society with healthy, efficient and environmentally friendly medical projects.
- **Ten thousand tons multifunctional experimental system:** It is the world’s only six-degree-of-freedom engineering structure experimental equipment with a vertical loading capacity of over ten thousand tons. It can conduct full-scale experiments for huge and complex structures in engineering fields at home and abroad.



6 New-type Business

Good momentum for new-type businesses

A

Building Industrialization

- **Steel structure:** With **China Construction Science and Industry** as the main body, a steel structure manufacturing industrial cluster with an annual production capacity of over 1.2 million tons was formed.
- **PC concrete:** With **China Construction Science & Technology** and **CSC International(3311.HK)** as the main body, the total designed annual capacity is about 4 million cubic meters, which can support the construction of about 50 million square meters of buildings each year, and the capacity utilization rate continues to increase.

B

Smart Construction

- **Focus on accelerating digital transformation:** Create new digital products such as smart construction sites, smart design, and smart real estate, and give play to the advantages of the industrial chain.
- **Pilot smart city implementation:** A demonstration site for smart city construction in Tanggu Bay, Tianjin has been built with good results.
- **Organic integration with “new infrastructure”:** Committed to using charging piles to explore new business areas covering smart buildings, smart parking, smart light poles, etc.



7 Social Responsibility

Take social responsibility

A

Poverty alleviation and employment secure

- All **three** targeted poverty alleviation counties in Gansu have been lifted out of poverty, and the local infrastructure has been effectively improved.
- Recruited **26,000** fresh graduates and organized 2 million migrant workers to return to work.

B

Epidemic prevention and control Work resumption

- Completed the construction and maintenance of Huoshenshan Hospital and Leishenshan Hospital in the first time;
- Designed and constructed 127 emergency projects at home and abroad;
- Under the premise of normalized prevention and control, adhering to the annual goals and tasks, and vigorously promote the resumption of work;
- Supported small, medium and micro enterprises and individual industrial and commercial households to tide over the difficulties, reduced or exempted more than RMB70 million in rents, and exempted RMB 166 million from tolls for expressways operated by the Company.



8 Outlook for 2020H2

Deepen reforms and push forward high-quality development

A

In Light of the Situation

- **Macro policy:** Adhere to the new development concept, take the supply-side structural reform as the main line, firmly grasp the strategic basis of expanding domestic demand, implement thoroughly the arrangements on “six stabilities” and “six protections”. In the second half 2020, fiscal policy will be more proactive and effective, and monetary policy will be more flexible, appropriate, and precise.
- **Epidemic prevention and control:** Coordinate epidemic prevention and control and enterprise production and operation, and persevere in normalizing epidemic prevention and control.

B

Major Tasks

- **Support for macro-level strategic development:** Continue to serve the national strategy in depth, demonstrate the responsibility as a central enterprise, unswervingly focus on the regions covered by the national strategy, and keep an eye on the urban agglomerations and metropolitan areas in the region.
- **Construction:** Continue to seize opportunities from “New infrastructure, new urbanization, and major projects such as transportation and water conservancy” and vigorously expand the innovative field of “new infrastructure”.
- **Real estate development:** Adhere to the principle of “no speculation in housing”, closely study and judge the market condition, balance the relationship between volume and price, increase sales, think from different perspectives, and respond scientifically.
- **Overseas business:** Unswervingly promote overseas operations, continue to stick to and continue to innovate.

C

Future Value

- **Strategic guidance:** Guided by the goal of “one creation and five aspects of strength”, scientifically plan the 14th Five-Year Plan, cultivate a new bureau, and open a new chapter.
- **Business model:** Focus on new areas and changes, innovative thinking and focus on building industrialization, digitalization, and informatization.
- **Capital operation:** Pay attention to market value management and promote the fourth phase of equity incentive plan.

Appendix: Overview of organizational structure of CSCEC



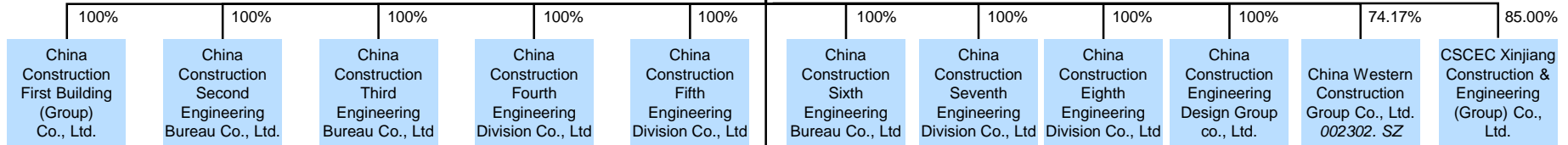
SASAC

100%

China State Construction Engineering Corp.
(“CSCEC”)

56.31%

China Construction Engineering Corporation Limited
(“China Construction”)
601668.SH
Credit Ratings¹: A/A2/A



PRC onshore
Offshore

1. Credit ratings are from S&P, Moody's and Fitch, respectively.
2. Only important subsidiaries are displayed.
3. CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. holds 31.43% share of China Western Construction Group Co., Ltd. (002302. SZ).

Thank you!

Q & A

NOTE:

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Factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to: COVID-19, industry competition, market risks, legal, fiscal and regulatory changes, international financial condition, political risks, project approval and other risks beyond the company's control.

Please pay attention before you invest.



**Yunnan Huali highway*