

**Theme: 2020 Annual Performance Briefing of China
Communications Construction
April 1, 2021**

Moderator: Good morning, investors, researchers and friends from the capital market! Welcome to the 2020 Annual Performance Briefing of China Communications Construction, and thank you for your long-term attention and support to our Company.

On the premise of legal compliance and epidemic prevention & control and in line with the principle of higher work efficiency and guaranteed meeting quality, we hold this performance briefing through multiple channels, so as to fully cover the needs of various investors in the market.

We have got part of the management of the Company and some directors of certain functional departments on the site. Also, the analysts from domestic and foreign research institutions and many investors and friends from the capital market who are concerned about the Company's development are attending this meeting online or offline. First of all, please allow me to introduce the Company management present at this meeting. They are:

Chairman of the Company, Mr. Wang Tongzhou

CFO of the Company, Mr. Zhu Hongbiao

Vice President of the Company, Mr. Chen Zhong

Board Secretary and Company Secretary, Mr. Zhou Changjiang

I am Yu Jingjing from the Board Office (Strategic Development Department).

This meeting includes two parts. In Part I, the 2020 annual operating performance will be reported, while in Part II, the management will answer your top concerns.

I hope that through this meeting, you will be able to better understand the Company's operating performance in 2020, and that you can give your valuable comments and suggestions when the management shares the business prospects for 2021 and the medium and long-term business strategies. I hope that through this sincere exchange, we can further promote the high-quality, steady development of the Company and create greater value for our investors.

I. Reporting of the 2020 Annual Operating Performance

The overall operating performance in 2020 will be reported according to the international standards under the Hong Kong stock rules for half an hour. During the reporting, investors attending the meeting online can leave messages and ask questions at any time. After the reporting, the Company will answer the online questions in a centralized and timely manner.

(I) Financial Overview

In 2020, faced with a grim and complicated business situation, especially the severe impact of COVID-19 outbreak, the Group achieved sales revenue of RMB 624.495 billion, a year-on-year increase of 12.9%, owing to the carefully planning and thoughtful arrangement by the Company. In the second half of the year, the resumption of work and production was efficiently organized, so the revenue increased by 55% compared with the first half of the year. The gross profit was RMB 80.036 billion, a year-on-year increase of 15.5%. The operating profit was RMB 34.405 billion, with a year-on-year increase of 0.8%, which was mainly caused by other profits and losses and a substantial increase of R&D expenses in the overhead costs. The pre-tax profit was RMB 26.957 billion, a year-on-year decrease of 1.4%, which mainly resulted from the credit impairment losses. The profit attributable to the owners of the parent company reached RMB 16.475 billion, a year-on-year decrease of 17.6%, and this was mainly caused by an increase in both the income tax and the minority shareholders' equity. Compared with the first half of the year, the profit attributable to the owners of the parent company increased by 99% in the second half of the year, with a significant improvement in the performance. In terms of common stockholders, the Company proposed a cash dividend rate of 20% for the shareholders' meeting to deliberate, and the cash dividend for every 10 shares was RMB 1.8088.

(II) Contract Value of Each Segment and Orders in Hand

Under the impact of the epidemic, the Company explored the markets steadily around the ideas of mass transportation and big cities. The value of newly-signed contracts reached RMB 1,066.7 billion, with a year-on-year increase of 10.6%, which met the growth requirement that the annual operating target set by the Board of Directors at the beginning of the year shall not be less than 8%.

In terms of the confirmed contract amount of spot exchange projects

and investment projects, the confirmed contract amount of spot exchange projects reached RMB 889.8 billion, a year-on-year increase of 16.4%, accounting for 83%, while the contract amount of investment projects which was confirmed as per equity reached RMB 176.9 billion, a year-on-year decrease of 11.7%, accounting for 17%. In terms of the domestic and overseas markets, the domestic market accounted for 81%, while the overseas market accounted for 19%.

As of the end of last year, the total amount of outstanding contracts under execution reached RMB 2,910.3 billion, which maintained a reserve of contracts for the Company's subsequent sustainable operation and steady development.

(III) Newly-signed Contract Value in the Infrastructure Construction Business Segment

In regard to market development and revenue contribution, the infrastructure construction business was the largest business segment of the Company. The noticeable increase in the newly-signed contracts mainly lied in the expansion of the Company in the fields of mass transportation and big cities. Firstly, the newly-signed contracts for port construction projects amounted to about RMB 37.9 billion, a year-on-year increase of 33.6%, owing to the major project contributions made by the Company in the field of big rivers and seas. Secondly, the newly-signed contracts for road and bridge construction projects amounted to about RMB 276.9 billion, which was basically the same as that of the previous year. Thirdly, the newly-signed contracts for railway construction projects amounted to about RMB 15.4 billion, which accounted for a relatively small proportion, with a year-on-year decrease of 8.8%. Fourthly, in the field of urban construction which mainly involves municipal works, housing construction, environmental protection as well as first-level land infrastructure development of urban complexes, the newly-signed contracts amounted to about RMB 418.9 billion, a year-on-year increase of 21%, accounting for 44% of the infrastructure construction business segment, for which great efforts had been made.

(IV) Revenues of the Company

The infrastructure construction business achieved revenue of about RMB 560.9 billion, accounting for 86.2% and with a year-on-year increase of 13.8%, which mainly resulted from the increase in revenue

contribution from highway and urban construction. The infrastructure design business achieved revenue of about RMB 40 billion, accounting for 6.1% and with a year-on-year increase of 5.2%. The dredging business boasted revenue of about RMB 38.4 billion, accounting for 5.9% and with a year-on-year increase of 11.1%, which mainly resulted from the increase in revenue contribution from individual large-scale domestic projects, especially traditional projects. Other businesses achieved revenue of RMB 11.4 billion, accounting for 1.8% and with a year-on-year increase of 18.5%. On the whole, in the second half of the year, the revenue increased remarkably by 55% compared with the first half of the year.

(V) Performance Distribution

The infrastructure construction business generated an operating profit of RMB 29 billion, a year-on-year increase of 2.4%. As can be seen, its gross profit increased significantly, but its operating profit did not increase obviously, which mainly resulted from the exchange loss caused by appreciation of RMB and a substantial increase of R&D expenses in the overhead costs. The infrastructure design business achieved an operating profit of RMB 3.4 billion, with a year-on-year decrease of 8.7%, mainly because the significant increase in revenue of EPC general contracting projects brought the growth of scale effect, but the gross profit margin was relatively low. The dredging business boasted an operating profit of RMB 1.9 billion, a year-on-year increase of 10.2%. Other businesses achieved an operating profit of RMB 257 million, which decreased somewhat.

(VI) Analysis of Operating Cost Structure

From the perspective of operating costs, the costs of raw materials and consumables accounted for 31%, the subcontracting costs accounted for 40%, and the salary of employees accounted for 9%, which was basically the same as that in previous years. The histogram on the right indicated the proportion of costs to revenues and showed that no significant changes occurred in comparison with the year 2019, which demonstrated that over the past year, the Company had continued to strengthen control over the costs. Besides, the price of raw materials had certain impact upon the Company, but the operating performance was not substantially affected.

(VII) Infrastructure Construction Business

The amount of newly-signed contracts reached RMB 950.8 billion, a year-on-year increase of 11.6%. The amount of outstanding contracts under execution reached RMB 2,602.7 billion, which was four times of the revenue, with a rich reserve of contracts. The revenue was RMB 560.9 billion, a year-on-year increase of 13.8%. The gross profit reached RMB 65.8 billion, a year-on-year increase of 14.9%, which mainly resulted from the slight increase of gross profit margin from 11.6% in 2019 to 11.7%. Specifically, the gross profit margin of the Company's traditional projects remained relatively stable, while the investment projects contributed more gross profits during the construction period and the gross profit margin was relatively high, so the impact of expected contract losses of individual overseas projects was offset. To sum up, the gross profit margin rose steadily. In terms of performance distribution, the operating profit was RMB 29 billion, and the operating profit margin dropped from 5.7% in 2019 to 5.2%, which mainly resulted from the exchange loss caused by appreciation of RMB, and a certain increase in the R&D expenses caused by the Company's increased investment in science & technology research and development to overcome the "cutthroat" technical difficulties and enhance the core competitiveness.

(VIII) Infrastructure Design Business

The amount of newly-signed contracts reached RMB 47.7 billion, a year-on-year increase of 0.5%, among which the survey and design, engineering management, EPC general contracting and other projects accounted for 30%, 2%, 59% and 9% respectively. In recent years, the revenue from the design business segment has increased, but the gross profit margin has declined, which is mainly caused by a bigger proportion of contributions made by the EPC general contracting projects. The amount of outstanding contracts under execution reached RMB 129.7 billion. The revenue was RMB 40 billion, a year-on-year increase of 5.2%. The gross profit was RMB 7.2 billion, which was basically the same as that in the last year, but the gross profit margin declined slightly from 19.0% in 2019 to 18.0%. In addition, from the perspective of performance distribution, the operating profit was RMB 3.4 billion, a year-on-year decrease of 8.7%, which mainly resulted from the impact of declined gross profit margin.

(IX) Dredging Business

Last year, the Company promoted the market development and production & operation steadily in the field of traditional businesses. The amount of newly-signed contracts reached RMB 58.8 billion, a year-on-year increase of 11.5%. The amount of outstanding contracts in hand was RMB 170 billion, so there was an abundant reserve of projects. The revenue was RMB 38.4 billion, a year-on-year increase of 11.1%, which was mainly attributable to the increase in revenue contribution from some large-scale projects entering the peak construction period. At the same time, the gross profit margin of these projects was relatively high, with the gross profit reaching RMB 5.9 billion and the gross profit margin increased from 12.6% to 15.4%. In addition, from the perspective of performance distribution, the operating profit was RMB 1.9 billion, with a year-on-year increase of 10.2%, while the operating profit margin was basically the same.

(X) Capital expenditure

In 2020, the capital expenditure was RMB 48.8 billion, a year-on-year increase of 1.9%, and the main item of expenditure was still the infrastructure business segment. Among them, the capital expenditure for BOT franchise operating assets was RMB 33.3 billion, while that in the same period of 2019 was RMB 31.8 billion, so no significant change was observed.

(XI) Summary of Income Statement The Company's revenue increased by 12.9% on a year-on-year basis, while the gross profit reached RMB 80 billion and increased by 15.5% on a year-on-year basis, which mainly resulted from a slight improvement in the gross profit margin. The operating profit reached RMB 34.4 billion and remained basically the same as that in the last year, mainly because the improvement degree of the Company's operating profit was less than that of gross profit due to the fair value changes, exchange losses, increased R&D expenses and other factors. The profit attributable to the owners of the parent company reached RMB 16.5 billion, which decreased somewhat on a year-on-year basis. From the outside, the impact was mainly derived from the epidemic, but from the inside, the expressway projects were affected by the toll-free policy during the epidemic period, with a direct impact of about RMB 1.4 billion, an indirect impact of about RMB 600 million in associated & joint operation, and a cumulative impact of about RMB 2 billion, so the Company's operating results

suffered a great impact in 2020. Furthermore, the minority shareholders' equity increased by 106.7% on a year-on-year basis, mainly because the increased interest on the perpetual bonds and non-controlling shareholders enabled the net profit margin to decrease from 3.6% to 2.6%.

(XII) Summary of Balance Sheet

The scale of the total assets increased significantly. From the perspective of various accounting items, firstly, the intangible assets increased by 4.7%, which was mainly caused by a certain increase in the franchise BOT assets. Last year, in the aspect of financial innovation, the Company attempted to introduce new shareholders to make equity investment for the Guangzhou-Lianzhou Expressway with an estimated total investment of about RMB 40 billion, which not only revitalized the stock assets but also played a beneficial role in enhancing the quality of the Company's assets. Secondly, the long-term and short-term accounts receivable reached RMB 520.6 billion in total, for which the Company would strengthen management in the later period. Thirdly, the short-term and long-term loans reached RMB 405.4 billion in total, a year-on-year increase of 18.7%. Under the interplay of financial revenue and financial expenses, the net financial expenses remained basically unchanged, but the scale increased somewhat, to which both the Company and the investors would pay close attention. The annual total asset-liability ratio slightly decreased from 73.6% in 2019 to 72.6% and in consideration of the interest-bearing debt and so on, the leverage level of the whole company rose to some extent. I believe that the capital market may also have more opinions and suggestions on the company in this regard, and we can further communicate later.

(XIII) Summary of Cash Flow Statement

First, the net cash inflow from operating activities achieved RMB 13.9 billion in 2020, and it was slightly higher than that in 2019, mainly owing to a certain increase in the scale of revenues, which reflected the effective management over cashes by the Company. Then, the net cash outflow from investment activities reached a record high of RMB 105.7 billion, which was mainly used for the franchise BOT projects, PPP projects with a period of more than ten years, and the corresponding investment and capital arrangement for associated & joint operation. Finally, the cash flow generated from financing activities reached RMB

93.7 billion, which provided strong support and solid guarantee for the Company's business development.

(XIV) Introduction to the Overall Development Goals during the 14th Five-Year Plan

The contents on the last page are mainly about some ideas on the medium-and-long-term planning of the Company, since 2021 is the first year of the "14th Five-Year Plan" period. Later, the management will share more in this aspect.

II. Q&A Session for the Management

This is the end of Part I. Now, let's enter into Part II of the meeting, namely, the Q&A session. In view of the meeting form and the demands of investors, the management will answer the questions put forward by investors online first.

(I) Answering the Questions Put Forward by Investors Online in a Centralized Manner

1. Mr. Wang, you are the Chairman of the Group and the listed company, so in the process of state-owned capital investment reform, what do you think of the business development direction of China Communications Construction, and what support will the Group provide for China Communications Construction?

Wang Tongzhou: Good morning, dear investors, researchers and friends from the capital market!

As we all know, 2020 is an extraordinary year for China and even the world. China Communications Construction Company Limited, as the largest international contractor in China and Asia, has a considerable proportion of international businesses. Therefore, the epidemic exerted a far-reaching impact on the Company last year both domestically and internationally. Even so, our whole group still made great efforts and struggled hard. With the stabilization and effective control of the epidemic, we gradually got out of the impact from the epidemic and achieved satisfactory results throughout the year.

During the reform of state-owned capital investment companies, as the Chairman of the Group and the listed company, my views on the business orientation and development direction of China Communications Construction are mainly as follows: Currently, our country is fostering a new development paradigm, with domestic

circulation as the mainstay and domestic and international circulations reinforcing each other, which creates great opportunities. Especially during the "14th Five-Year Plan" period, the country will carry out coordinated work to promote infrastructure construction, and build a modernized infrastructure system that is complete, efficient, practical, intelligent, green, safe and reliable. Actually, this is a golden opportunity for the CCCC Group, which takes the lead in infrastructure construction. Therefore, the Group has carefully summarized the development history from the establishment and listing of China Communications Construction, and earnestly judged the economic and social situations at home and abroad. For next year, we put forward the principle of "three importance, two bigness, and two priorities" for the marketing and business strategies.

"Three importance": It is to further focus on important projects, important regions and major markets. No matter how big an enterprise is, it cannot take over the whole world. Instead, it must display its own abilities in the industry to which it belongs and in the fields, markets and projects for which its businesses play an important role.

"Two bigness": It refers to mass transportation and big cites. It is well known that China Communications Construction has certain advantages in the field of transportation. Over the years, we have not only inherited the traditional advantages in the planning, design and construction of highways, bridges, ports, jetties, dredging and reclamation in the history of transportation construction, but also laid a solid foundation in the infrastructure investment and operation through the benign operation in the past ten years and accumulated a wealth of experience, so that China Communications Construction has strong competitiveness throughout the industrial chain in terms of planning, design, investment, construction and operation of mass transportation.

In the past few years, we have also made great efforts to develop mass transportation, so that we entered into the field of rail transit. According to incomplete statistics, we currently have more than 140 railway, urban rail transit and subway projects, from which a wealth of experience has been accumulated. In terms of rail transit, the CCCC Railway Consultants Group Co., Ltd. is established, which is one of the few enterprises with railway design capability. Also, the CCCC Mechanical & Electrical Engineering Co., Ltd. which specializes in rail transit and railway construction is established. Not long ago, during the

separation of proprietary rights from operating rights, the CCCC Group's Rail Transit Branch was re-established, so as to further enhance its competitiveness in the rail field. We have integrated technical management talents who participate in the construction of Menglie Railway, Malaysia's East Coast Rail Link (ECRL) Project and domestic railway, and a new competition situation has emerged. At the same time, in the past few years, with the support of the Civil Aviation Administration of China, we innovated boldly and devoted efforts to reform, and jointly established the China Airport Construction Group Corporation together with the Civil Aviation Administration of China. In this way, China Communications Construction has greater space and better means of competition in the field of airport construction. To sum up, the mass transportation is solidly founded and strongly supported. In particular, our country advocates the strategy of building China into a country with strong transportation network and vigorously promotes the integrated infrastructure, which is not only an advantage of the whole industry, but also an advantage of the full-service function. As for China Communications Construction, this advantage will become more and more obvious.

In terms of big cities, as we all know, the Company has historically been the "pacesetter" of infrastructure construction. We have cultivated a large number of talents in urban construction, which lays a solid foundation for us from the first-level land development to the comprehensive land development, including the comprehensive development of cities and the construction of complexes. In the field of infrastructure, our country promotes urban renewal and new-type urbanization and expects a lot. Now, the Group Company focuses efforts on the strategy of "entering cities" and creates new competitive advantages. Under this circumstance, we vigorously promote the land development and infrastructure construction, so as to build up a better reserve for us to enter cities. Just as you see, our businesses of "entering cities" accounted for 21% last year.

"Two priorities": One is giving priority to internationalization. As a traditional enterprise, China Communications Construction has accumulated international advantageous resources in aspects of business layout, market layout and talent management technology, which is our advantage. Now, the country promotes a new development pattern, in which the domestic and international circulations reinforce each other. In

addition, we have acquired the John Holland Group in Australia and the design company in Brazil, and invested the Mota Company in Portugal not long ago by means of equity participation. Therefore, these overseas companies are taking their regional advantages, professional advantages and market advantages to establish a strong mechanism of mutual complementation and promotion with China Communications Construction in both international and domestic businesses.

The CCCC Group will make full use of its international advantages, resolutely implement the strategies put forward by the General Secretary, and promote the development of international businesses steadfastly. At present, we are adjusting the market layout and business structure, since the world today is undergoing momentous changes unseen in a century. The development of the whole world is unbalanced. Some countries may be on the rise, while others are going through a tough time temporarily. Given all this, we should adjust our business structure and market layout according to the different stages, characteristics and forms of economic development in different countries.

The other one is giving priority to rivers, lakes and seas. Since its birth, China Communications Construction has historically been endowed with the genes of "water", regardless of marine works or hydraulic works. Therefore, the governance of rivers, lakes and seas, construction of ports and jetties, dredging & reclamation, and the governance of lake basins are consistent with the eco-civilization construction and environmental governance currently promoted by the country. This is our advantage and a great opportunity for China Communications Construction to seek for future development in the next step.

Consequently, we put forward the principle of "three importance, two bigness, and two priorities" as an important business strategy for the year 2021 and the "14th Five-Year Plan" period. I believe that under the guidance of this strategy, our business orientation would have a good prospect and give impetus to the year-by-year growth of China Communications Construction's performance.

On this basis, we put forward "four tasks": make the investment stronger, building the project into a larger scale, realign the assets and optimize the capital. Firstly, stronger investment is required, so as to bring higher returns for shareholders. Secondly, "building the project into a larger scale" is to expand its own territory by means of its own advantages, so as to create better conditions for financing and

development activities and give full play to the Group's traditional engineering advantages. Thirdly, when realigning the assets, we will further implement the national strategy of deepening reform, and focus on the loss reduction, loss control and asset adjustment, so as to further enhance the asset quality and rationalize the asset structure. Finally, during the optimization of capital, we are planning how to strengthen the management of the investor relations and the market value of the Company. As the national policy of capital market changes, we will push forward the strategy according to the actual situation of the Company.

In addition, we set up "six goals", namely: internationalization, marketization, specialization, regionalization, standardization and informatization, which is the requirement for the whole world (especially the country) to promote the modern enterprise system. Firstly, the development of enterprises must be market-oriented, which is the inevitable demand for building up a socialist market economy with Chinese characteristics, and also the inevitable choice for state-owned enterprises (especially central government-owned enterprises) to march towards the market, enhance the amplification function of state-owned capital, raise the competitiveness of state-owned capital and maintain and increase the value of state-owned assets. Secondly, internationalization is the traditional advantage of China Communications Construction. In the future, various enterprises will compete with each other for the international market, including the Chinese market. Therefore, the internationalization competence of a group determines its survival and sustainable development in the future. Then, the specialization and regionalization is a very important subject that needs to be constantly perfected by international enterprises for a long time. In this respect, we will unremittingly pursue specialized development and more reasonable regional layout according to the actual conditions of the Company and the market situation. Fifthly, standardization is one of the most important issues for engineering and construction enterprises, which deal with cement, sand and reinforcement year after year. Specifically, this aspect is about how to improve the labor productivity and efficiency through standardized construction. The last one is about informatization. As we all know, we are living in the digital age nowadays, so how to achieve informationized management, digitalized industry and intellectualized processes is not only an inevitable pursuit of China Communications Construction in the future, but also an inevitable choice for the future

society.

In the process of state-owned asset reform, as the Chairman of the CCCC Group and the China Communications Construction, I promise that the CCCC Group will, as always, take the development of China Communications Construction as its main responsibility, commit to supporting the business development of China Communications Construction, and regard the interests of all shareholders as the common interests of enterprises. Therefore, in this respect, we will, on the one hand, deepen the reform to further create an environment that is conducive to the development of China Communications Construction, including supporting the development of China Communications Construction by virtue of the Group's credit and marketability. On the other hand, as the substantial shareholders, we will also actively seek for supports from relevant national reform policies. For instance, in terms of mixed ownership reform, dual reform, spin-off listing and so on, we will make full use of national policies to further promote the development of China Communications Construction and enable the Company to better meet the market development demands in aspect of system and mechanism. Thank you!

2. In 2020, the Company overcame the impact of epidemic and maintained stable operation, but the profit declined significantly on a year-on-year basis, and the base was also the lowest compared with the past few years. This year, the epidemic situation is controllable on the whole. So, will the growth rate of profits speed up on a year-on-year basis? For example, it exceeds 30%.

Zhu Hongbiao: First of all, I would like to thank all the friends attending this meeting online or on the site, for your long-term concern and attention to CCCC.

Your expectations bring both pressure and impetus to us. The revenue is expected to keep growing this year, which is one of our goals. At the same time, we will strengthen the control of costs and expenses. When the Chairman took office in CCCC, he immediately put forward the idea of "practicing austerity". Based on the overall requirements, the whole group has not only decomposed the management and control of costs & expenses, but also some key problems and prominent contradictions of various secondary companies in various business segments of the Company, with the corresponding solutions proposed.

Some difficulties may be encountered in 2021. However, based on

the experience that we learned from difficulties last year, we are still confident that we can meet the requirements for overall performance improvement of the Company by taking some specific measures, such as comprehensive budget management, informatization, as well as scientific & technological transformation mentioned by the Chairman just now. Generally speaking, we should strengthen control over the costs & expenses and improve our own management level, so as to maintain a steady and high-growth development of the Company. In 2021, we will strive to achieve greater development and bring better returns to our investors.

(II) Summary for Discussions in the Call-in and On-site Q&A Sessions

1. How to strengthen the implementation of overseas projects this year? And which segments of domestic projects will be accelerated?

Wang Tongzhou: Thank you for this good question. Actually, we have been paying attention to and studying this issue for a long time. As we all know, the epidemic situation had a great impact on China Communications Construction in the first half of last year and at the peak, 114 overseas projects were completely or partially suspended. However, through our efforts in the second half of last year, up to now, these projects resume construction basically, except for a few projects. In the next step, the following measures will be taken.

Firstly, the overall principle is to strengthen management. We put forward the strategy of strengthening the headquarters, refining the regions and improving the projects. In fact, strengthening the headquarters is to strengthen the back office's supports for the technical organization and construction scheme, so that in case of some front-line problems, the back office can give more support to the front office through some modern means, just like the front office and back office of a bank. Refining the regions is to make the regions focus more on market development and project management. Improving the projects is to promote the upgrading of project management. Currently, we are implementing the upgraded standardized management of projects, so that the projects may further achieve its goals, and realize the comprehensive improvement of construction period, quality, safety and progress as soon as possible, including cost control. In this way, the projects may be

completed as scheduled and generate good benefits.

Secondly, we have revised the assessment method of "one enterprise, one policy". Now, in the assessment management system of the Group, the Group not only assesses secondary enterprises, but also assesses the results from the secondary enterprises' assessment over subordinate enterprises and checks the results from the secondary enterprises' assessment over project enterprises. In this way, the performance mechanism can play a bigger role.

Finally, in terms of management system, we are promoting the market layout and the construction and improvement of marketing system. In terms of business structure, we should further consolidate our traditional advantages, such as roads and bridges, dredging and reclamation, ports and jetties. Therefore, necessary attention is paid to the creation of such new business segments as CCCC construction, CCCC municipal engineering and CCCC environment, and relevant work is in progress. Different countries will undergo different periods of development, so we shall not put all our eggs in one basket and during the process of market layout, the market forces shall be adjusted according to different development stages. Last year, during the construction of marketing system, the Group set up a marketing department. Now, we are building a comprehensive and three-dimensional marketing system, which is led by the Marketing Department of the Group, so that all the traditional businesses may be consolidated and the markets may be fully covered. Currently, this system is under construction. I believe that through these measures, our international businesses will develop better in 2021. At the same time, the existing projects under construction will be completed as scheduled and generate good benefits. Thank you!

2. How much contribution will civil aviation construction and railway construction make to the newly-signed contract value and revenue of China Communications Construction in the future?

Wang Tongzhou: The civil aviation construction business is just being promoted as a pilot, and it still stays at the group level, so China Communications Construction does not have this business. However, it will become healthier, which is a market opportunity for China Communications Construction. Even, there may be some opportunities for restructuring in the next step, but uncertainty exists at present.

As for rail transit, we currently occupy a share of 5% in the domestic

railway track construction market. However, according to incomplete statistics, we occupy a market share of 56% in the international market of track construction under the China's Go Global strategy. Therefore, China Communications Construction has apparent advantages in this field. In particular, as I have mentioned just now, we have both the CCCC Railway Consultants Group Co., Ltd. and CCCC Mechanical & Electrical Engineering Co., Ltd., which lays a solid foundation for specialization. In a word, there is a good prospect of development.

3. How likely will the listed company and the group be recapitalized in the future?

Wang Tongzhou: As the substantial shareholder of China Communications Construction, the CCCC Group will strictly follow the applicable securities laws and relevant rules of the listed company, and fully support the listed company to become stronger, better and bigger, but not encroach on the listed company's interests. With regard to restructuring, the Group is spawning many new businesses currently, such as the airport construction that I have just mentioned, urban and rural construction in China and CCCC real estate, but these businesses not only depend on the quality of its future development during the incubation period, but also the relevant national policies about securities markets and listed companies. We certainly hope that China Communications Construction will develop better, stronger and bigger. I believe that both the Group's leading members and the team of China Communications Construction will not miss any good opportunity for restructuring.

4. Compared with the "13th Five-Year Plan" period, what changes have taken place in the SASAC's requirements for the Group's assessment and performance in 2021 or during the "14th Five-Year Plan" period?

Wang Tongzhou: In regard to the unified assessment of central government-owned enterprises, SASAC has put forward the indicators of "two benefits and four rates" for high-quality development this year. Therefore, during the assessment of China Communications Construction, the CCCC Group shall also emphasize the high-quality development requirements, which is in line with the interests of both the CCCC Group as substantial shareholder and the investors.

5. Under the impact of the epidemic, the scale of losses of operational projects expanded in 2020. So, what do you expect to see in 2021?

Wang Tongzhou: Loss of operational projects is a common problem in the fields of social investment and infrastructure development. As we all know, infrastructure projects with long-term investment basically generate low operating benefits in the first few years of investment. However, we will optimize the investment options by making the investment stronger, so as to minimize the losses of this segment. In fact, we can see that although the scale of investment is very large, both the total amount of losses and the degree of losses are declining, owing to some measures of high-quality management and internal control. Thank you!

6. The R&D expenses were RMB 5.6 billion in the first half of last year, but it increased sharply in the second half of last year. The total R&D expenses exceeded RMB 20 billion last year, accounting for 3.2% of the revenue. However, the Company didn't enjoy lower tax rates for high-tech enterprises. Instead, the effective tax rate of the Company rose. So, what are the reasons? What are the plans for the future? Will this ratio be maintained?

Zhu Hongbiao: In regard to the R&D expenses, the Chairman just now said that in order to become a world-class enterprise, CCCC shall firstly focus on science & technology. Therefore, scientific & technological innovation, research and development will strongly support the business development of CCCC in the future. As always, we will proceed to increase investment in leading technology and scientific & technological innovation, with firm confidence. In the first quarter, the Company's overall revenue declined on a year-on-year basis; in the second and third quarters, it increased slowly; in the fourth quarter, the revenue reached a peak. Thus, the increase in R&D expenses matched the progress of projects. Moreover, during the whole accounting process, the confirmation may lag slightly, especially in the second half of the year.

The effective tax rate rose, mainly because the taxable profit increased and the non-taxable loss decreased. Historically, the effective tax rate of CCCC has been basically equal to or slightly lower than that of similar enterprises. But in 2020, it changed somewhat.

7. In 2020, the John Holland Group in Australia caused a large

amount of provision due to some changes in the contract terms with the Owner. So, is it impossible to make a release in 2021? Is the development of the Company's businesses in Australia affected by the Sino-Australian relations?

Chen Zhong: With regard to the John Holland Group, we have crossed over the hidden local thresholds through mergers and acquisitions, and after the acquisition, the company has developed well. In 2017, Australia adjusted the overall scale and management & control mode of projects. For this reason, some super-large projects made it impossible for local enterprises to be independently operated by a single group. Instead, it shall be jointly operated by several companies in Australia. The mentioned project has a huge scale itself and is jointly operated by three companies, in which the John Holland Group accounts for about 30%. At present, divergent voices are heard from the government, and we are still negotiating with the government through our market-oriented means. On the whole, the relevant work goes smoothly as expected.

Firstly, we are extensively negotiating with the government and the owner, with the hope of making up for the losses that we suffered in the early stage. Secondly, through further development, we will enhance the quality and efficiency, and enable the whole group to provide more support for super-large monomer projects. As for the opportunities of next development, CCCC is a market-oriented enterprise on the whole, so we use market-oriented means to realize localization. Although in the stage of mutual negotiation with the government, we are constantly invited to participate in new projects.

8. Could you please introduce the Company's business conditions in Colombo, Sri Lanka? And could you please tell us whether the Company's overseas business strategy has been adjusted or not? Is it still required to achieve a transnationality index of more than 50% in 2035?

Chen Zhong: Most of you are concerned about the Colombo Port City. The formation of a 2.7m² land in the core area will have a great impact on the position of Colombo in the international shipping market and even the financial market, so high attention is drawn internationally. During the first phase of construction, several investors have been approached. Now, the land consolidation and reclamation for the first phase has been completed. The next step is to change uncultivated land,

for which several enterprises have expressed their willingness to cooperate with us. Moreover, as a relatively important project between China and Sri Lanka, this project will definitely be supported by the corresponding policies and extensive social concerns.

Regarding the overseas business strategy, the Group held the second congress of party representatives in 2016, at which the "16317" was put forward and the target was to reach overseas profit of 40%. When the Chairman talked about the development plan for the "14th Five-Year Plan" period just now, he also mentioned the strategy of "three importance, two bigness, two priorities, four tasks & six goals", and decided to build a world-class enterprise that is globally competitive and oriented towards science, technology, quality and management. Last year, the epidemic had a great impact on overseas profits, and we had more than 33,000 Chinese employees abroad and more than 80,000 localized employees. At the peak (when the epidemic started to spread globally in March), 60% of our projects were suspended. Under such circumstance, the overseas layout proposed by Chairman focuses on high-quality development, improves management efficiency, strengthens management and expands market scale. We believe that the profit will gradually return to a normal level.

9. Could you please tell us the progress of the Reits application? How will the Company speed up the turnover of assets and control the growth of the overall debt scale in the future?

Zhu Hongbiao: With regard to Reits, our country has introduced some macro policies. We will sort out certain specific requirements, including accounting treatment, tax requirements, etc., and figure out how to match them with our assets. Besides, the Company will consider the quality of its own assets and the rhythm of asset operation as a whole, and actively participate in Reits. We have communicated and consulted with the regulatory authorities, so the follow-up work will be promoted and coordinated according to the requirements and rhythm of the regulatory authorities.

Here, I will briefly talk about the operating assets. CCCC has many operating assets, and the turnover speed of these assets is slowing down. Actually, the Company has been concerned about how to revitalize its assets. After taking office in CCCC, the Chairman put forward the idea of "investment and selling", and emphasized that the assets must be

circulated. Among various central government-owned enterprises, we have a very large scale of investment currently, but we have been looking for suitable products or opportunities in the market to realign the assets, improve the quality of assets and speed up the turnover.

Yu Jingjing: Thank you for your questions and suggestions, and thank the management for its careful answers. If you have unanswered questions or new questions and suggestions, please contact the Company's investor relations team. That's all for today's performance briefing. Thank you again for your participation. Thank you!