



中國建築國際集團有限公司
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

2017 Annual Results

16th March 2018

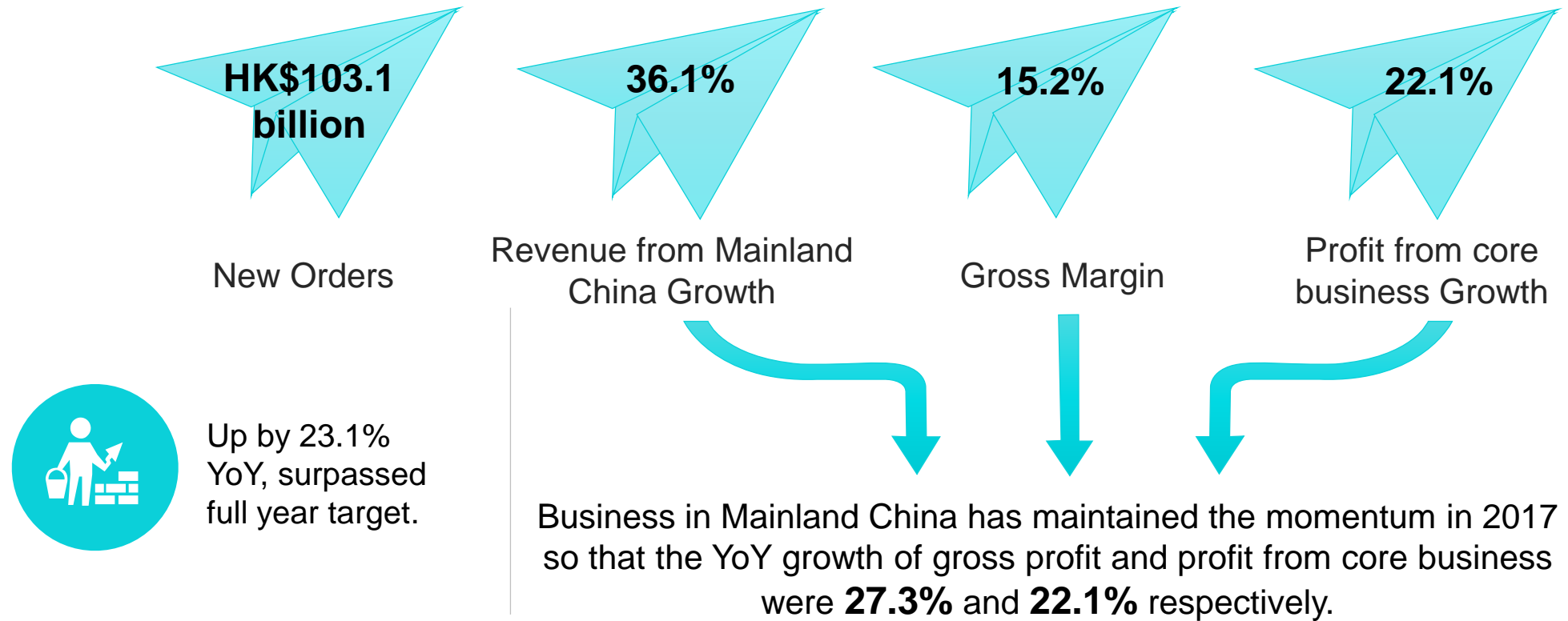
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01 Annual Results

Results Highlight



Summary of P&L

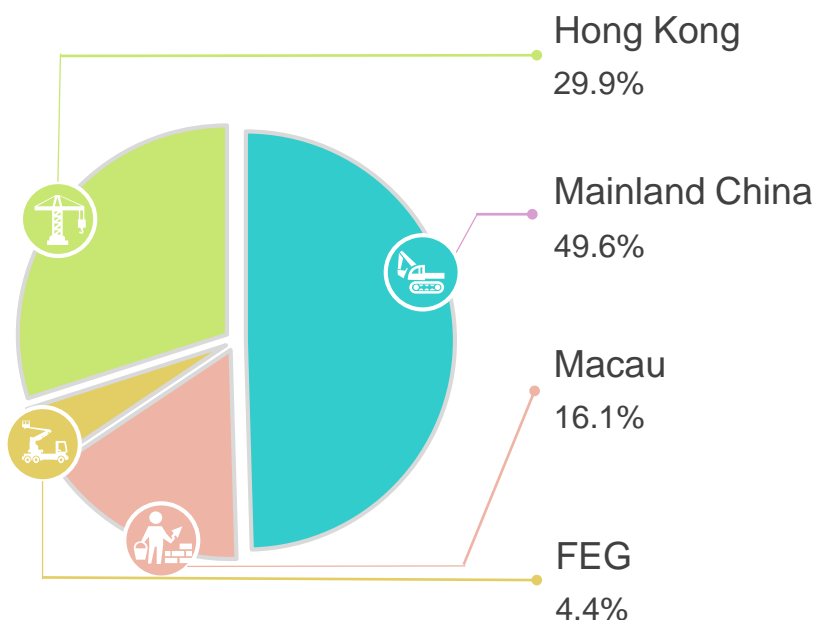
	2016	2017	Change (%)	
Revenue (HK\$ million)	46,207	50,152	▲	8.5
Revenue including share of revenue of jointly controlled entities(HK\$ million)	49,086	54,827	▲	11.7
Gross Profit (HK\$ million)	5,982	7,615	▲	27.3
Gross Margin (%)	12.9	15.2	▲	2.3pps
Reported Net Profit[1] (HK\$ million)	5,130	5,490	▲	7.0
Profit from core business (HK\$ million)	4,153	5,072	▲	22.1
EPS (HK\$ cents)	119.5	118.9	▼	-0.6
Core EPS (HK\$ cents)	96.8	109.8	▲	13.4
Total Dividend[2] (HK\$ million)	1,481	1,683	▲	13.6
DPS (HK\$ cents)	33	35	▲	6.1

[1] The reported net profit includes extraordinary items like fair value changes of investment properties, etc.;

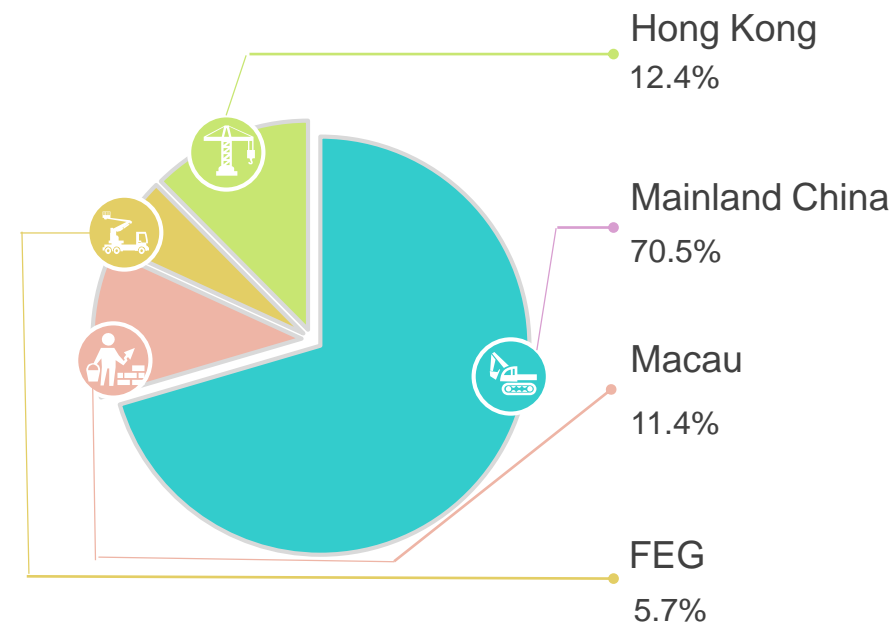
[2] The total dividend in 2017 represents a 30.4% of reported net profit, in line with CSCI's dividend policy.

Breakdown of Revenue and Gross Profit

Breakdown of Revenue



Breakdown of Gross Profit



* For comparison purposes, the revenue and gross profit from Mainland China contributed 41.2% and 65.7% in 2016 respectively.

Summary of B/S & OCF

HK\$ million		31/12/2016	31/12/2017	Change (%)	
Total Assets		86,174	118,518	▲	37.5
Total Liabilities		60,504	80,055	▲	32.3
Equity		25,448	38,088	▲	49.7
Cash		11,485	17,593	▲	53.2
Net Gearing Ratio (%)		37.8	40.8	▲	3pps
	(HK\$ million)	2016	2017	Change (%)	
	Cash Inflow from Mainland China	12,720	12,985	▲	2.1
–	Cash Outflow from Mainland China	12,991	18,905	▲	45.5
=	Net Cash Inflow/Outflow from Mainland China	-271	-5,920	▼	n/a
+	Net Cash Inflow/Outflow from Hong Kong & Macau	3,138	1,075	▼	-65.7
=	Operating Cash Flow	2,867	-4,845	▼	n/a

Mainland China—Financing & Construction*

Integrated Free Trade Zone, Changsha
Hunan Province



Cultural Tourism, Nanchang
Jiangxi Province



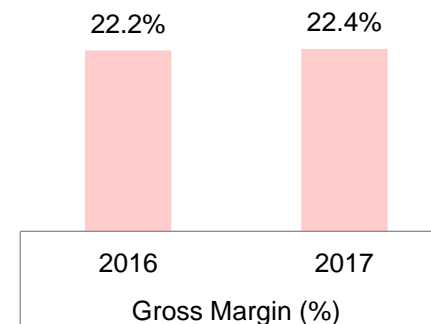
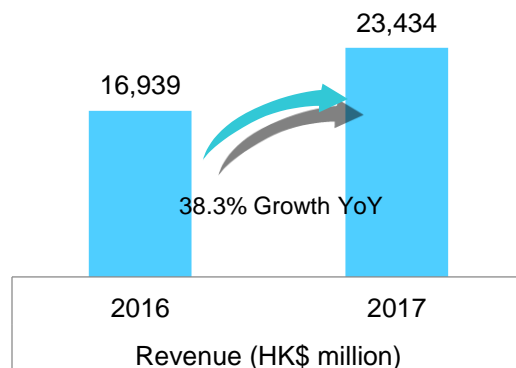
Highway from Yinjiang, Guizhou
Province to Xiushan, Chongqing



Relocation Housing Project, Huaiyin
District, Huaian, Jiangsu Province



- ◆ The segment enjoyed a fast growth of revenue and kept stable gross margin in 2017;
- ◆ Benefited from accelerated execution of PPP projects, the segment is expected to maintain rapid growth in 2018;
- ◆ In response to the profound change resulting from the swift standardization of the PPP market, CSCI persists in an equal emphasis on scale, quality and efficiency with a resolute commitment to assuring the compliance, economic viability and financing availability of projects, and strictly maintains the project selection criteria and risk management, so as to enhance the quality and efficiency of projects.
- ◆ As the infrastructure investment flagship of CSCEC, CSCI will actively cooperate with brother companies and fully exert the advantages of brand name edge and synergy effect;



* Including PPP, Government Procurement Services (Shanty Town Redevelopment), etc.

Mainland China—Infrastructure Operation & Others

The 2nd Yangtze River Bridge, Nanjing



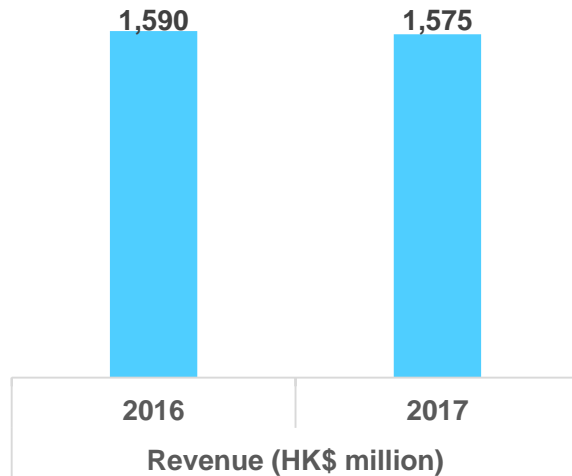
Laizhou Port, Shandong



China Overseas Logistics



Huanggu Thermo Plant, Shenyang



◆ CSCI's infrastructure operation assets generally kept stable cash flow and earnings contribution;

◆ With the higher policy requirement of operation on PPP projects, professional team of infrastructure operation will be core competitiveness. CSCI has been keeping a infrastructure operation team with 2,000+ people and more than 10 years professional experience. It is expected to become a core advantage of the company and the whole CSCEC group.

* For comparison purposes, the revenue presented here assumed CSCI can book share of revenue of jointly controlled entities

HK & Macau – Cash Construction

The Chinese University of HK Medical Centre



Exhibition Station and Western Approach Tunnel Project of Shatin to Central Link



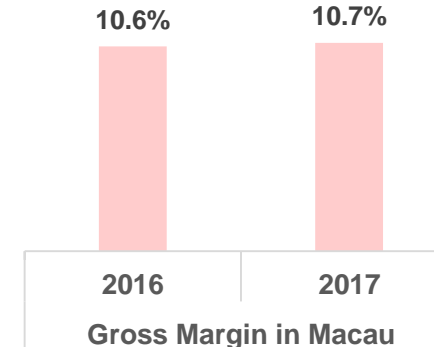
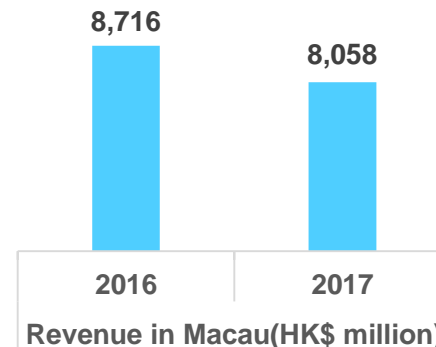
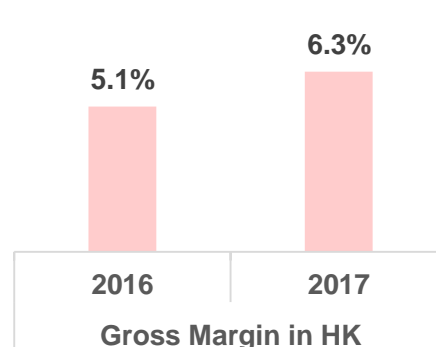
The Residential and Commercial Development Project of Nova City Phase 5



MGM Cotai, Macau



- ◆ The segment enjoyed a higher profitability with a stronger gross margin in 2017;
- ◆ In Hong Kong, CSCI will be actively involved in the bidding for large-scale public projects and introduce the new business model of “investment-driven contracting”, meanwhile, enable bidding for small- and medium-scale projects so as to further cement market shares.
- ◆ In Macau, CSCI will be actively involved in bidding for government as well as private projects, with a strong focus on winning tenders for premium projects to ensure stable growth for its contracting business.



Far East Global

Ritz Carlton at Elizabeth Quay Australia



Mackenzie Vaughan Hospital



Sands Apple Store Macau



Summary of P&L

HK\$ million	2016	2017	Change (%)	
Revenue	2,647.3	2,910.9	▲	10.0
Gross Profit	189.5	390.8	▲	106.2
Profit before tax	18.5	198.3	▲	971.9
Profit from the core business	88.4	155.5	▲	75.9

- ◆ In adherence to its consistent approach of offering high-end premium products, FEG have been met with notable success in curtain wall markets, and achieved effective breakthroughs in small-scale general contracting business.
- ◆ The acquisition of China Overseas Supervision Limited will expand professional team of FEG, and strengthen business capability of Operating Management to promote the expansion of scale and solid financial strength.
- ◆ Actively seek business transformation opportunities to achieve sustainable long-term growth.

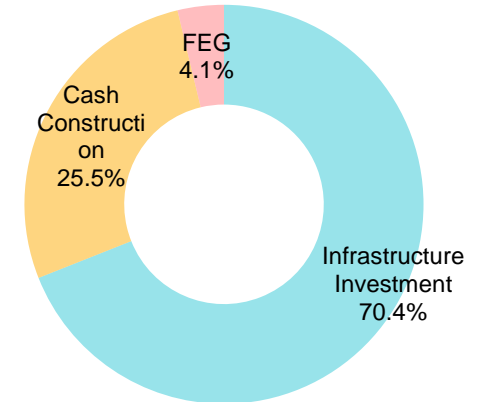
New Contracts Awarded & Projects in Progress

(HK\$ billion)	2016	2017	Jan-Feb 2018
Infrastructure Investment (Mainland China)	57.79	72.63	14.45
Cash Construction & Related	22.84	26.33	7.86
Hong Kong	16.34	19.45	5.02
Macau	5.75	4.41	2.40
Others	0.75	2.47	0.44
Far East Global	3.14	4.18	-
Total	83.77	103.14	22.31

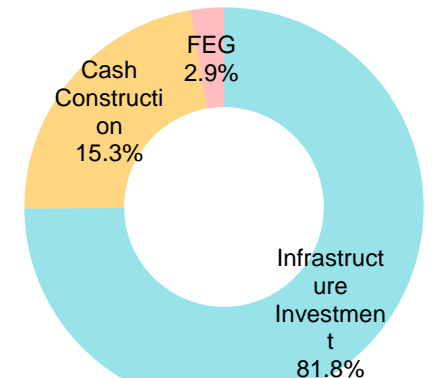
Remarks: In the first two months, CSCI recorded a new contracts of HK\$22.31 billion, representing a 19.4% of full year target .

	31/12/2017		28/2/2018	
(HK\$ billion)	Total Value	Backlog	Total Value	Backlog
Infrastructure Investment (Mainland China)	216.35	153.77	228.96	162.67
Cash Construction & Related	82.89	28.76	90.48	32.55
Hong Kong	51.19	23.30	55.95	26.45
Macau	27.17	1.91	29.75	2.18
Others	4.53	3.55	4.78	3.92
Far East Global	9.83	5.48	9.83	5.48
Total	309.07	188.01	329.27	200.70

FY17 New Contacts by Business



Backlog by Business by the end of 2017



Financial Updates

Weighted Average
Rate of Borrowings

3.6%

Credit Ratings

Fitch	BBB+
Moody's	Baa2
S&P	BBB

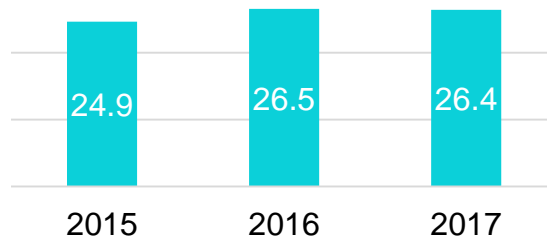
Rights Issue

The Company successfully raised approximately HK\$6,356 million, by way of a rights issue of 561million Rights in Oct 2017

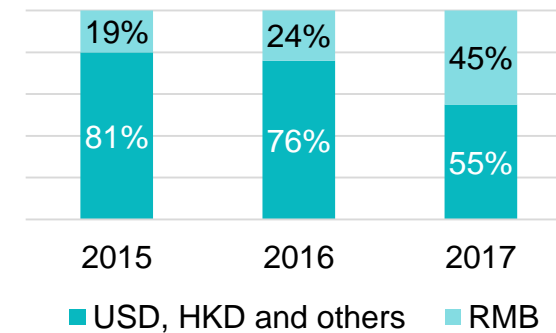
Issue of US\$ Denominated Guaranteed

Tenor	US\$ million	Interest Rate
5 years	550	3.375%
10 years	250	3.875%

Committed but Unutilized Credit Facilities
and Other Banking Facilities(HK\$ Billion)



Currency Proportion of Borrowings

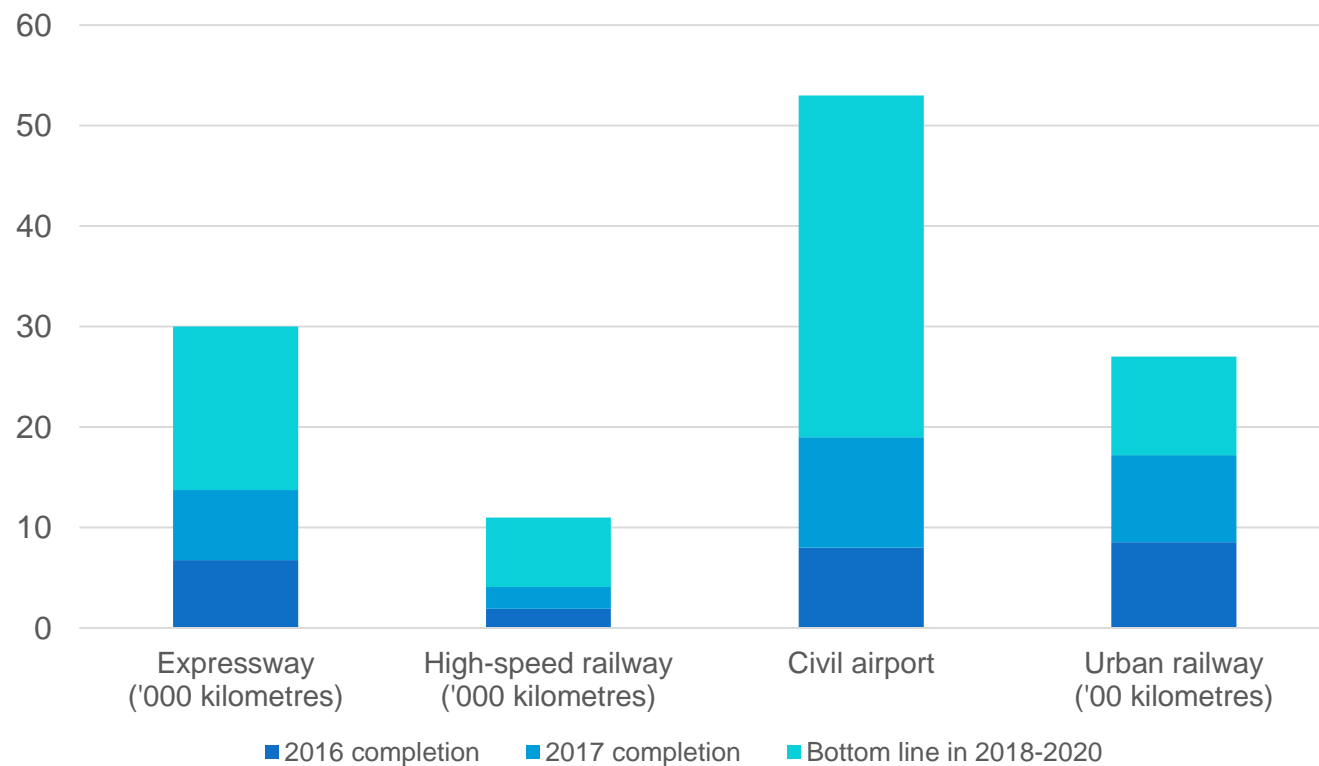


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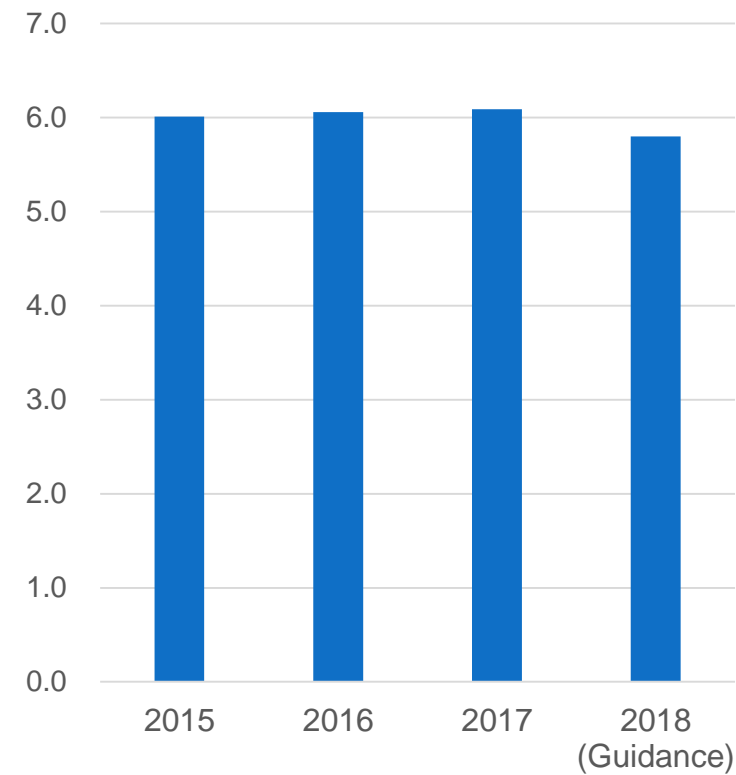
Market Analysis

Infrastructure Investment Market

Completion and Estimation of Infrastructure Projects
Planned in the 13th Five-Year Plan



Shanty Town Redevelopment
Starts(million units)



PPP Policy Interpretation

Laws

《Budget Law》、《Government Procurement Law》 and the Regulations on its Implementation、《Regulations for Public-Private Partnerships (PPP) for Infrastructure and Public Services 》 (solicit draft, not implemented)

Government Regulations

2014

Article No.43 (THE STATE COUNCIL)
Article No.60 (THE STATE COUNCIL)
Article No.76 (MOF)
Article No.113 (MOF)
Article No.215 (MOF)

2015

Article No.21 (MOF)
Article No.42 (THE STATE COUNCIL)
Article No.167 (MOF)

2016

Article No.90 (MOF)
Article No.91 (MOF)
Article No.92 (MOF)

2017

Article No.1 (MOF)
Article No.50 (MOF)
Article No.87 (MOF)
Article No.92 (MOF)
Article No.192 (SASAC)

PPP Market

- Regulation frame has been formed
- Regulated marketplace
- Clearing and controllable process
- Highly valued implementation

CSCI

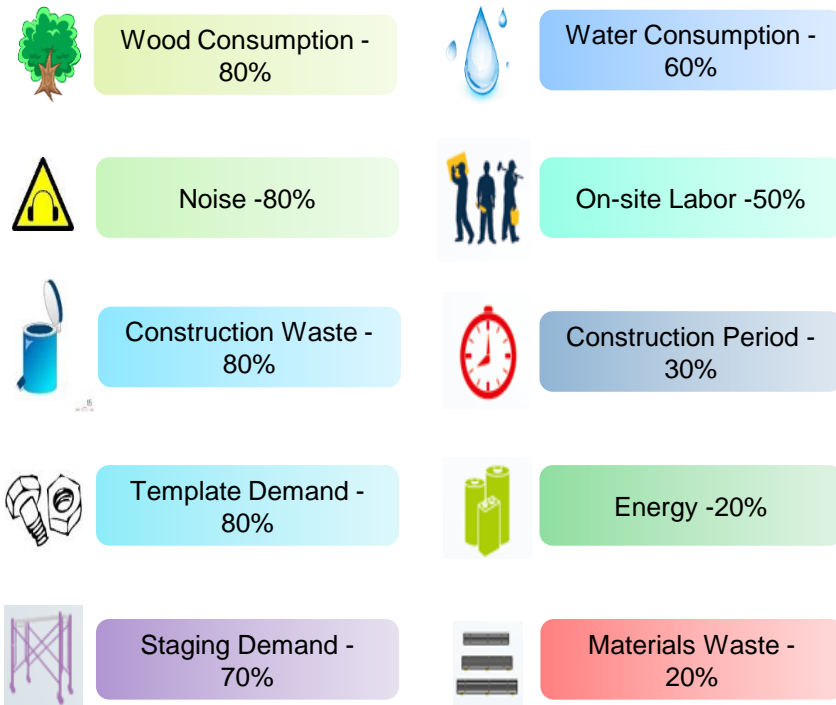
- ✓ Persisting quality and efficiency development with assuring the compliance
- ✓ Less competitors and more choices of projects
- ✓ Maintaining bargaining power
- ✓ Slightly higher financing cost but still at the lowest level in the sector

Prefabrication

National General Guidance : Targeting at a 30% contribution from prefabrication in building construction commenced within 10 years or so.

—— 《Guidance for Development of Prefabrication Published by the State Council 》 (2016)

Prefabrication vs. Traditional Construction



Provincial Guidance

Provinces	Contribution from Prefabrication in Building Construction Commenced	
	by 2020	by 2025
Beijing	30%	-
Anhui	15%	30%
Fujian	20%	35%
Guangdong(cities in the Pearl River Delta)	15%	35%
Jiangsu	30%	-
Jiangxi	30%	50%
Shandong	-	40%

Incentive Policies

- ✓ **Financial Subsidies**
- ✓ **Tax Benefits**
- ✓ **Preferential Land Supply**
- ✓ **Others(simplified approval process, financing support, etc.)**

HK & Macau Construction

Expansion of railway network until 2031 with total investment of HK\$110 billion for 7 new rail lines

The development of hospital in next 10 years with total investment over HK\$200 billion

Central Kowloon Route, Hiram's Highway Improvement, etc.

100,000 Public Housing and Subsidized Sale Flats Projects for completion within 5 years

Railway

Airport

Healthcare

Road

Housing

Recreation

Area Development

3rd runway of HK airport with total investment over HK\$141.5 billion

Build out and rebuild 26 sport and recreation facilities with total investment about HK\$20 billion in 5 years

Kai Tak Development: develop over 320 hectares, provide quality living environment for around 90,000 residents
Tung Chung New Town Extension: Provide about 49,400 residential flats for a population of about 144,400. etc.

- Economic recovery in Hong Kong and Macau will continue in a positive trend. Investment sentiments in Hong Kong's private property market will remain cautiously optimistic, while a number of large-scale civil engineering projects are expected to be officially launched.
- The Hong Kong-Zhuhai-Macau Bridge should favor a gradual pick-up in Macau's property market, and the rebound of the construction market looks like a matter of time given the number of private as well as government projects in the pipeline.
- The reclamation in Macau has been underway, and will potentially bring enormous opportunities for Macau in the coming years.



03 Target and Guidance

Operational Strategies

「Cash Construction and Infrastructure Investment as Double Business Drivers」



Infrastructure Investment in Mainland China

CSCI will emphasis both aggressive marketing and the quality of project works in close tandem with the directions indicated in national policies, and initiatives to nurture and develop the import of industries to enhancing competitive strengths for differentiation in a homogenized market.



Cash Construction in HK and Macau

CSCI will cement the position as the largest contractor in Hong Kong and Macau on the back of the inherent as well as external advantages and resources while introducing the new business model of “investment-driven contracting” to ensure stable growth



Overseas Business Expansion

CSCI will pursue overseas business expansion in a systematic, measured and organized manner in active response to the nation’s “Belt and Road” initiative.



FEG

FEG will be focused on the development of a global industry chain on the back of its inherent strengths as an international operation, and actively investigate innovations in the business model to drive transformation and upgrade.

Target & Guidance

20%



Net Profit Growth

CAGR of 20% until 2020

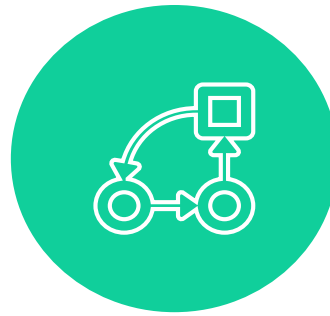
30%



Dividend Payout

About 30%

40%



Net Gearing

About 40%

HK\$ 16 billion



Cash Expenditure^{[1][2]}

HK\$16 billion in 2018

HK\$ 115 billion



New Orders

No less than HK\$115 billion in 2018

Remarks : [1] Cash expenditure includes working capital for infrastructure investment business and other CAPEX;
[2] Cash expenditure in 2017 was about HK\$20.13 billion.



04 Appendix

Company Profile

Stock Info

- ◆ Listed on the HKEx in July, 2005;
- ◆ Outstanding Shares: 5,049million ordinary shares;
- ◆ Total Market Cap: Approximately US\$6.8 billion;
- ◆ Average Daily Volume: Approximately US\$8 million

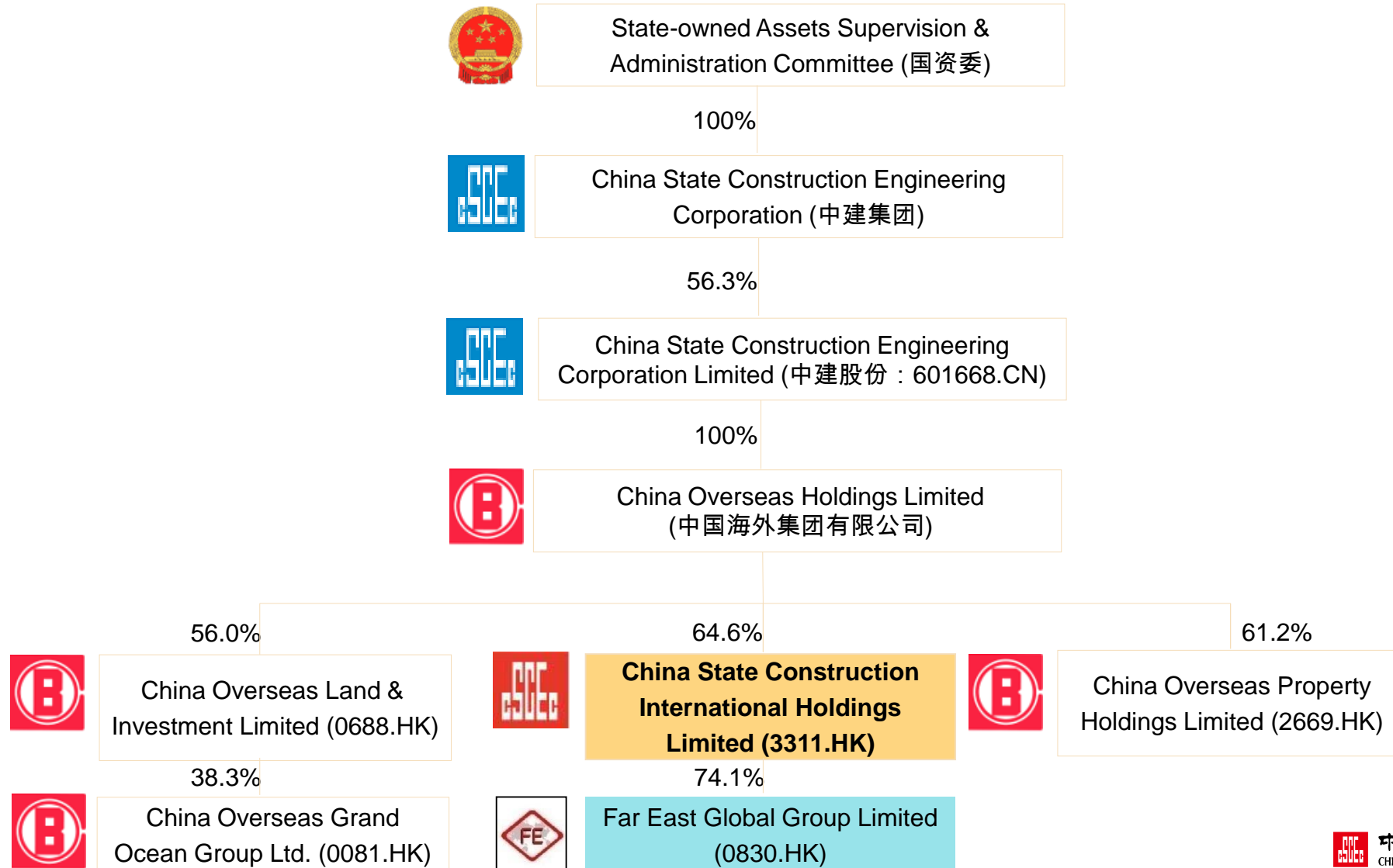
Company Info

- ◆ Fully licensed construction company with long track record and strong market recognition;
- ◆ Over 1,000 cross-regional construction projects completed, including many iconic projects;
- ◆ The largest contractor for HK & Macau government projects for 10 consecutive years;
- ◆ Extensive international contracting experience and outstanding track record;
- ◆ Focused on the development of infrastructure investment business with the accumulated investment of more than RMB350 billion and business coverage of over 60 cities in Mainland China in recent years.

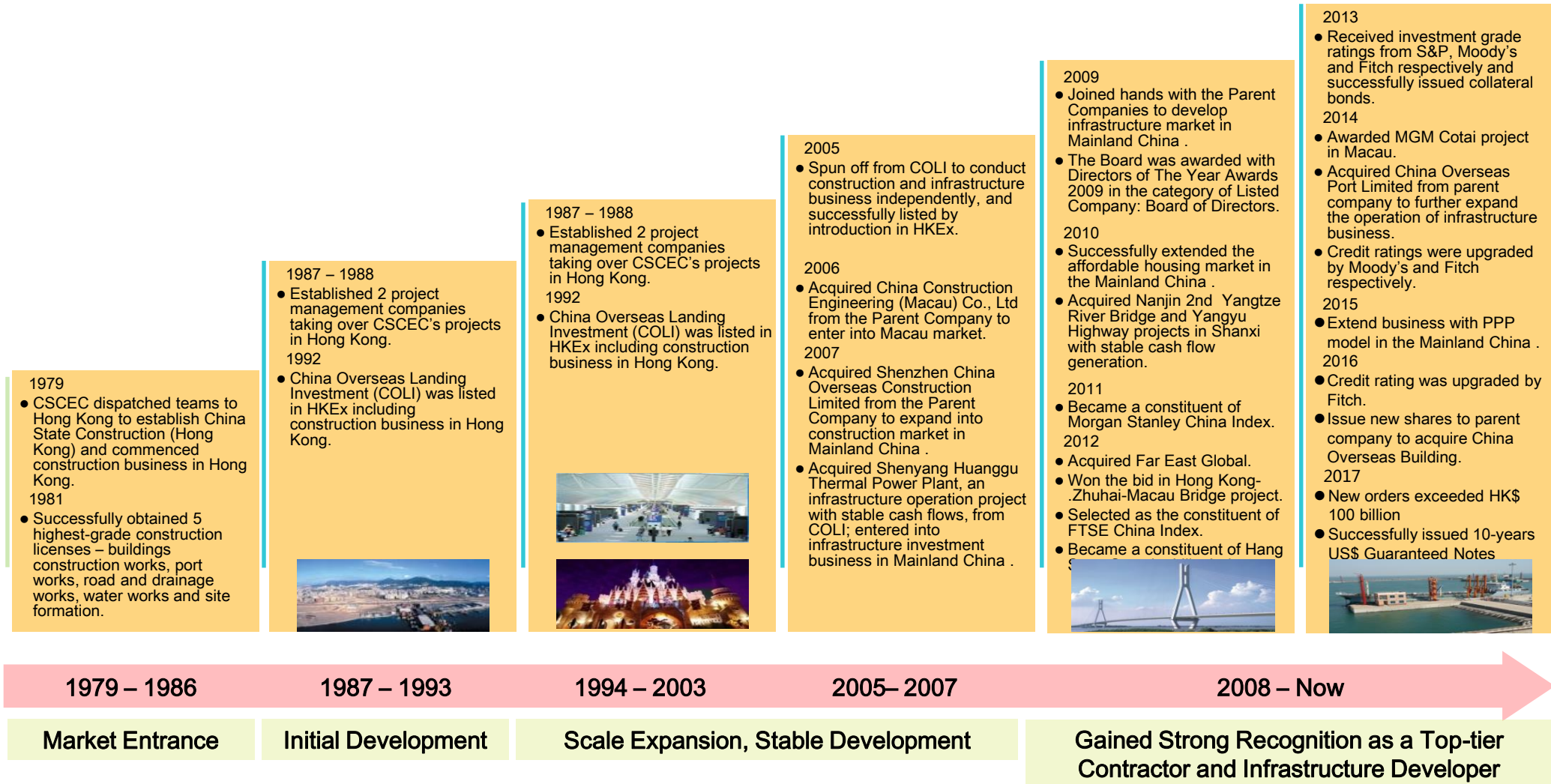
Construction License Held

Region	Category	License
HK	5 Major Categories (Building, Waterworks, Road & Drainage, Port, and Site Formation)	Group C
Macau	All Categories	Qualified Contractor
India	All Categories	Qualified Contractor
UAE	All Categories	Qualified Contractor
Mainland China	Building, Foundation, Municipal Construction	Class I
Mainland China	Supervisory Consultancy	Class A in 9 Categories
Mainland China	Pre-cast Production	“National High-Tech Enterprise”

Shareholder Structure



Corporate Milestone





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