New Era of International Industrial Capacity Cooperation
Leading by Internationalization Strategy

September 19, 2019
Catalog

1. Basic Situation of CNCEC
2. Status of Overseas Business Development
3. Major Initiatives to Promote International Industrial Capacity Cooperation
4. Proposals to Promote International Industrial Capacity Cooperation
Basic Situation of CNCEC

Market-oriented Operation
Directly Supervised By SASAC
Large-scale Construction Group

A Knowledge-intensive Engineering
Cooperation with the top comprehensive qualifications
complete function
Integrated Business chain

Founder of China's petroleum and chemical industry system
The Pioneer of Reform of Construction System and Mechanism in China
Leader of "Going Globally" strategy and co-constructing the "Belt and Road"
Practitioners of Building Beautiful China

2019 ENR TOP250

29 International contractor
27 Global Engineering Contractor
Founder of National SACCT
5 National High-tech R&D Program of China (such as 863 Program)

22 Luban Awards (5 overseas)
839 Awards for Quality Engineering
17 Excellent Survey and Design Awards
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CNCEC Entering the International Engineering Market
Experience and witness the internationalization of Chinese Enterprises

Overseas Business Performance

- New Contract Value Growth: 38%
- Business Income Growth: 39%
- Overseas share: 32%

2016 → 2018

CREATED MANY OF THE WORLD'S GREATEST
Development Status of Overseas Business

- **130** Overseas Branches
- **$50 Billion** Accumulated Overseas Contract Value
- **1200** Overseas Projects
- **$20 Billion** Financed in China
- Mainly distributed in more than **60** countries and regions such as Southeast Asia, South Asia, Middle East, Europe and Africa
Many projects have been identified as "Belt and Road Initiative" Key Projects.

Russia

Nakhodka’s 1.8M t/a Methanol Project

The global single-set largest methanol general contracting project signed under the joint witness of the Chinese and Russian heads of state has caused great repercussions in the industry.
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CNCEC
A GLOBAL ENGINEERING LEADER

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Measures to Promote International Industrial Capacity Cooperation

Leading By Policy
Planning First
Grasping Market Opportunities

Intensifying Chemical Industry
Strengthening Main Business
Making Diversified Development

Making Overall arrangement
Solidifying platform
Promoting regional integration

Integrating Resources
Innovating Models
Building the Development of the Whole Industry Chain

Leading By Innovation
Supporting By Technology
Creating a Strong Engine for High Quality Development
Leading By Policy, Planning First, Grasping Market Opportunities

(1) Concerning about the Policy Opportunities of International Industrial Capacity Cooperation Strategy

(2) Paying attention to the adjustment of the global industrial structure and the changes in the business model of the international engineering contracting market

(3) Focusing on the demands, investment and project planning of countries in the fields of energy, infrastructure and environmental protection
Making Overall arrangement, Solidifying platform, Promoting regional integration

**Integrating overseas market,** Utilizing the best resources on business development to promote **regionalization** and **localization.**

- **Directly Deploy** in critical overseas market, set up the regional operation platform, and conduct **Lift-Cycle Management** of projects in the region.

- The regional company is responsible for regional market development, and **leads the operation of major projects** such as international industrial capacity cooperation projects.
Intensifying Chemical Industry, Strengthening Main Business, Realizing Diversified Development

◆ Consolidate the competitiveness in the field of **fist products** and expand the market share in the field of international chemical industry

◆ Focus on developing different fields in different regions, promoting diversified development

- Promote **coal chemical projects** in Mongolia, Vietnam, Indonesia, Pakistan, Ukraine and other countries
- Focus on **Refining Opportunities** in Middle East, Latin America, South Asia and Eastern Europe
- Pay attention to **infrastructure investment needs** in Asia, Africa, Latin America and Eastern Europe
- Grasp the construction opportunities of **industrial parks** in the core developing countries and regions along the “Belt and Road”
- Actively participate in investment, construction and operation of infrastructure and related **supporting industries**
Integrating Resources, Innovating Models, Building the Development of the Whole Industry Chain

- Utilizing Credit Advantage and Professional Advantage
- Deepening Cooperation, Strengthening the Combination of Industry and Finance, and Improving Capital Operation Ability
- Improving the Operational and Maintenance Ability of Project Factory
- Accelerate operational resource integration and team building
- Establishing Integrated Service Capability of Investment, Construction and Operation
Leading By Innovation, Supporting By Technology, Creating a Strong Engine for High Quality Development

Strengthen the Supporting Role of Technological Innovation for Overseas High-quality Development

**Traditional Priorities**
- Continuous optimization and upgrading of traditional superior technology based on Market-orientation
- Ensuring strong vitality and competitiveness in the international market

**Emerging industries**
- Enhance key technology research in Emerging industries such as new material, environment, Clean energy
- Break through a batch of key technologies, seize the commanding heights of science and technology

**Technology Drives Industry**
- Establish research institutes to make full use of global innovation resources
- Promoting the investment and construction of related industries and realizing the distribution of key industries overseas
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International industrial capacity cooperation is an important platform for optimizing the global division of labor and implementing “Belt and Road” initiative.

Direct investment exceeds $90 Billion along “Belt and Road” countries.

The proportion is over 10%, and the average annual growth rate is 5.2%.

Value of new contracts exceeds $600 billion along "Belt and Road" countries.

About 50.9% of all new contracts signed overseas.

New contracts Growing at an average annual rate of 11.9%.
Promote Project Cooperation

- Economies of scale and industrial clusters
- Effectively increase local employment
  - Promoting Tax Growth
- Promoting the Benign Economic Development of Cooperating Countries
- Constructing the shared future for all mankind
Suggestion

Projects deploy around industries that adapt to local resources and development.
Pay attention to the sustainability of industry and guide the green development of industry.

Promoting technology development cooperation to provide the best technology choice for the project.
Promoting the landing of local key projects and strengthening the open cooperation of innovation capability.

Study the laws, regulations, industry policies, etc. of the partner country to prevent possible major risks.
Hire a team of third-party professional lawyers to ensure the smooth execution of the project.

Strengthen the Skills Training of Local Managers and Technicians.
The core operation and maintenance gradually transits from Chinese staff to local personnel.

Strengthen Fine Management and Optimize Project Internal Management Process for cost decreasing and benefit increasing.
Enhance the efficiency of management, promote the efficient implementation of projects, and benefit people's lives.

Promote engineering, manufacturing and financial companies to form a team to develop overseas markets.
Forming Interest Community to Form Competitive Financing Cost Advantage.
Thanks for Your Attention!