

## **CHEC GLOBAL PRACTICE IN PROMOTING COOPERATION IN MARINE WORKS**

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### **Abstract**

CHEC is now the major international operating division of China Communications Construction Company Ltd. As an international contractors, CHEC has so far 40 overseas branches and business activities offices covering more than 70 countries. CHEC prides itself on providing a full service to our clients in promoting cooperation in marine works.

### **Outline:**

1. CHEC Brief Introduction
2. CHEC Global Cooperation Practice
3. CHEC in Egypt

### **1. CHEC Brief Introduction:**

China Harbour Engineering Company Ltd (CHEC) is an international contractor that is a subsidiary of China Communications Construction Company Ltd (CCCC).

CHEC is now the major international operating division of China Communications Construction Company Ltd, which was ranked 11th among 225 top international contractors and 211th among the world's top 500 companies this year. CCCC is the world largest dredging company in terms of capacity and largest port machinery manufacturer in the world. CCCC is a leading infrastructure contractor and designer in China and is also the No.1 international contractor among all Chinese contractors with contracting turnover of \$40.4 billion in year 2010. As a global division of CCCC, CHEC has so far 40 overseas branches and business activities offices covering more than 70 countries. The company is currently employing over 7,000 domestic and international staff to undertake 10 billion USD worth of projects.

CHEC is focused on basic infrastructure construction, such as Marine Engineering, Dredging and Reclamation, Roads, Bridges, Railways, Airports, Complete Plants and other works. Alongside business expansion and improvement, CHEC also maintains a sense of social responsibility. Donations, financial support and contributions to public welfare schemes are important to CHEC as its commercial activities.

## 2. CHEC Global Cooperation Practice

In the pace of global economy recovery, the trade volume is continuously growing and the international maritime transportation sector is developing rapidly as well. With the continuous upgrading of the ship size, the port facilities are required to meet the new demands. At present, the international ships show some trend of maximization, specialization and containerization. To meet these characteristics, the construction of port in deep water, specialization and container terminal has rapid growth and also become more complex and complicated. In recent years, we found more and more clients ask for comprehensive solution not just construction according to the drawing as before. This needs more communication and trust between client and the contractor.

We used to focus on engineering construction, now we are striving to provide complete solutions to our clients covering A-Z such as from feasibility studies to finance, from design, project management, from construction to maintenance and operation. CHEC prides itself on providing a full service to our clients and using our international engineering experience, global business network, talented management team and robust financial backing to offer our clients a wide range of service options such as D&B, EPC, PMC, BT and BOT or any other model which is deemed necessary by our clients.

As we are port contractor, we have established long-term relationship and long-standing cooperation with our respectful clients and all concerned stakeholders related to the project. We build extraordinary and win-win relationship with global partners, such as:

- Government ports authority, more than 100 ports authority network worldwide..
- World leading ports operator, e.g. Port of Singapore Authority, Hutchison Port Holding (HK), DP World Dubai, APM Terminals, AP Moller Maersk, COSCO, China Merchant Group, China Shipping and all ports authority in China.
- Logistic providers, APM Terminals, AP Moller Maersk, COSCO and China Shipping
- Financial banks, HSBC, Standard Chartered Bank, Commercial International Bank, National Bank of Egypt, China Development Bank, China Import & Export Bank, Bank of China, China Merchant Bank, Commercial and Industry Bank of China, Agriculture Bank of China and Construction Bank of China,.
- Private sector.

- Renewable international designer: CHEC has very strong designers team such as AECOM Maunsell World Leading infrastructure designer, PDI, China Leading Port Designer---etc.
- **Competitors** : e.g. Boskalis, JAN DE NUL, Van Nor---etc.

Apart from the role as a traditional infrastructure contractor, we are aiming to take equity stakes in more projects to garner a greater say in their decision-making processes and obtain profits over the longer term. We expect to have stakes in one third of our projects by 2015, compared with the less than 5 percent currently. We are striving to act not only as a contractor but also as an investor in order to earn profits as well as operational returns.

Our cooperation with Chinese banks on overseas expansion are win-win to both of us and greatly help to reduce the risks, given China Harbour's rich international market experiences and Chinese banks' financing capability.

Due to the global financial crisis, many nations have adopted stimulus policies and put money into infrastructure and basic facilities building, which have provided opportunities to the contractors and the Chinese banks such as Industrial and Commercial Bank of China and China Construction Bank. The Chinese banks are also expanding overseas to cash on the prosperous infrastructure construction market.

### 3. CHEC PRACTICE IN EGYPT

CHEC started its business in Egypt since 2008. We signed two major contracts, one of them is Port Said East Port with our client Suez Canal Container Terminal, and another project is in Damietta Port. Both projects are our core business in the marine field.

#### **Project Information Summary:**

**Project Name** : East Port Said Container Terminal Phase 2 – Marine Works

**Client** : Suez Canal Container Terminal S.A.E

**Contract Value** : 1,178,222,000 LE

**Contract Period** : 139 Weeks from 2008.9.10 to 2011.5.27. Contract period Extension to 2011.8.9. Actually finished on 2011.7.3

**Project Characteristic:** Diaphragm foundation in extremely poor soil condition  
Standard Contract Condition  
Limited time schedule, 12 stage hand--over  
Professional project management team

Through the joint efforts and friendly cooperation with Client, Engineers and all contributing parties, we finally completed the project on time with high quality and delivered our company promise “Creating the greatest value for our clients, establishing win-win cooperation, Fulfilling both commercial and social responsibilities.”

**Client : Damietta International Port Container Terminal.**

**Contract Value : 160 Million USD.**

Egypt is very important market in CHEC’s global strategy, it has abundant port resources with the coast line more than 2000km and it has the unique location connecting three continents (Asia, Europe and Africa).

Total Number of commercial ports	15 Ports
Total Berths' Length of Main Maritime Commercial Ports	32.06 Km
Total Area of Main Maritime Commercial ports	481.35 km <sup>2</sup>

Cargo Throughput of Egyptian Commercial Port from 2006~2010

Year	2010	2009	2008	2007	2006
Throughput Million Tons	133	123	116	112	107
Port Rate %	8.1%	6.0%	3.5%	4.8%	/
GDP%	5.1%	4.7%	7.2%	7.1%	6.8%

According to historic statistic by IMF and World Bank, the developing economy, in particular export-import oriented countries, shall keep ports throughput increasing rate 3% higher than its GDP. Egyptian ports are undeveloped not only in the berth numbers, but more importantly in the port operation, management. The mature port industry is an important driven force in economic development. Vice versa, the lagging port facility will increase the transportation cost, decrease the trade volume and hinder the economic development.

The past three years in Egypt, we would like to thank all of our great partners for their strengthening, overcome obstacles and support. 2012 marks the beginning of “New Egypt”. We are committed to develop the transportation infrastructure business in Egypt and providing our customers with high quality services and products by consistently pursuing our corporate mission of “Trustworthy service to clients, High quality returns to shareholders and Consistent out-performance.” We would like to extend our willingness to cooperate with all our partners from government authorities to private sectors, from port operator to logistic provider, from financial banks to private equities, from engineering consultant to local contractors, jointly contribute our efforts in port development in Egypt. Thank you.