



## Session 5: Housing Finance, Jobs and Growth

### Practice in Angola: Kilamba Kiaxi (K.K.) Satellite City Project

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CITIC CONSTRUCTION CO., LTD.

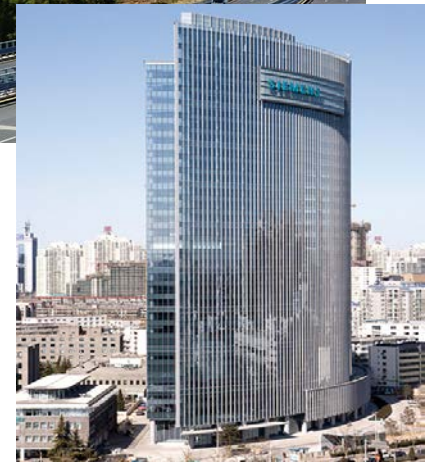
# Introduction of CITIC Group

- CITIC Group was initiated by Mr. Deng Xiaoping, and established by former Chinese Vice President Rong Yiren in 1979.
  - Listed in HK on April 16<sup>th</sup>, 2014
  - A multinational conglomerate: financial and non-financial sectors, covering 56 industries
  - 44 tire-one subsidiaries
  - 130,000 employees
  - By the end of 2013
    - Total Asset: 700bn USD
    - Annual Revenue: 63bn USD
    - Net Profit 6.3bn USD
  - Ranked 174<sup>th</sup> among Fortune 500

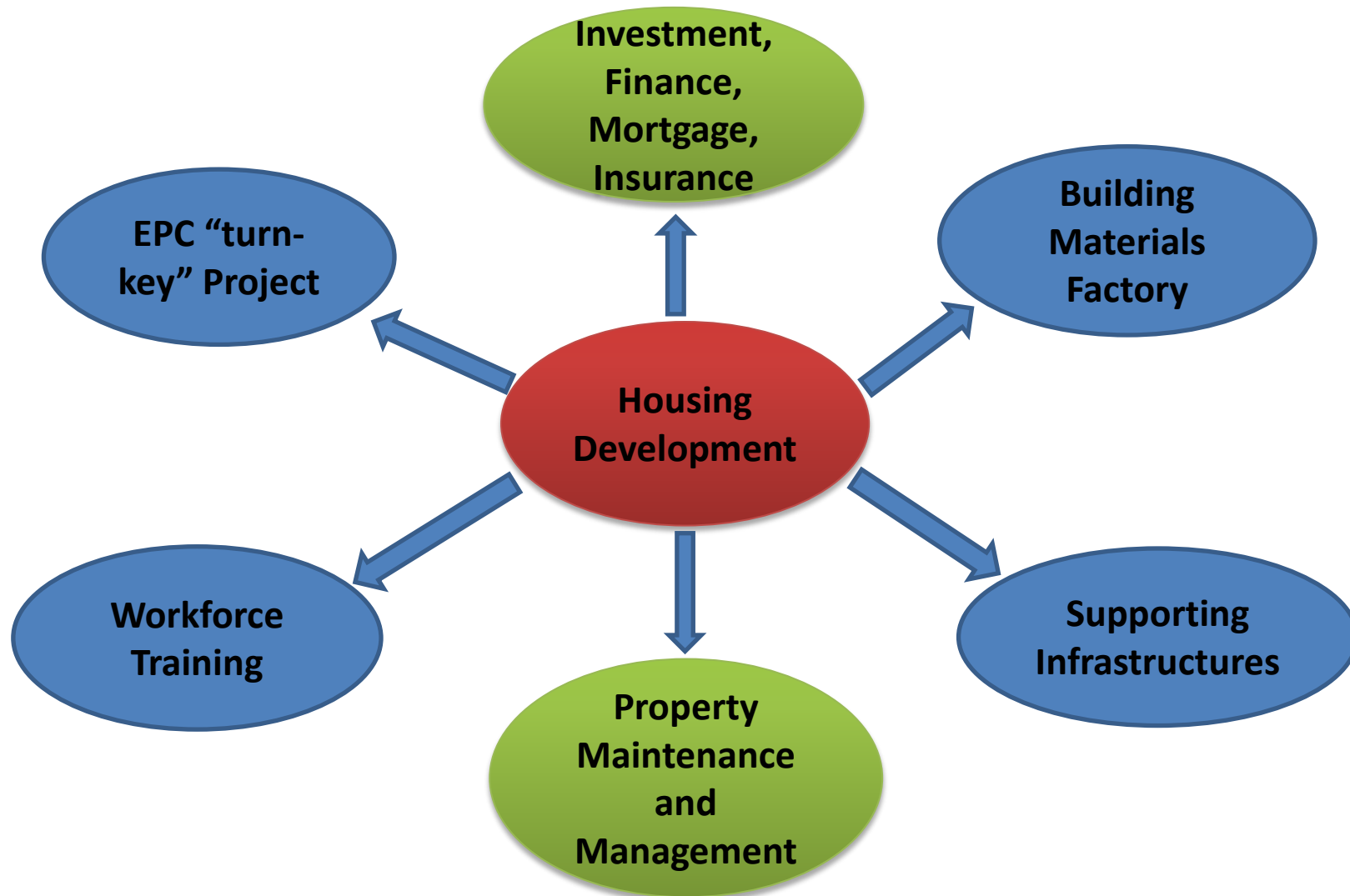


# Introduction of CITIC Construction

- CITIC Construction is a tier-one wholly-owned subsidiary of CITIC Group.
  - Civil Engineering, Infrastructure, Industrial, Agriculture, Mining sectors
  - Operates in 16 countries :Africa, Latin America, Mid-Asia, East Europe, Middle-East.
  - 95% of revenue comes from overseas markets
  - Total ongoing contract value :40 bn USD
  - Ranks 42nd of ENR Top 250 International Contractors
  - Operation Strategy: win the engineering contracts through investment, financing and pre-construction service, and boost relative industries' growth through contracting
  - The enterprise spirit: Commitment, Innovative, Loyalty, Win-Win
  - The enterprise vision: Benefit for the people, build a better future



# Housing Development is The Engine of the National Development, the Security of Happy Life



# Project Objective & Background

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## ■ Objective

- Boost the development of overall business sectors through housing project construction
- Improve city's infrastructures
- Promote local economic development

## ■ Background

- In Angola, everything needed to be rebuilt after the 27 years' civil war, which ended in 2002
- With the population of 18 million, 500 housing deficit, the living condition is very hard and housing is in urgent need
- Short of living goods, building materials, construction equipments and electrical machinery
- Deficient of skilled worker

## ■ K.K. Project is an important part of Angola's Reconstruction Plan

# Project Introduction

- In 2008, CITIC Construction won the bidding of Kilamba Kiaksi (K.K.) Satellite City, F+EPC “turn-key” project

- Contract value after settled is 4.2 bn USD
- Construction period is 54 months
- Covering 8.8 square kilometers
- Construction area of 3.31 million sqm
- 20,002 units apartments (710 buildings)
- 246 ground floor shops, 3 parks, 2 churches, 24 kindergartens, 9 primary schools, 8 secondary schools
- 1 sewage treatment plant (45000t/d), 1 water purifying plant (35000t/d), electric system, telecommunication system, traffic signal system, 400 civil roads
- Delivered in October 2012. All apartments have been sold out, about 100,000 people have moved into K.K.; Occupancy rate is 75%.



# Challenges and Solutions

- Solve the problem of financing
  - To secure the oil backed pre-export loan from Chinese banks
  - Financing the Project via the oil trade proceeds in the future
- Solve the problem of qualified worker
  - 60,000 workers participated in the project in total, 60% of whom are local
  - Train workers by “one Chinese helps one local worker”, set up technical training classes on site
  - Encourage working enthusiasm through Rewarding and Punishment Measures
  - CITIC sponsored and established CITIC Century (Angola) Professional Training School
    - 16-25 years old youth, who are below Poverty Line
    - One year full time boarding school
    - 500 graduates per year



# Challenges and Solutions

## ■ Solve the problem of building materials, living goods and logistics

### – Invested and constructed 14 building material factories

- Brick Factory, Quarry and Sand Pits Factory, Paint Factory
- Doors and Windows Factory, Prefabricated Part Factory
- Nursery garden, Farm

### – Establish “Whole-Process Logistics System”

- Established several logistics center, exclusive wharfs, marine and road transportation system
- Centralization of procurement, goods consolidation, customs clearance and distribution
- Purchase 4 million tons of equipment, materials and goods internationally, total value of about 2 billion USD





# Challenges and Solutions

- Solve the problem of construction equipments
  - Centralized procurement of equipment sets
  - Established warehouse and maintenance center of equipments and parts
- Project quality control
  - Invested national-level Material and Quality Testing Center
  - The project was awarded “LuBan Award”, the Chinese highest honor of construction project in terms of quality, and nominated by “Lee Kuan Yew World City Prize” .



# Promote Growth of Local Economy

- Drive business development through housing project, and promote the economic growth
  - Fill in the blank of Angolan building materials more than dozens, and bring in more than 100 kinds of exotic flowers and trees
  - Promote development of finance, business, trade, appliance and property management, which amounted to billions of USD
  - Provide hundreds of thousand jobs directly and indirectly
- Angola people's satisfied "Housing Pearl Project":
  - Completed infrastructure facilities with multiple function
  - Provide good service, and beautiful living environment





Thanks !



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