



Changing face shows up in billboards

Construction firm puts diverse skills to work amid rapid growth

By **CHEN YINGQUN**

When Wang Zhenghua returned to Angola last month, 10 years after first visiting the country, he says he did a double take, thinking for an instant that he was in China. The 50-kilometer-long road that encircles Angola's capital, Luanda, is lined with huge billboards in Portuguese and Chinese put up by overseas investors in the country, of which most are of Chinese companies. In addition, what met his eyes were rows of modern high-rise apartments built by Chinese companies and in a style that would not be out of place in China.

"When I first visited Angola, Luanda came across as a poor place and lacked infrastructure, but as overseas companies have poured into Africa, people's lives have greatly improved," says Wang, secretary of the Party committee of the Qingjian International Development Co, which is in charge of the overseas business of the Qingjian Group Co, that is based in Qingdao, Shandong province.

"Africa is rich in resources, and it really is a land of opportunities for business," Wang says.

Even as Africa has changed, so has Qingjian's business strategy. The company, founded in 1952, is engaged in the construction industry and investment, real estate development, capital management, logistics and design consulting. It entered Africa in 1988 and now has branches in 16 African countries.

The company's total revenue was 46 billion yuan (\$7.5 billion) last year, of which 9.8 billion yuan was outside China, and about 1.8 billion yuan from Africa.

Wang says Qingjian used to focus on construction projects in Africa, especially those with Chinese government financial backing, but in the past few years it has diversified.

Three sectors hold great potential, he says.

As governments improve living conditions and more people come to Africa looking for a better life, Qingjian sees great opportunities in developing small real estate projects. It is engaged in real estate in Ghana and Kenya with local partners, and construction of its first real estate project in Ghana, called Q-Tower, will begin within the next six weeks.

Another area it is interested in is manufacturing, because as building continues apace, concrete, doors, windows and other materials are in strong demand.

Qingjian has also invested in agriculture, timber processing and tourism.

"Africa is rich in tourism resources, and now that many Chinese have been to Europe, the US and Southeast Asia, they are looking for something else. Africa is the place to come to," Wang says.

"One of our travel destinations is the Seychelles, which boasts ocean scenery. Another is Dubai, where desert beauty and modern architecture are on display. And another is Kenya, where people can see wildlife and the spectacle of the animal migrations," he says.



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Wang Zhenghua
Qingjian Group Co

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PARENT COMPANY IN CHINA

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When Qingjian entered Africa, there were few foreign companies here, so the competition was less fierce, he says. It started with building projects aided by the Chinese government and with embassy projects. The company built China's embassies in Botswana, Lesotho, Liberia, Seychelles and Tanzania. Among other jobs it has completed are Namibia's presidential palace, the office of Mali's president, the five-star Sheraton hotel in Algeria and water supply projects in Angola. It has also lodged tenders for local government or developers' jobs.

Wang says that as China encourages more companies to go global and more companies worldwide enter Africa, the competition has become a lot fiercer, and profit margins have decreased.

"In the past, margins could be as high as 20-30 percent, but now they are a lot lower."

African companies have also become more competitive, and African countries have become more aware of promoting local companies. For example, when bids between local companies and overseas ones are similar, the

locals are more likely to be chosen, he says. Some countries stipulate that when foreign companies win bids they have to assign about 20-to-30 percent of the project work to a designated local company.

Africa will continue to be an important part of the company's business, Wang says, and it is looking for business in more countries, adapting the way it works to the various environments.

"The way we used to do it was to send our people to a country and build up business gradually, but now we start more by working with local companies, which can make things a lot easier."

In some places, if a company develops by itself, that entails a large investment in building and gathering resources, and that can be very slow, but by working with local companies or even buying them, a business can grow a lot more quickly.

Localization is another strategy, and of Qingjian's 8,000 employees in Africa, about 5,000 are Africans.

"In the past, we sent our own workers to

countries such as Lesotho and Angola, and then hired some locals. But some countries have put restrictions on employing foreigners.

"Some governments demand that people who work in construction have college or technical school backgrounds, and they are a lot stricter in checking things. It used to take one or two months for workers to get a visa, but now it can be months or even a year."

Integrating with local culture and people is important to Qingjian, Wang says, and it seeks to respect differences. For example, in its canteen it would consider hiring different cooks to prepare food for Chinese and local workers.

Wang says that while companies develop business in Africa, it is also important that they shoulder their social responsibilities. When Ebola first broke out in Liberia, about 50 Qingjian workers were evacuated, because construction there was suspended. But soon after they returned to China, Qingjian dispatched about 20 people to help build a medical center in Liberia. Qingjian has also helped build charity centers in Lesotho.

Wang says that some Chinese companies in

Africa have failed to comply with local governments and enterprise laws and been dishonest in their work, cutting corners to save on costs, but most provide good quality and service, and he regards Qingjian as one of these.

Companies should not just complete projects then leave, but instead should provide after-construction service such as helping customers with day-to-day operations, he says.

"Some of the places that have been built have been left to locals to run, but those people have lacked the appropriate experience. That has resulted in buildings becoming rundown very quickly, leaving the impression that Chinese-made buildings are not particularly good."

Wang says that his company has learned a lot in its 26 years in Africa, and it is now doing market research and preparing to enter countries including Benin, Cameroon, Guinea, Kenya, Mauritius and Zambia. The biggest challenge now is to recruit staff with the appropriate language skills who are also competent in overseas investment.

"As our strategy diversifies, we want to have more diverse talent," he says.

WANG XIANMAO



Chairman, Qingjian International Development Co Ltd

Born: 1971

Education:

- EMBA undergraduate student, PBC School of Finance, Tsinghua University
- MBA, business management, Nankai University, 2007

- BA, Qingdao Technological University, 2002

Career

- Chairman, President, Qingjian International Development Co Ltd (2013-present)
- CEO, Guoqing Holding Group Co Ltd (2013-Present)

