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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2023-017



中國建築股份有限公司
CHINA STATE CONSTRUCTION ENGRG.CORP.LTD

Announcement on Profit Distribution in 2022

The Board of Directors of the Company and each member of the Board of Directors guarantee that the contents of the public announcement contain no false or misleading statements or major omission, and they are jointly and severally liable for the truthfulness, accuracy and completeness of the said contents.

Important Notice:

- Ratio per share: cash dividend of RMB 0.2527 (tax included) per share.
- Profit distribution is based on the total equities registered on the equity registration date of the implementation of equity distribution. The date will be specified in the announcement on the implementation of equity distribution.
- In case of any change in its total share capital prior to the record date of shareholders for profit distribution plan, the Company proposes to maintain the distribution ratio per share unchanged, and to adjust the total distribution amount accordingly. An announcement containing details of the adjustments will be made separately.
- A brief explanation of the reason why this year's cash dividend ratio is less than 30%: due to the characteristics of the industry, its development stage and operating mode, the Company requires a large amount of funds to maintain its daily business turnover; therefore it needs to retain an appropriate amount of earnings to address funding problems in the development process.

I. Main Contents of the Profit Distribution Plan

As audited by Ernst & Young Hua Ming LLP (Special General Partnership), as of December 31, 2022, the net profit of China State Construction Engineering Corporation Limited (hereinafter, the "Company") available for distribution to common shareholders in 2022 was RMB 51.47 billion. As adopted by the Board of Directors, the Company's 2022 profit distribution plan is as follows:

The Company intends to distribute cash dividends of RMB 2.527 per 10 shares (tax included) to all common shareholders. As of the date of announcement, the Company's total equities were 41,934,432,844, and the total proposed cash dividend approximated RMB 10.6 billion (tax included). The Company's cash dividends this year accounted for approximately 20.80% of the net profit attributable to shareholders of the listed company in the consolidated statement. In case of any change in its total share capital prior to the record date of shareholders for profit distribution plan, the Company proposes to maintain the distribution ratio per share unchanged, and to adjust the total cash dividend accordingly. An announcement containing details of the adjustments will be made separately.

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The profit distribution plan was reviewed and approved at the 33rd meeting of the third session of the Board and is subject to the review and approval by the 2022 annual general meeting of the Company. The Company's independent director has expressed independent opinions in favor of the plan.

II. Explanation of the Lower-than-30% Cash Dividend Ratio This Year

During the Reporting Period, the net profit attributable to shareholders of the Company in the consolidated statement of the Company was RMB 50.95 billion, the cumulative undistributed profit of the parent company was RMB 51.47 billion, and the total cash dividend to be distributed by the Company was about RMB 10.6 billion (tax included), accounting for 20.80% of the net profit attributable to shareholders of the listed company this year. The ratio of the cash dividend to be distributed by the Company this year to the net profit attributable to shareholders of the listed company is less than 30%. The specific reasons are as follows.

(I) Industrial Status Quo and Characteristics

The construction industry is a fully competitive industry, and the projects undertaken by the Company are characterized by large single volume, long production cycle, and large demand for funds to maintain the daily operation and turnover. The Company has adeptly seized national policy opportunities, propelled its core business forward, constantly enhanced project performance management, expedited innovation endeavors, fortified bottom-line considerations, and actively addressed fierce industry competition.

(II) The Company's Development Stage and Operating Mode

The Company has been actively integrating into the national strategy, pushing for a more reasonable regional layout, accelerating the pace of reform, highlighting the "high-quality" development trend and keeping up with new development concept as well as world-class enterprises, so as to constantly improve its global competitiveness and brand influence. In 2022, the Company's new contract value and operating revenue hit a record high, and its advantage in whole industry chain was further consolidated and the quality of each business kept improving.

(III) Profitability and Fund Requirements of the Company

Since the Company went public, its return on net assets has maintained at a high level in the industry, creating stable return on investment for its shareholders. As the Company steps up efforts in reform and innovation, it needs to increase input in innovative business and new technologies. In addition, to ensure its daily operating turnover and smooth project delivery, the Company needs to retain a certain proportion of earnings.

(IV) Reasons for the Company to Retain a Certain Percentage of Undistributed Profit

Facing the increasing pressure from the global economic downturn and changing international situation, the Company has to retain its earnings to increase its risk resistance. The retained earnings accumulated by the Company over the years belong to all investors. As the Company sees a steady increase in profitability, it will offer more generous returns to the investors in the future.

(V) Exact Use of the Retained Undistributed Profit and the Estimated Revenue

The retained undistributed profit will be used by the Company to seize strategic development opportunities, continue to deepen its strategies, strengthen structural

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adjustment and transformation, and seek new growth points for its business performance. The Company has maintained a stable dividend policy over the years, reflecting the steady development of the Company and its ability to keep paying dividends. In 2023, the Company will focus on the development goal of "One Creation and Five Aspects of Strength" to create more value, achieve excellent business performance, and provide greater return for its shareholders.

III. Decision-making Procedures of the Company

(I) The Convening of, Deliberations and Voting Result at the Meeting of the Board of Directors

The Company held the 33rd Meeting of the 3rd Board of Directors on April 17, 2023, deliberated on and adopted the *Proposal on 2022 Profit Distribution Plan for China State Construction Engineering Corporation Limited*, with 6 votes in favour, 0 against, and 0 abstention. The 2022 profit distribution plan complies with the profit distribution policies provided in the *Articles of Association* and the shareholder return plan released by the Company.

(II) Opinions of Independent Directors

The Independent Directors hold that, in order to continuously and steadily provide returns to shareholders and engage shareholders in the Company's growth and development results, in consideration of factors such as external macroeconomic situation, industrial characteristics, development stage, and funding needs, and in accordance with the *Articles of Association*, the Company proposed to distribute a cash dividend of RMB 2.527 per 10 shares (tax included) to all shareholders. As of the date of announcement, the Company's total equities were 41,934,432,844. Based on this, the total proposed cash dividend was RMB 10.6 billion (tax included). The distribution plan complies with the provisions on cash dividends specified in the *Articles of Association*. The cash dividends are reasonable. It guarantees reasonable returns for investors and the Company's sustainable development, and meets its long-term development needs, without harm to the interests of its minority shareholders. The deliberation on the distribution plan and the voting procedure was in compliance with relevant laws, regulations and the *Articles of Association*. They agreed on the *Proposal on 2022 Profit Distribution Plan for China State Construction Engineering Corporation Limited* and consented to submit the proposal to the 2022 Annual General Meeting for deliberation.

(III) Opinions of the Board of Supervisors

The Company held the 20th Meeting of the 3rd Board of Supervisors on April 17, 2023, deliberated on and adopted the *Proposal on 2022 Profit Distribution Plan for China State Construction Engineering Corporation Limited*, with 5 votes in favour, 0 against, and 0 abstention. The Board consider that, the Plan and decision-making procedure are complied with laws and regulations, the *Articles of Association* and internal management requirements in consideration of the capital market expectations, overall cash flow arrangements, etc. It not only enables investors to obtain a reasonable return on investment, but also gives consideration to the Company's production and operation in light of the long-term interests of the Company and all shareholders. It is agreed to submit this Plan to the General Meeting for deliberation.

IV. Risk Reminder

1. This Plan fully reflects the industrial characteristics, the Company's development stage, its own operating mode, and its future fund needs, and will not have a significant

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impact on the Company's operational cash flow, nor will it affect the Company's normal operations and long-term development.

2. The *Proposal on 2022 Profit Distribution Plan* should still be submitted to the Company's 2022 Annual General Meeting for deliberation and approval before implementation.

3. Media outlets designated by the Company for information disclosure are China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, and Shanghai Stock Exchange Website (www.sse.com.cn). Relevant information is subject to announcements published in the above-mentioned designated media outlets. All investors are kindly advised to take heed of the information.

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited

April 17, 2023