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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2024-026



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

## Announcement on Profit Distribution in 2023

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 0.27145 (tax inclusive) 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, 2023, the net profit of China State Construction Engineering Corporation Limited (the "Company") available for distribution to common shareholders in 2023 was RMB 51.815 billion. As adopted by the Board of Directors, the Company's 2023 profit distribution plan is as follows:

The Company intends to distribute cash dividends of RMB 2.7145 per 10 shares (tax inclusive) to all common shareholders. As of the date of announcement, based on the 41,619,952,444 total equities of the Company, the total annual cash dividend approximated RMB 11.298 billion (tax inclusive), accounting for 20.82% 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 considered and approved at the 56th meeting of the third Board of Directors and is subject to the consideration and approval by the 2023 Annual General Meeting of the Company.

## **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 was RMB 54.264 billion, the cumulative undistributed profit of the parent company was RMB 51.815 billion, and the total cash dividend to be distributed by the Company was about RMB 11.298 billion (tax inclusive), accounting for 20.82% 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 operates within a fully competitive market framework. The projects undertaken by the Company are characterized by their significant scale, lengthy production cycles, and substantial funding requirements to sustain daily operations 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 2023, the Company's new contract value, operating revenue, and net profit attributable to shareholders of the listed company 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. Additionally, the Company needs to appropriately accumulate retained earnings to support its ongoing development and enhance its overall value, aligning with the long-term interests of the shareholders.

### **(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. The Company will continue to improve the efficiency of capital operations, elevate its overall profitability, and 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

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development opportunities, continue to deepen its strategies, strengthen structural adjustment and transformation, and seek new growth points for its business performance. CSCEC has maintained a stable dividend policy over the years, which demonstrates its robust development. In 2024, the Company will continue to focus on the nation's major strategic deployments and the 14th Five-Year Plan, seizing the strategic opportunities in economic development to better reward its shareholders.

#### **(VI) Facilitating Minority Shareholders' Participation in Making Decisions on Cash Dividends**

The Company has established and improved its multi-channel investor communication mechanism. Minority shareholders can express their opinions and concerns regarding the cash dividend policy through various channels such as the investor hotline, the Company's mailbox for investor relations, and the SSE E-interactive platform. During the Annual General Meeting, minority shareholders can vote on the profit distribution plan online. Additionally, the Company actively addresses the concerns of minority shareholders through cash dividend briefings and other approaches.

#### **(VII) Proposed Measures for Enhancing Investor Returns**

According to the *Regulatory Guidelines for Listed Companies No. 3—Distribution of Cash Dividends of Listed Companies*, as well as other laws, regulations, normative documents, and the Company's *Articles of Association*, the Company has increased the transparency and operability of profit distribution decisions to facilitate shareholder supervision of its management and profit distribution. Committed to delivering long-term returns to investors, the Company will further improve its profit distribution plan based on the current macroeconomic situation and major capital expenditure schemes.

### **III. Decision-making Procedures**

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

The Company held the 56th Meeting of the 3rd Board of Directors on April 18, 2024, and deliberated on and adopted the *Proposal on 2023 Profit Distribution Plan*, with 7 votes in favour, 0 against, and 0 abstention. The 2023 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 the Board of Supervisors**

The Company held the 29th Meeting of the 3rd Board of Supervisors on April 18, 2024, and deliberated on and adopted the *Proposal on 2023 Profit Distribution Plan for China State Construction Engineering Corporation Limited*, with 5 votes in favour, 0 against, and 0 abstention. The Board of Supervisors 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 Annual 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 2023 Profit Distribution Plan* should still be submitted to the Company's 2023 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](http://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 18, 2024