

Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2024-070



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

Announcement on the Action Plan for Enhancing Quality, Efficiency, and Returns

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.

China State Construction Engineering Corporation Limited (hereinafter, the "Company") has formulated the 2024-2025 Action Plan for Enhancing Quality, Efficiency, and Returns (hereinafter, the "Action Plan"), in an effort to follow the spirit of the 20th CPC National Congress and the Central Financial Work Conference, implement the Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market, proactively respond to the Shanghai Stock Exchange's "Initiative on Launching the Special Campaign for Enhancing Quality, Efficiency, and Returns of SSE-listed Companies", and genuinely enhance investor returns through high-quality development.

I. Constantly enhance value creation abilities to consolidate the foundation for shareholder returns

We concentrate on our core business and responsibilities, actively implement national strategies, take deep roots in key strategic regions, and significantly contribute to the Belt and Road Initiative (BRI). Leveraging our strengths across the entire industry value chain—from investment and design to construction, operations, and services—we constantly improve our business structure, provide new growth drivers, and strengthen precision management, thereby boosting our efficiency and returns and promoting sustained growth in our value creation abilities.

We will focus on enhancing operational quality, solidifying management foundations, and mitigating risks to constantly streamline our business. **First**, we will pursue high-quality development of our core construction business, focusing on both quality enhancement of existing projects and structural adjustment of new ones. We will implement major national strategies, build up security capacity in key areas, further participate in the construction of affordable housing and public infrastructure for both normal and emergency use as well as in the renovation of "villages" in cities, and vigorously expand urban renewal and city operation services. In terms of the real estate business, we will step up efforts to adapt to the new development paradigm, focus on core urban areas to increase the supply of high-quality housing, and actively invest in the construction of indemnificatory housing. We will also implement the BRI by tapping further into key and leading overseas markets and enhancing its presence in areas with significant output. **Second**, we will strengthen cost control, project operations, contract fulfilment, and profit-making capabilities. We will further carry out

This is a free translation into English of an announcement issued in China and is provided solely for the convenience of English-speaking readers. This announcement should be read in conjunction with, and is construed in accordance with, relevant Chinese laws and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail. Investors can access the Company's announcements on the website of the Shanghai Stock Exchange (www.sse.com.cn).

the special campaign of “practising thrift in running an enterprise”, enhancing the management of poorly operated, inefficient, and loss-making businesses and promoting organizational restructuring. **Third**, we will enhance asset quality by intensifying the control over accounts receivable and inventory, carrying out the special campaign on cash flow management, addressing projects with negative cash flow and returns, putting idle assets into better use, and pushing forward with the issuance of Real Estate Investment Trusts (REITs) focused on rental housing and consumer infrastructure.

II. Maintain a stable profit distribution policy to increase cash dividends

By increasing the returns on investment, we will consistently fulfil our responsibility and obligation of creating value for shareholders and sharing the fruits of development with them. The Articles of Association have clearly defined the profit distribution principles and cash dividend policy. By implementing the dividend plan for 2021-2023, the Company has maintained the stability, continuity, and predictability of its dividends. Since its listing, the Company has achieved an annually increasing scale of dividends, with cumulative cash dividends of approx. RMB 92.8 billion. In 2023, we distributed cash dividends of RMB 2.7145 per 10 shares (tax included) to all shareholders. The total proposed cash dividend is RMB 11.298 billion (tax included). Cash dividends this year accounted for approx. 20.82% of the net profit attributable to shareholders of the parent company in the consolidated statement, marking an increase for the fifth consecutive year.

The Company places great emphasis on shareholder dividends and prudently balances long-term corporate growth with short-term shareholder interests, striving to achieve year-on-year growth in dividends per share. The Company takes into full account the operational status, long-term strategic layout, and overall shareholder interests in making prudent profit distribution plans, ensuring that a reasonable part of profits are retained to support future development and create greater value for shareholders. We also maintain a stable dividend policy and provide shareholders with continuous cash returns. Furthermore, we plan to release the dividend plan for 2024-2026 in due course, with the aim of stabilizing investors' dividend expectations and ultimately maximizing shareholder benefits.

III. Implement an innovation-driven development strategy to boost growth value return

The Company steadfastly believes that innovation is the primary driving force behind business development. We promote the integrated development of technological, entrepreneurial, managerial, and industrial innovations to bolster our position as a leading tech innovator. We continually increase our investment in R&D, aiming to enhance our core competitiveness through business transformation and upgrade along with the fostering of strategic emerging industries. We boast three national-level technological innovation platforms: the National Center of Technology Innovation for Digital Construction, the National Key Laboratory for Green Building, and the National Engineering Research Center for Soil Nutrient Management and Pollution Remediation. We hold world-leading technologies for the construction of ultra high-rises, large-span spaces, and complex steel structures. With a robust portfolio of core technologies for green and intelligent construction, prefabricated buildings, and infrastructure construction, we constantly drive transformation in production and organizational models to boost cost-effectiveness and contract fulfilment.

We will accelerate the cultivation of new quality productive forces, increase investments in technological R&D, advance our business towards high-end, intelligent,

This is a free translation into English of an announcement issued in China and is provided solely for the convenience of English-speaking readers. This announcement should be read in conjunction with, and is construed in accordance with, relevant Chinese laws and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail. Investors can access the Company's announcements on the website of the Shanghai Stock Exchange (www.sse.com.cn).

and green transformations, and vigorously develop strategic emerging industries. **First**, we will constantly strengthen our hard power in technological innovation. Focusing on R&D projects in strategic emerging industries and future industries, we will facilitate the commercialization and industrialization of technological achievements and accelerate the development of a second growth curve. **Second**, we will vigorously promote business improvement and upgrade, develop new business in line with local conditions and corporate needs, accelerate the translation of innovative products into productive forces, and focus on key areas such as new energy for buildings, energy conservation and environmental protection, and industrialization of construction to expedite the transformation and upgrade of traditional construction and real estate businesses. **Third**, we will accelerate transformation to low-carbon, green digitization, comprehensively work towards the carbon peak target, enhance the innovative application of green technologies, and actively lead the industry's green transformation. We will leverage our abundant application scenarios and massive data resources to actively plan and develop the construction industry Internet and other new sectors, thereby translating the advantages of traditional industries into core competencies for the development of digital sectors.

IV. Enhance investor protection and actively convey shareholder return expectations

Guided by investor demands, we conduct high-quality information disclosure and investor relations management, actively shaping our investment value and promoting it to the capital market to boost investor confidence. The Company continues to build a "mandatory + voluntary" information disclosure system, ensuring compliance and standardization while enhancing the scope and granularity of voluntary disclosures. We have received an A rating for information disclosure from the Shanghai Stock Exchange for nine years. Since 2022, we have regularly live-streamed six sessions of results presentation. Our senior leadership, including the Chairman and President, place great emphasis on these interactions. Throughout the sessions, they have actively engaged with and considered the opinions and suggestions of our investors. We maintain communication with domestic and international investors, including traveling to Hong Kong and Singapore for results presentations. We routinely collaborate with securities analysts to organize investor research activities and Open Days focused on "new infrastructure" and "urban renewal". We actively respond to investor inquiries and concerns through the investor relations website, CSCEC's investor relations WeChat official account, the SSE E-interactive platform, our business briefings and major project announcements, as well as email, telephone, and social media.

We will deeply implement our investor-centric philosophy by intensifying investor communication and engagement efforts. **First**, we will constantly improve the content and form of information disclosure by increasing the business segments and statistical dimensions involved, diversifying the disclosure forms and enhancing the effectiveness and readability disclosures, so as to provide shareholders with a more robust basis for investment decisions and value judgements, and enhance their expectation management capabilities. **Second**, we will routinely hold results presentations, employing a variety of formats such as live-streams, online textual interactions, infographics, and visually engaging annual reports to enhance investor interaction. Additionally, we will organize focused roadshows for listed companies to deepen investors' understanding of the Company's value. **Third**, we will strengthen media publicity in capital markets by focusing on market concerns, promoting our operational highlights, telling compelling stories of our efforts in fostering new quality

This is a free translation into English of an announcement issued in China and is provided solely for the convenience of English-speaking readers. This announcement should be read in conjunction with, and is construed in accordance with, relevant Chinese laws and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail. Investors can access the Company's announcements on the website of the Shanghai Stock Exchange (www.sse.com.cn).

productive forces, collaborating with mainstream financial media to broaden information dissemination, and effectively operating our investor relations WeChat official account.

V. Streamline corporate governance mechanisms to maintain and enhance shareholder returns

The Company strictly adheres to laws and regulations, including the Company Law, Securities Law, Code of Corporate Governance for Listed Companies, and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. We constantly refine our governance mechanisms, with the shareholders' meeting, Party Leadership Group, Board of Directors, Board of Supervisors, and management performing their respective roles diligently, responsibly, and smoothly. This ensures effective checks and balances, standardized operation and precise strategic direction, scientific and fair decision-making, enhanced supervision and risk prevention, thereby fostering healthy and sustainable development of the Company. We are frequently recognized by the capital market for the achievements of our Board of Directors/Supervisors and our best practices in corporate governance.

We will accelerate the improvement of a modern enterprise system with Chinese characteristics, advancing the modernization of our corporate governance system and capabilities. **First**, we will further elevate our governance standards by implementing the latest requirements of the Company Law and other regulations, enhancing and fully executing the powers of various governance bodies, refining the Board of Directors' authorization mechanisms, effectively engaging independent directors in decision-making, oversight, coordination, and counselling, and robustly protecting the legitimate rights and interests of all shareholders, especially minority shareholders. **Second**, we will refine our reward and restraint mechanisms by clarifying the responsibilities, establishing the supervision framework, and offering compelling incentives to foster employee innovation. This approach aims to reduce costs, augment production efficiency and product quality, bolster profitability, and amplify investment returns. **Third**, we will continue to improve our comprehensive risk assessment and control system. Focusing on top-down design, we will establish scientific risk assessment methodologies, effectively identify and assess various risks the Company faces, and formulate appropriate response measures to mitigate adverse effects on our operations.

VI. Systematically advance market capitalization management to enhance shareholder returns through multiple approaches

Focusing on market capitalization management, the Company drives close collaboration between the industrial market and the capital market. By creating value, managing value, and realizing value across all phases, we constantly enrich our "toolbox" for market capitalization management, shape our investment value in terms of certainty, growth potential, and returns, and strive to align market value with intrinsic value. Since its listing, the Company's controlling shareholder has completed six rounds of share increase, totaling approx. RMB 4.3 billion, with the seventh round currently under way. We have also implemented four tranches of Equity Incentive Schemes, repurchasing shares that account for approx. 4.96% of our total capital, effectively tying the long-term interests of the Company, shareholders, and core staff. We are embedding ESG principles into our strategy and business management, and have published ESG reports.

Our market capitalization management aims to promote high-quality corporate development and achieve a dynamic balance between intrinsic and market value. **First**,

This is a free translation into English of an announcement issued in China and is provided solely for the convenience of English-speaking readers. This announcement should be read in conjunction with, and is construed in accordance with, relevant Chinese laws and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail. Investors can access the Company's announcements on the website of the Shanghai Stock Exchange (www.sse.com.cn).

we will constantly improve the overall framework for market capitalization management, forming a comprehensive system covering top-down design, organizational structure, management actions, operational mechanisms, and evaluation systems to ensure the long-term and systematic execution of relevant tasks. **Second**, we will keep enriching our market capitalization management "toolbox", systematically adopting measures in value creation, reform and innovation, capital operations, corporate governance, risk control, and investor protection to comprehensively enhance the quality of our industrial operations and capital management. **Third**, we will continue to strengthen our institutional framework in line with policy requirements and previous exploratory practices, developing and issuing market capitalization management policies and assessment methods to provide strong support for the execution of relevant tasks.

The forward-looking statements involved in the action plan, including future plans and development strategies, do not constitute substantial commitments by the Company to investors. Investors are advised to be aware of the investment risks. We will continue to evaluate the progress of specific measures in this action plan, fulfil our responsibilities and obligations as a listed company, actively communicate our value, and maintain our market image.

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited
October 25, 2024