

Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2025-027



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

Announcement on the Valuation Enhancement Plan

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:

- Trigger conditions and review procedures for the Valuation Enhancement Plan: According to the *Regulatory Guidelines for Listed Companies No. 10 – Market Value Management*, a valuation enhancement plan shall be made if the closing stock price of China State Construction Engineering Corporation Limited (hereinafter, "CSCEC" or the "Company") on each trading day for 12 consecutive months is lower than the audited net asset value per share attributable to ordinary shareholders of the Company in the last fiscal year. This Valuation Enhancement Plan has been deliberated on and adopted at the 15th Meeting of the Fourth Board of Directors of CSCEC.
- Overview of the Valuation Enhancement Plan: This Plan, tailored to the Company's current circumstances and future development strategy, outlines diverse measures centered on the strategic goals, pathway, and system of market capitalization management. It aims to promote the Company's high-quality growth, ensure that its investment value accurately reflects its development performance, and boost shareholder value.
- Disclaimer: This Plan constitutes an action plan only and does not represent a commitment regarding the Company's performance, share price, major events, or any other indicators. The Company's operating results and secondary market performance are subject to macroeconomic conditions, industry policies, market trends, and other uncertainties.

I. Trigger Conditions and Review Procedures for the Plan

(I) Trigger Conditions

According to the *Regulatory Guidelines for Listed Companies No. 10 – Market Value Management* issued by the China Securities Regulatory Commission (CSRC), a listed company whose closing stock price on each trading day for 12 consecutive months is lower than its audited net asset value per share attributable to ordinary shareholders of the company in the last fiscal year shall make a valuation enhancement plan and disclose it upon deliberation by the Board of Directors. From January 1 to December 31, 2024, the Company's closing stock price on each trading day for 12 consecutive months was lower than the audited net asset value per share attributable to ordinary shareholders of the Company in the last fiscal year. Specifically, from January 1 to

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).

April 19, 2024, the price was lower than RMB 8.93 (the audited net asset value per share attributable to ordinary shareholders of the Company in FY 2022), and from April 20 to December 31, 2024, it was lower than RMB 9.98 (the audited net asset value per share attributable to ordinary shareholders of the Company in FY 2023), thus meeting the criteria for making a valuation enhancement plan.

(II) Deliberation Procedure

On April 15, 2025, the *Proposal on the Valuation Enhancement Plan of CSCEC* was deliberated on and adopted at the 15th meeting of the fourth Board of Directors.

II. Contents of the Valuation Enhancement Plan

The following Valuation Enhancement Plan has been made to fully implement the decisions and directives of the CPC Central Committee and the State Council on promoting the high-quality development of listed companies, earnestly enforce the policies of SASAC and CSRC regarding market capitalization management, and ensure that the Company's investment value accurately reflects its development performance.

(I) Strategic Goals

The Plan is both goal-driven and problem-focused. Underpinned by strategic vision and systematic thinking, it focuses on growth potential as well as the scale and certainty of returns, with the aim of enhancing the Company's investment value, increasing shareholder returns, resolving the long-standing issue of market capitalization falling below book value, and ultimately ensuring the preservation and growth of assets.

(II) Strategic Pathway

Following a "six-stage" strategic approach to market capitalization management, the Company systematically plans and executes the initiatives in each stage, bringing into shape a cyclical, life-cycle process.

1. Conduct comprehensive and dynamic assessments to consistently steer the enhancement of investment value.

(1) Growth potential: From an operational standpoint, we will analyze driving factors including the industry outlook, business expansion, technological innovations, and competitive edge. We will regularly track the progress of our emerging businesses as well as technological innovations and applications. These efforts will help optimize our business portfolio, foster new quality productive forces, constantly enhance our ESG performance, and ensure sustainable growth.

(2) The scale of returns: From a capital perspective, we will analyze driving factors such as profitability, shareholder return policies, and capital operations. We will regularly evaluate our business profitability, cash dividend policies, and capital operation plans. These efforts will help improve our resource deployment, increase our efficiency and benefits, balance long-term strategic development with short-term cash distribution, and ultimately maximize shareholder value.

(3) The certainty of returns: From a management perspective, we will analyze driving factors like business philosophy, operational models, and institutional framework. We will regularly assess our development plans, overall management capabilities, and risk resilience. These efforts will constantly improve our businesses, finance, and assets,

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).

ensuring long-term sound growth of the Company.

2. Strengthen long-term value creation to solidify the foundation for investment value enhancement.

(4) Realize high-quality growth of our main businesses. We will 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 are able to provide a steady supply of high-quality products and services for our clients. We will constantly improve our construction business structure and market presence, adhere to the "two improvements and two emphases" market strategy—namely, focusing on premium clients, premium projects, key regions, and key sectors, and vigorously expand into industrial, railway, water conservancy, and energy sectors while driving growth in emerging fields such as urban renewal and city operations. We will enhance the regional focus and product competitiveness of our real estate business, concentrating on core cities and areas to develop quality housing that is safe, comfortable, green, and intelligent. We will strengthen the operations and management of our integrated investment business while proactively expanding premium user-pay and concession projects to enhance operational quality and benefits.

(5) Foster new quality productive forces. We will press ahead with the integration of technological and industrial innovation, adhere to the strategy of green and low-carbon development and digital transformation, and promote the commercialization and industrialization of scientific achievements to constantly strengthen our expertise. Positioning ourselves as an industry chain leader, we will advance our transformation towards industrialized, digitized, and green construction. We will roll out the "AI +" initiative, accelerate the development of LLMs tailored to the construction industry, and advance towards achieving the carbon peak target. We will expand our presence in strategic emerging industries, leveraging the 167 innovative items showcased at the CSCSE Science and Technology Exhibition to vigorously promote the commercialization and industrialization of our technological forces, thereby accelerating the development of a second growth curve.

(6) Strengthen cost control. Committed to lean management, we will constantly refine the "corporate-led project management" model and strengthen project classification, tiered management, and transparent supervision, thereby enhancing project management, contract fulfilment, and profitability. We will keep enhancing the management of industry and supply chains while accelerating the development of digital platforms. We will also persist in improving our organizations, workforce, and assets, while promoting our cost-reduction and efficiency-enhancement campaign at the project level.

(7) Enhance our asset quality and profitability. We will exercise stringent control over operational and financial risks, systematically manage the scale of accounts receivable and inventories, intensify asset revitalization efforts, push forward with the issuance of Real Estate Investment Trusts (REITs), increase returns from asset operations, enhance the alignment between operating cash flow and profits, and constantly improve our asset-liability structure.

3. Actively pursue value-based operations to consistently enhance our investment value.

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).

(8) We will pragmatically engage in M&A and internal integration, aiming to strengthen our main businesses, boost our technological innovation capabilities, promote industrial upgrading, and improve our operational efficiency and benefits, thereby reinforcing our core functions and competitive edge.

(9) We will enhance our employee evaluation and incentive mechanisms by actively exploring equity incentives, employee shareholding programs, and dividend schemes tailored for technology enterprises. These initiatives aim to ensure the long-term alignment of interests between management, employees, and the Company, while fostering greater initiative and enthusiasm at all levels of the organization.

(10) To strengthen investor confidence, we will conduct share buybacks and encourage increased shareholdings in alignment with market cycles and our market capitalization. We will actively facilitate the completion of the seventh round of share purchases by our controlling shareholder, China State Construction Engineering Corporation, to maintain the Company's investment value.

4. Realign value creation with market valuation logic to strengthen the market's recognition of our investment value.

(11) We will establish and improve the "mandatory + voluntary" information disclosure system. Guided by investor needs and focused on the Company's growth potential as well as the scale and certainty of returns, we will continue to expand the scope and refine the detail of voluntary disclosures, strengthen statistical reporting in key business areas, diversify disclosure formats, and address market concerns proactively, thereby enhancing the transparency and accuracy of information.

(12) We will continually increase our expectation management approaches and proactively disclose information to the market, including industry trends and outlook as well as our strategic plans, performance guidance, major technological innovation initiatives, and ESG efforts. The aim is to provide a solid foundation for market capitalization assessments.

(13) We will strengthen investor recognition of our value by aligning with the capital market's valuation framework. Leveraging the Company's strategic positioning, business characteristics, competitive edge, and industry leadership, we will distill our business value into clear, concise, and accessible messages that effectively convey our unique investment proposition.

5. Proactively deliver value through diverse channels and formats to enhance investment value promotion.

(14) We will maintain close communication with both domestic and international investors, regularly host live-streamed performance briefings, enhance engagement with institutional investors, and actively attract medium- and long-term capital. We will also sustain ongoing communication with industry analysts and organize investor open days and thematic exchanges to address market concerns.

(15) We will strengthen media publicity in capital markets by promoting our operational highlights, telling compelling stories of our efforts in pursuing high-quality development and fostering new quality productive forces, collaborating with mainstream financial media to broaden information dissemination, effectively operating our investor relations WeChat official account, and enhancing sentiment monitoring and guidance.

6. Advance the realization of the Company's value across multiple dimensions

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).

to sustain the effectiveness of enhancing investment value.

(16) We place great emphasis on shareholder returns and remain committed to the pursuit of high-quality development. Taking into full account our operational performance, long-term strategic plan, and the overall interests of shareholders, we will adopt a consistent dividend policy and maintained a stable dividend per share in 2025, thereby continuing to create greater value for shareholders.

(III) Strategic System

To ensure the implementation of the Valuation Enhancement Plan, we will continue to refine our strategic market capitalization management system, with a strong focus on the following:

1. Assignment of responsibility

The Board of Directors shall be responsible for reviewing and overseeing the implementation of this Plan. Directors and senior management shall actively perform their duties in advancing the Company's investment value. Relevant departments at the headquarters and subsidiaries shall be tasked with implementing specific measures.

2. Mechanisms

The Company shall conduct routine monitoring and research of its market capitalization, and adjust relevant initiatives when necessary, thus providing basis for the execution of the Plan. An emergency response mechanism shall be established to proactively address abnormal fluctuations in market capitalization and ensure its rational performance.

3. Institutional development

The Company shall formulate regulations and evaluation measures to institutionalize market capitalization management. The process and outcomes of such management shall be reviewed, with incentive and constraint mechanisms developed to provide robust support for the Plan's execution.

4. Resources

The Company shall enhance coordination of financial and human resources, and leverage external organizations to provide robust support for the effective implementation of the Plan's initiatives.

III. The Board's Statement on the Valuation Enhancement Plan

This Plan, tailored to the Company's current circumstances and future development strategy, outlines diverse measures centered on the strategic goals, pathway, and system of market capitalization management. It helps to promote the Company's high-quality growth, ensure that its investment value accurately reflects its development performance, and boost shareholder value. The Plan is both rational and feasible, and therefore will not jeopardize the interests of the Company or its shareholders, especially minority shareholders.

IV. Evaluation Arrangements

The Company will conduct an annual assessment of the Plan's effectiveness. Adjustments shall be made in a timely manner, as per the Company's strategic

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).

objectives and the market environment. Any such adjustments shall be subject to review and approval by the Board of Directors prior to public disclosure. In any fiscal year where the Company's stock price remains below the net asset value for a long term, and its daily average price-to-book ratio falls below the industry average, it shall provide a special report on the execution of the Plan during its annual results presentation.

V. Disclaimer

This Plan constitutes an action plan only and does not represent a commitment regarding the Company's performance, share price, major events, or any other indicators. The Company's operating results and secondary market performance are subject to macroeconomic conditions, industry policies, market trends, and other uncertainties. All investors are advised to invest rationally and take heed of investment risks.

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited

April 15, 2025