

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).

Stock code: 601668

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

Announcement on Profit Distribution in 2021

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 0.25 (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, 2021, the net profit of China State Construction Engineering Corporation Limited (hereinafter, the "Company") available for distribution to common shareholders in 2021 was RMB 48.666 billion. As adopted by the Board of Directors, the Company's 2021 profit distribution plan is as follows:

The Company intends to distribute cash dividends of RMB 2.50 per 10 shares (tax included) to all shareholders. As of the date of disclosure, the Company's total equities were 41,940,858,844. Based on this, the total proposed cash dividend was RMB 10.49 billion (tax included). The Company's cash dividends this year accounted for 20.40% of the net profit attributable to shareholders of the parent company in the consolidated statement.

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The profit distribution plan needs to be submitted to the General Meeting for deliberation.

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 51.408 billion, the cumulative undistributed profit of the parent company was RMB 48.666 billion, and the total cash dividend to be distributed by the Company was about RMB 10.49 billion (tax included), accounting for 20.40% 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, so the Company is facing fierce competition in the market. The projects undertaken are characterized by large single volume, long production cycle, and large demand for funds to maintain the daily operation and turnover.

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

In 2021, 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. The Company actively integrated into the national strategy, pushed for a more reasonable regional layout, accelerated the pace of reform, highlighted the "high-quality" development trend and kept up with new development concept as well as world-class enterprises, so as to constantly improve its global competitiveness and brand influence.

(III) Profitability and Fund Requirements of the Company

Since the Company went public, its return on net assets has maintained at a high level of 15% 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 world 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 accelerates its transformation from high-speed to high-quality development, it will see a steady increase in profitability, so as to 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 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 2022, the Company will focus on the development goal of "One Creation and Five Aspects of

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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 15th Meeting of the 3rd Board of Directors on April 15, 2022, deliberated on and adopted the *Proposal on 2021 Profit Distribution Plan for China State Construction Engineering Corporation Limited*, with 6 votes in favour, 0 against, and 0 abstention.

(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, funding needs, and the impact of Covid-19, the Company proposed a distribution plan that as of the disclosure date, 41,940,858,844 shares are counted as the base for a cash dividend of RMB 2.50 per 10 shares (tax included) distributed to all shareholders. The total proposed cash dividend will be RMB 10.49 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 2021 Profit Distribution Plan for China State Construction Engineering Corporation Limited* and consented to submit the same to the 2021 Annual General Meeting for deliberation.

(III) Opinions of the Board of Supervisors

The Company held the 10th Meeting of the 3rd Board of Supervisors on April 15, 2022, deliberated on and adopted the *Proposal on 2021 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 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 2021 Profit Distribution Plan* should still be submitted to the Company's 2020 Annual General Meeting for deliberation and approval before implementation.

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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 15, 2022