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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2023-001



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

Announcement on the First Tranche of Unlocking in 2022 in Respect of Phase IV Restricted A Share Incentive Scheme and Listing of Shares

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

- Number of shares unlocked in the current tranche: 300,057,600
- Date of share unlock and listing: January 16, 2023

I. Approval and Implementation of the Phase IV Restricted A Share Incentive Scheme

(I) Phase IV Restricted A Share Incentive Scheme and Implementation Procedures

The second Board of Directors and the second Board of Supervisors of CSCEC deliberated on and adopted the "Proposal of China State Construction Engineering Corporation Limited Concerning Granting the Phase IV Restricted A Share Incentive Scheme (Draft) and Summary Thereof" in their 45th and 27th meetings respectively on September 17, 2020.

On October 14, 2020, the Company disclosed the *Announcement on the Approval of the Phase IV Restricted A Share Incentive Scheme by the State-Owned Asset Supervision and Administration Commission of the State Council*, stating that it is agreed in principle as specified in the *Approval (Guo Zi Kao Fen [2020] No. 527) by the SASAC* that the Company may execute the *Phase IV Restricted A Share Incentive Scheme*.

On November 20, 2020, the 49th Meeting of the 2nd Board of Directors and the 31st Meeting of the 2nd Board of Supervisors of the Company respectively deliberated on and adopted the *Proposal of China State Construction Engineering Corporation Limited Concerning the List of Participants of the Phase IV Restricted A Share Incentive Scheme and Shares Granted*.

On December 7, 2020, CSCEC deliberated on and adopted the "Proposal of China State Construction Engineering Corporation Limited Concerning the Phase IV Restricted A Share Incentive Scheme (Draft) and Summary Thereof" and the "Proposal of China State Construction Engineering Corporation Limited Concerning the the List

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of Participants of the Phase IV Restricted A Share Incentive Scheme and Shares Granted" at its third extraordinary general meeting in 2020.

(II) Granting of Shares under the Phase IV Restricted A Share Incentive Scheme

Grant date	Grant price (RMB/share)	Number of shares granted (share)	Number of Participants (count)
December 23, 2020	3.06	912,036,000	2,765

(III) Previous unlocking of the Phase IV Restricted A Share Incentive Scheme

This unlocking represents the first tranche of the Phase IV Restricted A Share Incentive Scheme in 2022, as there has been no unlocking prior to this.

(IV) Previous repurchase and write-off of the Phase IV Restricted A Share Incentive Scheme

1. The first repurchase and write-off

On November 26, 2021, the third Board of Directors and the third Board of Supervisors of CSCEC deliberated on and adopted the "Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Participants of the Phase III and IV Restricted A Share Incentive Schemes" in their 8th and 6th meetings respectively, agreeing to repurchase the 7,040,000 restricted shares held by 34 Participants at the price of RMB 3.468 / share for Phase III and RMB 3.06 / share for Phase IV, in accordance with the Phase III and Phase IV Restricted Share Incentive Schemes respectively. The total repurchase price was RMB 23,631,360, which was sourced from the Company's own funds.

On December 15, 2021, CSCEC deliberated on and adopted the "Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Participants of Phase III and Phase IV Restricted A Share Incentive Schemes" at the third Extraordinary General Meeting in 2021.

2. The second repurchase and write-off

On December 27, 2021, the third Board of Directors and the third Board of Supervisors of CSCEC deliberated on and adopted the "Proposal on Partial Repurchase of Shares Held by Participants of Phase III and IV Restricted A Share Incentive Schemes of China State Construction Corporation Limited" in their 11th and 8th meetings respectively, agreeing to repurchase the 6,206,000 restricted shares held by 61 Participants at the price of RMB 3.468 / share for Phase III and RMB 3.06 / share for Phase IV, in accordance with the Phase III and Phase IV Restricted Share Incentive Schemes respectively. The total repurchase price was RMB 20,802,764.41, which was sourced from the Company's own funds.

CSCEC deliberated on and adopted the "Proposal on Partial Repurchase of Shares Held by Participants of Phase III and IV Restricted A Share Incentive Schemes of China State Construction Corporation Limited" at the 2021 annual general meeting on May 13, 2022.

3. The third repurchase and write-off

On December 28, 2022, the third Board of Directors and the third Board of Supervisors of CSCEC deliberated on and adopted the "Proposal on Partial Repurchase of Shares

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Held by Participants of Phase III and IV Restricted A Share Incentive Schemes of China State Construction Corporation Limited" in their 29th and 18th meetings respectively, agreeing to repurchase the 14,918,400 restricted shares held by 148 Participants at the price of RMB 3.468 / share for Phase III and RMB 3.06 / share for Phase IV, in accordance with the Phase III and Phase IV Restricted Share Incentive Schemes respectively, and pay interest to some participants in accordance with the Phase IV Restricted A Share Incentive Scheme. The total repurchase price was RMB 48,313,367.49 (including interest), which was sourced from the Company's own funds.

II. Conditions for the First Tranche Unlocking in 2022 under Phase IV Restricted A Share Incentive Scheme

(I) Conditions for share unlocking

According to the "Phase IV Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited" (hereinafter referred to as the "Phase IV Restricted Share Incentive Scheme") and the "2021 Annual Report of China State Construction Engineering Corporation Limited", and taking into account the 2021 performance evaluations of the Participants and exceptional circumstances, the conditions for unlocking the first tranche shares in 2022 are summarized as follows:

1. Unlocking period

Grant date of share under the *Phase IV Restricted A Share Incentive Scheme* is December 23, 2020. According to the *Phase IV Restricted A Share Incentive Scheme*, the lock-up period lasts two years after the grant date, and the unlocking period lasts for three years after the expiry of the lock-up period. The first-tranche of shares, which account for 1/3 of the total number of shares, may be unlocked after the second anniversary of the grant date. Therefore, the unlocking period for the first-tranche of shares under the *Phase IV Restricted A Share Incentive Scheme* has expired on December 23, 2022, and the shares may be unlocked in compliance with relevant provisions.

2. Conditions for share unlocking

According to the Phase IV Restricted A Share Incentive Scheme, the restricted shares may be unlocked as per the relevant provisions, if the Company and the Participants satisfy the following conditions:

(1) The Company's performance has met the following conditions in the fiscal year before the unlocking:

- 1) ROE should be no less than 12.0% or the average ROE in the industry (or the 75th percentile of benchmark companies);
- 2) Compound growth rate of the net profit, as compared to the year immediately preceding the share grant, should be no less than 7%, and should be at least equal to the average ROE in the industry (or the 50th percentile of benchmark companies) ;
- 3) The EVA target set by SASAC is fulfilled. The ROE used in calculating the aforementioned indicators refers to the average return on net assets, and net profit refers to the after-tax net profit.

According to data contained in the "2021 Annual Report of China State Construction Engineering Corporation Limited", the Company has met the foregoing earnings-based performance criteria. Specifically:

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Conditions for share unlocking	Results
<p>1. ROE should be no less than 12.0% or the average ROE in the industry (or the 75th percentile of benchmark companies).</p> <p>2. Compound growth rate of the net profit, as compared to the year immediately preceding the share grant, should be no less than 7%, and should be at least equal to the average ROE in the industry (or the 50th percentile of benchmark companies).</p> <p>3. The EVA target is fulfilled.</p>	<p>1. In 2021, the Company's ROE was 16.0% (no less than 12.0%), and higher than the average ROE in the industry (8.2%). The conditions for share unlocking were met.</p> <p>2. The Company's compound growth of net profit in 2021, as compared to the year immediately preceding the share grant, was 10.9% (higher than 7%), and higher than the average ROE in the industry (1.5%). The conditions for share unlocking were met.</p> <p>3. According to the written reply of the State-owned Assets Supervision and Administration Commission, the EVA of the Company in 2021 was RMB 60.6 billion, higher than the target of RMB 43.1 billion. The conditions for share unlocking were met.</p>

(2) The Company hasn't fallen into any of the following circumstances:

- 1) A Certified Public Accountant (CPA) issues an adverse opinion or a disclaimer of opinion over financial statements for the most recent fiscal year;
- 2) A CPA issues an adverse opinion or a disclaimer of opinion over the internal control section of the financial statements for the most recent fiscal year;
- 3) The Company has conducted any distribution of profits contrary to the laws, its *Articles of Association* or public undertakings within the most recent 36 months;
- 4) Equity incentives are prohibited by relevant laws or regulations;
- 5) Other circumstances prescribed by the China Securities Regulatory Commission (CSRC).

(3) Participants shall receive a "pass" or higher rating in the personal performance assessment for the fiscal year before the unlocking of restricted shares, in accordance with the Company's performance assessment measures - specifically:

- 1) The restricted shares may be unlocked at a rate of 100% to Participants with a "good" or higher rating in the performance assessment;
- 2) The restricted shares may be unlocked at a rate of 80% to Participants with a "pass" rating in the performance assessment;
- 3) Restricted shares may not be unlocked for Participants receiving a "fail" rating in the performance assessment.

(4) None of the following events have occurred to the Participants:

- 1) People designated by a stock exchange as unsuitable candidates within the most recent 12 months;
- 2) People designated by the CSRC or a local branch thereof as unsuitable candidates within the most recent 12 months;
- 3) People on whom administrative penalties or a ban on market entry have been imposed by the CSRC or a local branch thereof due to gross legal or regulatory violations, within the most recent 12 months;

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4) People prohibited from acting as the Company's director or senior manager, as prescribed in the *Company Law*;

5) People prohibited from participating in equity incentive schemes of listed companies according to the laws and regulations;

6) Other circumstances stipulated by the SASAC and CSRC.

(II) Repurchase and write-off of restricted shares that do not meet the unlocking conditions

The third Board of Directors adopted resolutions at its 8th, 11th and 29th meetings, to repurchase part or all unlocked restricted shares held by 90 Participants in the Phase IV Restricted A Share Incentive Scheme. For details, please refer to the announcements of CSCEC published on the website of Shanghai Stock Exchange (www.sse.com.cn) on November 27, 2021, December 28, 2021 and December 29, 2022, including the *Announcement on Partial Repurchase of Phase III and Phase IV Restricted A Shares from Participants of China State Construction Engineering Corporation Limited* (No.: Interim 2021-072), the *Announcement on Partial Repurchase of Phase III and Phase IV Restricted A Shares from Participants of China State Construction Engineering Corporation Limited* (No.: Interim 2021-087) and *Announcement on Partial Repurchase of Phase III and Phase IV Restricted A Shares from Participants of China State Construction Engineering Corporation Limited* (No.: Interim 2022-082) .

III. The First Tranche of Unlocking in 2022 under Phase IV Restricted A Shares

The Phase IV Restricted A Share Incentive Scheme has granted restricted shares to 2,765 Participants. Out of these participants, 2,737 have unlocked their first-tranche shares in 2022, resulting in 300,057,600 shares being unlocked. This accounts for 33.2232% of the total restricted shares granted under the Phase IV Restricted A Share Incentive Scheme (903,156,000) and 0.7155% of the Company's total share capital. To be specific, 100% of the first-tranche of shares are unlocked for 2,688 Participants who receive a "good" or higher rating on work performance; 80% of the first-tranche of shares are unlocked for 49 Participants who receive a "pass" rating on work performance. Specifically:

No.	Name	Title	No. of restricted shares granted in present tranche (10,000 shares)	Number of restricted shares satisfying the unlocking criteria (10,000 shares)	Proportion of No. of shares unlocked to total No. of shares granted
I. Senior Managers					
1	Xue Keqing	Secretary to the Board of Directors	72	24	33.3333%
Senior managers (subtotal): 1			72	24	33.3333%
II. Other Participants					
Other Participants (subtotal): 2,736			90,243.6	29,981.76	33.2231%
Total: 2,737			90,315.6	30,005.76	33.2232%

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IV. Listing and Trading Arrangements for Restricted Shares Unlocked in the Current tranche and Changes in Equity Structure

1. Commencement date of trading for restricted shares unlocked in the current tranche: January 16, 2023

2. Number of restricted shares unlocked and listed for trading in the current tranche: 300,057,600

3. Lock-up and transfer restrictions applicable to restricted shares unlocked for directors and senior managers in the current tranche.

(1) Participants, who act as the Company's directors or senior managers, must comply with share transfer-related provisions of the *Company Law*, *Securities Law*, *Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes Thereof*, *Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company*, *Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies* and other relevant laws, regulations and normative documents, and duly handle their unlocked restricted shares according to the laws and regulations.

(2) The number of shares transferred by a Participant, who acts as the Company's director or senior manager, in a given year during his/her term of office shall not exceed 25% of the total number of shares held by him/her; and the Participant may not transfer any shares in the Company held by him/her in the six months after his/her demission.

(3) Any earnings obtained by a Participant, who acts as the Company's director or senior manager, by buying the Company's shares and selling them within six months, or by selling the Company's shares and buying them back within six months shall belong to the Company, and such earnings shall be collected by the Company's Board of Directors.

4. Expected changes in the Company's equity structure after the unlocking of restricted shares

Unit: Share

Type of shares	Before share unlock	Change	After share unlock
Shares subject to trading moratorium	1,099,066,000	-300,057,600	799,008,400
Shares without trading moratorium	40,835,366,844	300,057,600	41,135,424,444
Total	41,934,432,844	0	41,934,432,844

V. Conclusions of Legal Opinions

King & Wood Mallesons concludes: the current tranche of share unlock has obtained the necessary authorization and approval(s) and is in compliance with relevant provisions, including *Trial Measures for Implementing Equity Incentive Plans*, *Notice of Equity Incentive System*, *Measures for the Administration of Equity Incentives*, *Guidelines for the Implementation of Equity Incentives*, and other laws, regulations, the Company's *Articles of Association* and the Restricted Share Incentive Scheme. The share to be unlocked meets the conditions specified in the Restricted Share Incentive

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Scheme. However, the Company still needs to fulfill its information disclosure obligations, apply for unlocking the shares and go through related formalities in accordance with the relevant provisions of the said laws, regulations, and policies.

VI. Annexes to Announcement

Legal Opinions of King & Wood Mallesons on Relevant Matters Regarding First Tranche of Unlocking in 2022 in Respect of Phase IV Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited
January 9, 2023