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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2020-024



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

## **Announcement on Implementation of Repurchase and Cancellation of Part of Restricted Shares under the Equity Incentive Scheme**

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 misunderstanding statements or major omission, and they are jointly and severally liable for the truthfulness, accuracy and completeness of the said contents.

### **Important Notes:**

- Reasons for repurchase and cancellation: Restricted shares of some incentive targets of the Company's Phase I, II, and III Restricted A Share Incentive Scheme were not eligible for unlocking. Upon review and approval, the Company decided to repurchase and cancel partial restricted shares held by incentive targets.
- Information on cancelled shares

| Quantity of repurchased shares | Quantity of cancelled shares | Cancellation Date |
|--------------------------------|------------------------------|-------------------|
| 10,558,200                     | 10,558,200                   | April 15, 2020    |

China State Construction Engineering Corporation Limited (hereinafter referred to as the "Company") plans to repurchase and cancel partial restricted shares that are not eligible for unlocking from some incentive targets. Details are as follows:

### **I. Decision and Information Disclosure of Repurchase and Cancellation of Restricted Shares**

1. On June 29, 2016, the 92nd meeting of the first session of the Board of Directors and the 50th meeting of the first session of the Board of Supervisors respectively considered and approved the Proposal of China State Construction Engineering Corporation Limited Concerning the Second Tranche of Unlocking in 2016 in Respect of Phase I Restricted A Share Incentive Scheme. One incentive target was involved in this repurchase, and the number of restricted shares was 140,000. The repurchasing price was RMB 1.27857 per share, and the total repurchasing price was RMB 179,000.00. Please refer to the Resolutions of the 92nd Meeting of the First Session of the Board of Directors of China State Construction Engineering Corporation Limited and Resolutions of the 50th Meeting of the First Session of the Board of Supervisors of China State Construction Engineering Corporation Limited issued on June 30, 2016, for details.

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2. On July 14, 2017, the 114th meeting of the first session of the Board of Directors and the 60th meeting of the first session of the Board of Supervisors considered and approved the Proposal of China State Construction Engineering Corporation Limited Concerning the Third Tranche of Unlocking in 2017 in Respect of Phase I Restricted A Share Incentive Scheme. There was 1 incentive target involved in this repurchase, and the number of restricted shares was 70,000. The repurchasing price was RMB 1.27857 per share, and the total repurchasing price was RMB 89,500.00. Please refer to the Resolutions of the 114th Meeting of the First Session of the Board of Directors of China State Construction Engineering Corporation Limited and Resolutions of the 60th Meeting of the First Session of the Board of Supervisors of China State Construction Engineering Corporation Limited issued on July 18, 2017, for details.

3. On January 15, 2019, the 17th meeting of the second session of the Board of Directors and the 10th meeting of the second session of the Board of Supervisors respectively considered and approved the Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Targets of the Phase II Restricted A Share Incentives. On May 7, 2019, the above-mentioned repurchase scheme was approved by the Company's 2018 annual general meeting. There were 3 incentive targets involved in this repurchase, and the number of restricted shares was 630,000. The repurchasing price was RMB 3.47571 per share, and the total repurchasing price was RMB 2,189,700.00. Please refer to the Resolutions of the 17th Meeting of the Second Session of the Board of Directors of China State Construction Engineering Corporation Limited, Resolutions of the 10th Meeting of the Second Session of the Board of Supervisors of China State Construction Engineering Corporation Limited, Announcement of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Partial Targets of the Phase II Restricted A Share Incentives published on January 16, 2019, and Resolution for 2018 Annual General Meeting of China State Construction Engineering Corporation Limited issued on May 8, 2019, for details.

4. On December 30, 2019, the 33rd meeting of the second session of the Board of Directors and the 17th meeting of the second session of the Board of Supervisors respectively considered and approved the Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Targets of the Phase II and III Restricted A Share Incentives. On February 19, 2020, the above-mentioned repurchase scheme was considered and approved by the Company's 2020 first extraordinary general meeting. 103 incentive targets were involved in this repurchase among which 7 were involved in the repurchase of two phases of restricted shares at the same time. 6,808,200 phase II restricted shares were repurchased at RMB 3.47571 per share. 2,910,000 phase III restricted shares were repurchased at RMB 3.468 per share, and the total repurchasing price was RMB 33,755,238.00. Please refer to the Resolutions of the 33rd Meeting of the Second Session of the Board of Directors of China State Construction Engineering Corporation Limited, Resolutions of the 17th Meeting of the Second Session of the Board of Supervisors of China State Construction Engineering Corporation Limited, Announcement of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Partial Targets of the Phase II and III Restricted A Share Incentives published on December 31, 2019, and Resolution for 2020 First Extraordinary General Meeting of China State Construction Engineering Corporation Limited issued on February 20, 2020, for details.

In repurchasing the above-mentioned restricted shares, Announcement on Decrease in Registered Capital of the Company and Notice to the Creditors have been issued in accordance with regulations. Please refer to Announcement of China State

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Construction Engineering Corporation Limited Concerning the Repurchase and Cancellation of all Unlocked Phase I Restricted shares to Reduce the Company's Registered Capital and Notice to the Creditors (published on January 9, 2018), Announcement of China State Construction Engineering Corporation Limited Concerning the Repurchase and Cancellation of Partial Phase II Restricted Shares to Reduce the Company's Registered Capital and Notice to the Creditors (published on May 8, 2019), and Announcement of China State Construction Engineering Corporation Limited Concerning the Repurchase and Cancellation of Partial Phases II and III Restricted Stocks to Reduce the Company's Registered Capital and Notice to the Creditors (published on February 20, 2020). No creditor declared to require the Company to pay off the debts or provide corresponding guarantees within the declaration period specified in the aforementioned announcement.

## **II. Repurchase and Cancellation of Restricted Shares**

### **(I) Reasons and Basis for Repurchase and Cancellation of Restricted Shares**

Since partial restricted shares held by some incentive targets in the Phase I, II, and III restricted A Shares are not qualified for unlocking, the 92nd meeting of the first session of the Board of Directors, the 114th meeting of the first session of the Board of Directors, the 17th meeting of the second session of the Board of Directors, the 33rd meeting of the second session of the Board of Directors, the 2018 annual general meeting and the 2020 first extraordinary general meeting have considered and approved the decision to repurchase and cancel the above-mentioned restricted shares. Specifically:

1. In accordance with the Management Measures for Equity Incentives of Listed Companies (Trial) and the Revision Draft of China State Construction Engineering Corporation Limited on Restricted A Share Incentive Scheme approved by the 2012 annual general meeting, when incentive targets for Phase I Restricted A Share Incentive Scheme are not qualified for unlocking, it shall be the general meeting that authorizes the Board of Directors to conduct repurchase and cancellation.
2. In accordance with the Management Measures for Equity Incentives of Listed Companies and the Draft of China State Construction Engineering Corporation Limited on Phase II Restricted A Share Incentive Scheme, when incentive targets for Phase II Restricted A Share Incentive Scheme are not qualified for unlocking, it shall be the Board of Directors that would deliberate the repurchase plan for restricted shares that are not to be unlocked and submit the repurchase plan to general meeting for approval in accordance with the law.
3. According to the Management Measures for Equity Incentives of Listed Companies and the Revision Draft of China State Construction Engineering Corporation Limited on Phase III Restricted A Share Incentive Scheme approved by the 2018 third extraordinary general meeting, when incentive targets for Phase III Restricted A Share Incentive Scheme are not qualified for unlocking, it shall be the Board of Directors that would deliberate the repurchase plan for restricted shares that are not to be unlocked and submit the repurchase plan to the general meeting for approval in accordance with the law.

### **(II) Explanation of the Repurchasing Price and the Repurchasing Amount of Restricted Shares**

According to the Proposal of China State Construction Engineering Corporation Limited on Adjusting the Number of Shares Granted and the Award Prices of the Phase I and Phase II Restricted A Share Incentive Schemes approved at the tenth meeting of the second session of the Board of Directors on July 27, 2018, due to the transfer of capital reserves to new shares in 2017 profit distribution, adjustment has been made

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in the repurchasing price for restricted shares as follows: (1) The granting price of the phase I restricted share incentive scheme was adjusted from RMB 3.58 per share to RMB 2.55714 per share, and the repurchasing price from RMB 1.79/share to RMB 1.27857/share (the repurchasing price was 50% of the granting price); (2) The granting price of the phase II restricted share incentive scheme, namely the repurchasing price, was adjusted from RMB 4.866/share to RMB 3.47571/share.

Upon the above adjustments, if the phase I and II restricted A shares are repurchased, the total repurchasing price paid to relevant incentive targets shall be based on adjusted quantity and price and equal to the total amount before adjustment. The total repurchasing price shall not change after the adjustment in share quantity and price.

According to the Proposal of China State Construction Engineering Corporation Limited on Granting the Phase III Restricted A Share Incentive Scheme approved at the fifteenth meeting of the second session of the Board of Directors, the granting price which is also the repurchasing price of the phase III restricted A shares is RMB 3.468/share.

The funds used by the Company to repurchase restricted shares for this time are all its own funds, and the total repurchase amount is RMB 36,213,438.00, excluding transfer fees and stamp duties incurred by the repurchasing of restricted shares and other fees borne by the company.

### **(III) Relevant Personnel and Quantity for Repurchase and Cancellation**

The Company repurchased and cancelled a total of 10,558,200 restricted shares (including 210,000 phase I restricted shares, 7,438,200 phase II restricted shares and 2,910,000 phase III restricted shares) held by 108 participants in aggregate of phase I, II and III restricted A share incentive schemes (including 7 as participants of both phase II and III restricted A share incentive schemes). Upon completion of this repurchase and cancellation, the number of restricted shares to be repurchased by the Company amounts to 2,094,667 in total, including 788,667 phase I restricted shares, 826,000 phase II restricted shares and 480,000 phase III restricted shares to be repurchased. Upon completion of this repurchase and cancellation, the remaining restricted shares under the equity incentive scheme are 711,468,667 shares.

### **(IV) Arrangements for Repurchase and Cancellation**

The Company has opened a special security repurchase account in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

It is expected that the aforesaid restricted shares will be cancelled on April 15, 2020.

## **III. Changes in the Company's Share Structure after the Repurchase and Cancellation of Restricted Shares**

Upon completion of the repurchase and cancellation, the registered capital (and share capital) of the Company will be decreased by RMB10,558,200 (and 10,558,200 shares) to RMB41,965,071,511 (and 41,965,071,511 shares). Details of changes in shares are as follows:

| Share category                | Before the change |            | Changed amount  | After the change |                  |
|-------------------------------|-------------------|------------|-----------------|------------------|------------------|
|                               | Number of shares  | Percentage |                 | Cancelled shares | Number of shares |
|                               | (Share)           | (%)        |                 | (Share)          | (Share)          |
| Outstanding shares subject to | 722,026,867       | 1.72%      | -<br>10,558,200 | 711,468,667      | 1.70%            |

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| trading moratorium                            |                |         |             |                |         |
|---|----------------|---------|-------------|----------------|---------|
| Outstanding shares without trading moratorium | 41,253,602,844 | 98.28%  | 0           | 41,253,602,844 | 98.30%  |
| Total shares                                  | 41,975,629,711 | 100.00% | -10,558,200 | 41,965,071,511 | 100.00% |

#### **IV. Description and Commitment**

The Board of Directors believes that the decision-making procedures and information disclosure for the repurchase and cancellation of restricted shares are in compliance with laws, regulations, the provisions of the Management Measures for Equity Incentives of Listed Companies and the arrangements of the Company's equity incentive scheme and restricted share granting agreements. There are no damages to the legitimate rights and interests of incentive targets and creditors.

The company promises that it has verified and guaranteed the information related to the repurchase and cancellation of restricted shares, including targets, the number of shares, and the date of cancellation is true, accurate and complete, and the relevant incentive targets have been fully informed of the repurchase and cancellation without objecting to the repurchase and cancellation. If disputes arise with the relevant incentive targets due to this repurchase and cancellation, the Company will bear relevant legal responsibilities.

#### **V. Conclusions of the Legal Opinions**

As of the date of issuance of the legal opinions, the Company has fulfilled necessary decision-making procedures and information disclosure obligations at the current stage for the repurchase and cancellation. The reasons for the repurchase and cancellation of the phase I restricted A shares, together with the quantity, the repurchasing price and the arrangement of repurchase and cancellation are all in line with the Notice on Issuing the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic), Notification on the Implementation of Standardized Equity Incentives by State-controlled Listed Companies, Management Measures for Equity Incentives of Listed Companies (Trial), No. 1 Memorandum of Matters Related to Equity Incentives, No. 2 Memorandum of Matters Related to Equity Incentives, No. 3 Memorandum of Matters Related to Equity Incentives and the Revision Draft of China State Construction Engineering Corporation Limited on Restricted A Share Incentive Scheme; the reasons for the repurchase and cancellation of the phase II restricted A shares, together with the quantity, the repurchasing price and the arrangement of repurchase and cancellation are all in line with the Notice on Issuing the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic), Notification on the Implementation of Standardized Equity Incentives by State-controlled Listed Companies, Management Measures for Equity Incentives of Listed Companies together with the Draft of China State Construction Engineering Corporation Limited on Phase II Restricted A Share Incentive Scheme; the reasons for the repurchase and cancellation of the phase III restricted A shares, together with the quantity, the repurchasing price and the arrangement of repurchase and cancellation are all in line with the Notice on Issuing the Trial Measures for the Implementation of Equity

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Incentives by State-controlled Listed Companies (Domestic), Notification on the Implementation of Standardized Equity Incentives by State-controlled Listed Companies, Management Measures for Equity Incentives of Listed Companies and the Revision Draft of China State Construction Engineering Corporation Limited on Phase III Restricted A Share Incentive Scheme. The Company still needs to fulfil its information disclosure obligations in a timely manner for the repurchase and cancellation and go through procedures for reducing registered capital and share cancellation in accordance with the Company Law and other laws and regulations, as well as corresponding information disclosure obligations required by the law.

## **VI. Annexes to the Online Announcement**

Legal Opinions of King & Wood Mallesons on Relevant Matters Regarding the Repurchase and Cancellation of Certain Restricted Shares of the Phase I , II , and III 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  
April 13, 2020