

*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).*

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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2020-091



**中國建築股份有限公司**

CHINA STATE CONSTRUCTION ENGRG . CORP. LTD

## **Announcement on Repurchase of Phase II and III Restricted A-shares from Some Incentive Targets**

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.

China State Construction Engineering Corporation Limited (hereinafter referred to as the "Company") granted 260.13 million restricted shares to 1,575 Incentive Targets on December 29, 2016, under the Phase II Restricted A Share Incentive Scheme. The Company granted 599.91 million restricted shares to 2,081 Incentive Targets on December 26, 2018, under the Phase III Restricted A Share Incentive Scheme. In accordance with the "Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited" (hereinafter referred to as the "Phase II Restricted Share Incentive Scheme") and the Phase III Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited" (hereinafter referred to as the "Phase III Restricted Share Incentive Scheme"), a total of 17 incentive targets triggered the share repurchase conditions. After deliberation and approval at the 49<sup>th</sup> meeting of the Company's second Board of Directors and the 31<sup>st</sup> meeting of the second Board of Supervisors, the Company plans to repurchase the restricted shares from the aforementioned incentive targets. The repurchase execution plan is as follows:

### **I. Cause of the share repurchase**

According to Article 32 of the Phase II Restricted Share Incentive Scheme, all the restricted shares held by the an Incentive Target remaining to be unlocked may not be unlocked, and the Company shall repurchase the shares at the price at which they were granted (without accruing interest) in accordance with the "Company Law", if:

1. The Incentive Target becomes an independent director, supervisor, or is prohibited from holding restricted shares in the Company for other reasons;
2. The Incentive Target resigns during the liability period of the labor contract, the Company proposes to dismiss him/her, or the Incentive Target leaves the Company after reaching an agreement with it;
3. The Incentive Target's labor contract is not renewed upon expiry;
4. The Incentive Target no longer meets the incentive eligibility criteria specified in the Scheme, because s/he is incompetent for his/her position, fails the work performance appraisal, or is found to be negligent or in violation of any laws or regulations;
5. The Incentive Target is found in violation of the laws or professional ethics, divulges the Company's confidential information, or found guilty of dereliction of duty, resulting in damages to the Company's interests or reputation, and is fired by the Company (the

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Board of Directors has the right to take back all or part of the earnings obtained by the Incentive Target from unlocked shares, depending on the seriousness of the offenses committed);

According to Articles 32 of the Phase III Restricted Share Incentive Scheme, all restricted shares remaining to be unlocked, and those do not meet the conditions for share unlock specified in the Scheme, may not be unlocked, and the Company shall repurchase them (without paying interest), with related matters handled in accordance with the "Company Law", if the incentive Incentive Target:

1. becomes an independent director, supervisor, or is prohibited from holding restricted shares in the Company for another reason;
2. is laid off with his/her labor relationship terminated, or his/her labor or employment contract expires;
3. terminates or rescinds his/her labor or employment contract signed with the Company, after reaching a consensus with the Company through consultation;
4. receives a "pass" rating in work performance appraisal - the restricted shares granted to him/her shall be unlocked at a rate of 80% as prescribed in the Scheme, and the remaining 20% may not be unlocked;
5. is affected by other events prescribed by the CSRC or SASAC.

According to the foregoing provisions, the Company shall repurchase the restricted shares held by 17 incentive targets (the Phase II and III restricted A shares held by five Incentive Targets shall be simultaneously repurchased) at the price at which the shares were granted (without accruing any interest).

## **II. The price of repurchased shares and the basis for pricing**

According to the "Announcement of China State Construction Engineering Corporation Limited on the Outcome of Shares Award of the Phase II Restricted A Share Incentive Scheme", the award price is RMB 4.866 / share. According to the "Announcement on Resolutions of the 34th Meeting of the Second Session of the Board of Directors of China State Construction Engineering Corporation Limited", following a conversion of capital reserves into share capital (hereinafter referred to as the "ex-right event"), the award price has been lowered from RMB 4.866 / share to RMB 3.47571 / share, and the total number of restricted shares has also been adjusted accordingly; after the adjustment, in the event of a share repurchase occurring to the Company's Phase II Restricted Share Incentive Scheme, the total repurchase price shall not be modified due to the adjustment in the number of shares granted and share price. The repurchase price is determined based on the adjusted award price, i.e. RMB 3.47571, without accruing interest, in accordance with relevant provisions of the Phase II Restricted Share Incentive Scheme.

According to the "Announcement of China State Construction Engineering Corporation Limited on the Outcome of Shares Award of the Phase III Restricted A Share Incentive Scheme", the award price is RMB 3.468 / share. The repurchase price is determined based on the adjusted award price, i.e. RMB 3.468, without accruing interest, in accordance with relevant provisions of the Phase III Restricted Share Incentive Scheme.

## **III. The type and amount of the shares to be repurchased, and the proportion of these shares to the total number of the underlying shares involved in the Equity Incentive Scheme and to the total share capital**

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A total of 3,787,000 restricted shares will be repurchased by the Company, of which, 847,000 shares (or 605,000 shares before the ex-right event) are phase II restricted shares, accounting for 0.23% of the total number (847,000) of restricted stocks granted in the phase II (before the ex-right event), and 0.0020% of the Company's total share capital. The number of phase III restricted shares to be repurchased this time is 2,940,000, accounting for 0.49% of the total number (599.91 million) of restricted shares granted in the phase III, and 0.0070% of the Company's total share capital.

#### **IV. Total price of the repurchase and funding source**

The total amount of the funds to be spent on the repurchase is RMB 13,139,850, and the funding source is the Company's own funds.

#### **V. Changes in the Company's equity structure after the repurchase and the impact on the Company's earnings**

The shares repurchased will be canceled in accordance with relevant provisions of the Company Law and the "Administrative Measures for Equity Incentives of Listed Companies". Company's registered capital and total number of shares will be reduced accordingly after the write-off. However, given the small number of shares written off relative to the total share capital, it will not lead to any substantial changes in the Company's equity structure, or result in a material impact on its financial status or business performance, or its management teams' diligent performance of their duties. The Company's management team will continue to duly discharge their official duties, and optimally create value for the shareholders.

#### **VI. Documents supplied for reference**

1. Resolutions Made at the 49<sup>th</sup> Meeting of the Second Board of Directors of China State Construction Engineering Corporation Limited
2. Resolutions Made at the 31<sup>st</sup> Meeting of the Second Board of Supervisors of China State Construction Engineering Corporation Limited

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited  
November 20, 2020