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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2021-006



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

## Announcement on the Outcome of Share Granting under the Phase IV Restricted A Share 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 misleading statements or major omission, and they are jointly and severally liable for the truthfulness, accuracy and completeness of the said contents.

### Important Notice:

- Registration date of restricted shares: January 14, 2021
- Number of registered restricted shares: 912,036,000

In line with the requirements of laws, regulations, and normative documents governing equity incentives, China State Construction Engineering Corporation Limited (hereinafter, the "Company") has completed the registration and transfer of restricted shares under its *Phase IV Restricted A Share Incentive Scheme* (hereinafter, the "Scheme"). The specifics thereof are announced as follows:

### I. Granting of Restricted Shares

#### (I) Granting of Restricted Shares under the Scheme

On December 23, 2020, the 50th Meeting of 2nd Board of Directors and the 33rd Meeting of the 2nd Board of Supervisors of the Company deliberated on and adopted the *Proposal on the Granting of Shares under the Phase IV Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited*. The Company's Independent Directors issued independent opinions. The Company's Board of Supervisors expressed verification opinions. King & Wood Mallesons (Beijing) issued its Legal Opinions. Specifically:

1. Granting date: December 23, 2020
2. Number of shares granted: 912,036,000
3. Number of participants: 2,765
4. Granting price: RMB 3.06 per share
5. Participants: key employees that play an important role in accomplishing the Company's strategic goals and fall into the scope of Participants specified in the *Phase*

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*IV Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited (Draft)* (hereinafter, the "Share Scheme").

6. Source of shares: According to the *Announcement on the Outcome of Share Repurchase and Changes in Shareholdings*, the Company sources shares for the Share Scheme by repurchasing its A shares from the secondary market. From October 30 to December 14, 2020, the Company repurchased 912,036,000 shares through centralized bidding from the secondary market.

(2) List of Participants and outcome of share granting

According to the approval by SASAC and the *Share Scheme*, the number of Participants under the *Share Scheme* shall not exceed 2,800 and the total number of shares granted shall not exceed 1 billion.

According to 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* deliberated on and adopted by the Board of Directors and the General Meeting of the Company, 2,765 Participants are finally qualified for share granting and willing to participate in the Share Scheme on a voluntary basis, and a total of 912,036,000 shares are granted. Specifically:

Title	Name	Number of restricted shares granted (10,000 shares)	% of granted shares to the total shares granted	% of granted shares to the Company's total equities
Secretary of the Board of Directors	Xue Keqing	72	0.08%	0.0017%
Backbone personnel (2,764)		91,131.6	99.92%	2.1716%
Total: 2,765		91,203.6	100.00%	2.1733%

**II. Validity period, lock-up period, and unlocking arrangements of the Share Scheme**

The Share Scheme shall come into force on the day of its adoption by the General Meeting, and be terminated on the day when all the restricted shares granted based on the Share Scheme are unlocked/repurchased (unless the Share Scheme is terminated ahead of schedule) - the validity period lasts up to 10 years.

The lock-up period refers to two years after the restricted shares are granted. During the lock-up period, target shares (including target shares purchased by the Participants) to be granted to the Participants based on the Share Scheme shall be locked up, and may not be transferred, or used for provision of guarantees or debt repayment.

The unlocking period refers to three years after the expiry of the lock-up period. The Participants may unlock the restricted shares granted to them at equal intervals during the unlocking period of no less than three years. Upon expiry of the lock-up period, the Company will apply to unlock the restricted shares for qualified Participants under the *Share Scheme* in accordance with relevant laws, regulations, and stock exchange rules. Where certain restricted shares fail to meet the conditions for unlock during the unlocking period, the Company shall repurchase them at the price set in the Scheme, and handle related matters in accordance with the provisions of the "Company Law".

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Unlocking arrangements	Date of unlocking	Proportion of unlocked shares to the granted equities
Commencement date of the first unlocking period	2 <sup>nd</sup> anniversary of the granting date	1/3
Commencement date of the second unlocking period	3 <sup>rd</sup> anniversary of the granting date	1/3
Commencement date of the third unlocking period	4 <sup>th</sup> anniversary of the granting date	1/3

### III. Verification of the Subscription Capital for the Restricted Shares

The funds for share repurchase for the Scheme are sourced from the Company's own funds or funds raised by the Participants. Of which, the fund raised by the Participants amounts to RMB 2,790,830,160 (i.e. 912,036,000 x RMB 3.06 per share). According to the *Capital Verification Report* (Xin Kuai Shi Bao Zi [2020] No. ZG214387) issued by BDO China Shu Lun Pan CPAs LLP (special general partnership), as of December 10, 2020, the Company had received a total amount of RMB 2,790,830,160 (Say Two Billion Seven Hundred Ninety Million Eight Hundred Thirty Thousand One Hundred and Sixty Only) in currency deposited by 2,765 Participants, and the Company did not provide loans or any other form of financial support for the Participants.

### IV. Registration and Transfer of Restricted Shares

The Company has completed the formalities for registration and transfer of the granted shares, and Shanghai Branch of China Securities Depository and Clearing Corp., Ltd. has issued the *Certificate of Securities Change Registration*. The 912,036,000 shares granted under the Scheme were changed from circulating shares not subject to trading moratorium to circulating shares subject to trading moratorium on January 13, 2021. On January 14, 2021, all transfer formalities for the transfer of the granted restricted shares under the Scheme were completed, and all the shares were transferred from the Company's dedicated account for share repurchase to the accounts of the Participants.

### V. Impact of Share Granting to the Company's Controlling Shareholders

The granting of restricted shares does not lead to changes in the controlling rights of the Company's controlling shareholders.

### VI. Changes in Equity Structure

Following this change, the Company's equity structure has changed. The details of change are shown in the following table:

Unit: Share

Type of securities	Before change	Quantity of change	After change
Circulating shares subject to trading moratorium	711,468,667	912,036,000	1,623,504,667
Circulating shares not subject to trading moratorium	41,253,602,844	-912,036,000	40,341,566,844
Total	41,965,071,511	0	41,965,071,511

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## **VII. Impact of the Share Granting to the Company's Financial Standing**

In accordance with the *Accounting Standards for Business Enterprises No. 11 - Share-Based Payments*, the Company adopts the following accounting methods to measure and calculate the costs of the *Scheme*:

1. Accounting on the granting date: upon receiving the share subscription payment from the Incentive Participant, the Company records it as bank deposit, resell treasury stock based on the cost of the treasury stock granted, adjusts capital reserves - equity premium, and accrues liabilities corresponding to the repurchase obligations associated with the *Scheme*.
2. Accounting during the lock-up period: the Company adjusts the projected number of unlockable restricted shares based on relevant information updates on every balance sheet date before the restricted shares are unlocked, and records services provided by employees in each reporting period as costs and capital reserves - other capital reserves in line with the fair value of the restricted shares on the granting date. Costs of staff incentives incurred by the *Scheme* are disbursed as recurring profit or loss.
3. Accounting on the lock-up expiry date: on the lock-up expiry date, if the restricted shares meet the conditions for lifting the trading restrictions, the amount recorded as capital reserves - other capital reserves is transferred to capital reserves - equity premium, and offset against the liabilities accrued against the repurchase obligations associated with the Equity Incentive Scheme on the granting date. If the trading restrictions are not lifted for all or part of the restricted shares, and such shares are therefore invalidated or canceled, accounting will be conducted on the shares actually repurchased. Related costs and expenses and the total owner's equity that have already been recognized will not be adjusted after the lock-up expiry date.

Total costs incurred by the *Scheme* are disbursed as administrative expenses. Without factoring in the positive effects of the *Scheme* on the Company's business performance, the amortization of the costs and expenses arising from the *Scheme* will affect the Company's net profits during the *Scheme*'s validity period, but the effects will be limited. In view of the *Scheme*'s positive effects on the Company's business operations and development in terms of stimulating the management's and business teams' enthusiasm, improving productivity, and lowering operating costs, the improvement in the Company's business performance resulting from the *Scheme* will outweigh the increase in costs.

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited  
January 18, 2021