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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2021-015



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

## Announcement on Repurchase and Write-off of Partial Restricted Shares for Equity Incentives

The Board of Directors of the Company and each member of the Board of Director present 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:

- Reason for repurchase and write-off: Since the restricted shares held by some Participants under the Company's *Phase I, Phase II and Phase III Restricted A Share Incentive Schemes* do not meet the unlocking conditions, the Company decided, upon deliberation and approval, to repurchase and write off partial restricted shares held by the Participants.
- Details on the write-off of shares

Number of shares to be repurchased	Number of shares to be written-off	Write-off date
16,903,667	16,903,667	April 9, 2021

China State Construction Engineering Corporation Limited (hereinafter referred to as the "Company") plans to repurchase and write off partial restricted shares that do not meet the unlocking conditions from the Participants. The details are as follows:

### I. Decision on and Information Disclosure of the Repurchase and Write-off of Restricted Shares

1. On July 1, 2015, the 83rd Meeting of the 1st Board of Directors and the 43rd Meeting of the 1st Board of Supervisors of the Company deliberated on and adopted the *Proposal of China State Construction Engineering Corporation Limited Concerning the First Tranche of Unlocking in 2015 in Respect of Phase I Restricted A Share Incentive Scheme*, respectively. One Participant was involved in this share repurchase and write-off, where 210,000 restricted shares were repurchased at the price of RMB 1.27857 per share. For details, please refer to the *Announcement on the Resolutions of the 83rd Meeting of the 1st Board of Directors of China State Construction Engineering Corporation Limited* and the *Announcement on the Resolutions of the*

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*43rd Meeting of the 1st Board of Supervisors of China State Construction Engineering Corporation Limited* released by the Company on July 2, 2015.

2. On June 29, 2016, the 92nd Meeting of the 1st Board of Directors and the 50th Meeting of the 1st Board of Supervisors of the Company deliberated on and adopted 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*, respectively. One Participant was involved in this share repurchase and write-off, where 298,667 restricted shares were repurchased at the price of RMB 1.27857 per share. For details, please refer to the *Announcement on the Resolutions of the 92nd Meeting of the 1st Board of Directors of China State Construction Engineering Corporation Limited* and the *Announcement on the Resolutions of the 50th Meeting of the 1st Board of Supervisors of China State Construction Engineering Corporation Limited* released by the Company on June 30, 2016.

3. On July 14, 2017, the 114th Meeting of the 1st Board of Directors and the 60th Meeting of the 1st Board of Supervisors of the Company deliberated on and adopted 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*, respectively. One Participant was involved in this share repurchase and write-off, where 70,000 restricted shares were repurchased at the price of RMB 1.27857 per share. For details, please refer to the *Announcement on the Resolutions of the 114th Meeting of the 1st Board of Directors of China State Construction Engineering Corporation Limited* and the *Announcement on the Resolutions of the 60th Meeting of the 1st Board of Supervisors of China State Construction Engineering Corporation Limited* released by the Company on July 18, 2017.

4. On November 16, 2018, the 14th Meeting of the second Board of Directors and the 7th Meeting of the second 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 II Restricted A Share Incentives" respectively. Two Participants were involved in this share repurchase and write-off, where 420,000 restricted shares were repurchased at the price of RMB 3.47571 per share. The said proposal was adopted at the 3rd Extraordinary General Meeting of the Company on December 3, 2018. For details, please refer to the *Announcement on the Resolutions of the 14th Meeting of the 2nd Board of Directors of China State Construction Engineering Corporation Limited*, the *Announcement on the Resolutions of the 7th Meeting of the 2nd Board of Supervisors of China State Construction Engineering Corporation Limited*, and the *Announcement on Partial Repurchase of Phase II Restricted A Shares from Incentive Participants of China State Construction Engineering Corporation Limited* released by the Company on November 17, 2018, and the *Announcement on the Resolutions of the 3rd Extraordinary General Meeting in 2018 of China State Construction Engineering Corporation Limited* released by the Company on December 4, 2018.

5. On December 30, 2019, the 33rd Meeting of the 2nd Board of Directors and the 17th Meeting of the 2nd Board of Supervisors of the Company deliberated on and adopted the *Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Participants of the Phase II and III Restricted A Share Incentives*, deciding to repurchase and write off restricted shares from four Participants (including one Incentive Participant, from whom the Phase II and III restricted A shares

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would be repurchased and written off at the same time). Specifically, 406,000 Phase II restricted shares were repurchased at the price of RMB 3.47571 per share, and 480,000 Phase III restricted shares were repurchased at the price of RMB 3.468 per share. The said proposal was adopted at the 1st Extraordinary General Meeting in 2020 of the Company on February 19, 2020. For details, please refer to the *Announcement on the Resolutions of the 33rd Meeting of the 2nd Board of Directors of China State Construction Engineering Corporation Limited*, the *Announcement on the Resolutions of the 17th Meeting of the 2nd Board of Supervisors of China State Construction Engineering Corporation Limited*, and the *Announcement on Partial Repurchase of Phase II and Phase III Restricted A Shares from Incentive Participants of China State Construction Engineering Corporation Limited* released by the Company on December 31, 2019, and the *Announcement on the Resolutions of the 1st Extraordinary General Meeting in 2020 of China State Construction Engineering Corporation Limited* released by the Company on February 20, 2020.

6. 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 deliberated on and adopted the *Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Participants of the Phase II and III Restricted A Share Incentive Schemes*, deciding to repurchase and write off restricted shares from 22 Participants (including 5 Participants, from whom the Phase II and III restricted shares would be repurchased and written off at the same time). Specifically, 847,000 Phase II restricted shares were repurchased at the price of RMB 3.47571 per share, and 2,940,000 Phase III restricted shares were repurchased at the price of RMB 3.468 per share. The said proposal was adopted at the 3rd Extraordinary General Meeting in 2020 of the Company on December 7, 2020. For details, please refer to the *Announcement on the Resolutions of the 49th Meeting of the 2nd Board of Directors of China State Construction Engineering Corporation Limited*, the *Announcement on the Resolutions of the 31st Meeting of the 2nd Board of Supervisors of China State Construction Engineering Corporation Limited*, and the *Announcement on Partial Repurchase of Phase II and Phase III Restricted A Shares from Incentive Participants of China State Construction Engineering Corporation Limited* released by the Company on November 21, 2020, and the *Announcement on the Resolutions of the 3rd Extraordinary General Meeting in 2020 of China State Construction Engineering Corporation Limited* released by the Company on December 8, 2020.

7. On December 29, 2020, the 51st Meeting of the 2nd Board of Directors and the 34th Meeting of the 2nd Board of Supervisors of the Company deliberated on and adopted the *Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Participants of the Phase II and III Restricted A Share Incentives*, deciding to repurchase and write off restricted shares from 154 Participants (including 36 Participants, from whom the Phase II and III restricted shares would be repurchased and written off at the same time). Specifically, 3,948,000 Phase II restricted shares were repurchased at the price of RMB 3.47571 per share, and 7,284,000 Phase III restricted shares were repurchased at the price of RMB 3.468 per share. The said proposal was adopted at the 1st Extraordinary General Meeting in 2021 of the Company on January 15, 2021. For details, please refer to the *Announcement on the Resolutions of the 51st Meeting of the 2nd Board of Directors of China State Construction Engineering Corporation Limited*, the *Announcement on the Resolutions of the 34th Meeting of the 2nd Board of Supervisors of China State*

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*Construction Engineering Corporation Limited*, and the *Announcement on Partial Repurchase of Phase II and Phase III Restricted A Shares from Incentive Participants of China State Construction Engineering Corporation Limited* released by the Company on December 30, 2020, and the *Announcement on the Resolutions of the 1st Extraordinary General Meeting in 2021 of China State Construction Engineering Corporation Limited* released by the Company on January 16, 2021.

Before repurchasing the above-mentioned restricted shares, the Company released announcement & notification to creditors on the reduction of its registered capital in accordance with relevant regulations. For details, please refer to the *Announcement of China State Construction Engineering Corporation Limited on the Repurchase and Write-off of All Locked Restricted Shares under the Phase I Restricted A Share Incentive Scheme to Reduce the Company's Registered Capital & Notification to Creditors* (released on January 9, 2018), the *Announcement of China State Construction Engineering Corporation Limited on the Partial Repurchase and Write-Off of Shares to Reduce the Company's Registered Capital and Notification to Creditors* (released on January 10, 2019), the *Announcement of China State Construction Engineering Corporation Limited on the Partial Repurchase and Write-Off of Shares under the Phase II and Phase III Restricted A Share Incentive Schemes to Reduce the Company's Registered Capital and Notification to Creditors* (released on February 20, 2020), the *Announcement of China State Construction Engineering Corporation Limited on the Partial Repurchase and Write-Off of Shares under the Phase II and Phase III Restricted A Share Incentive Schemes to Reduce the Company's Registered Capital and Notification to Creditors* (released on December 8, 2020), and the *Announcement of China State Construction Engineering Corporation Limited on the Partial Repurchase and Write-Off of Shares under the Phase II and Phase III Restricted A Share Incentive Schemes to Reduce the Company's Registered Capital and Notification to Creditors* (released on January 16, 2021). No creditor made claim for the Company to pay off the debts or provide corresponding guarantees within the declaration period specified in the aforementioned announcements.

## **II. Repurchase and Write-Off of Restricted Shares**

### **(I) Reason and Basis for Repurchase and Write-Off of Restricted Shares**

Since the restricted shares held by some Participants under the Phase I, Phase II, and Phase III Restricted A Share Incentive Schemes were not qualified for unlocking, the 83rd, 92nd, and 114th Meetings of the 1st Board of Directors, the 3rd Extraordinary General Meeting in 2018, the 1st and 3rd Extraordinary General Meetings in 2020, and the 1st Extraordinary General Meeting in 2021 deliberated on and adopted the relevant proposal and decided to repurchase and write off the above-mentioned restricted shares. The basis is specified as follows:

1. As stipulated by relevant regulations such as the *Administrative Measures for Equity Incentives of Listed Companies (Trial)* and the *Revised Draft of the Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited* adopted by the 2012 Annual General Meeting of the Company, where the restricted shares held by the Participants under the *Phase I Restricted A Share Incentive Scheme* are not qualified for unlocking, their shares shall be repurchased and written off by the Board of Directors as authorized by the General Meeting.
2. As stipulated by relevant regulations such as the *Administrative Measures for Equity Incentives of Listed Companies* and the *Phase II Restricted A Share Incentive Scheme*

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of *China State Construction Engineering Corporation Limited (Draft)* adopted by the 1st Extraordinary General Meeting in 2016, where the restricted shares held by the Participants under the *Phase II Restricted A Share Incentive Scheme* are not qualified for unlocking, the relevant repurchase scheme for their non-unlockable shares shall be deliberated on by the Board of Directors and submitted to the General Meeting for approval according to law.

3. As stipulated by relevant regulations such as the *Administrative Measures for Equity Incentives of Listed Companies* and the *Phase III Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited (Revised Draft)* adopted by the 3rd Extraordinary General Meeting in 2018, where the restricted shares held by the Participants under the *Phase III Restricted A Share Incentive Scheme* are not qualified for unlocking, the relevant repurchase scheme for their non-unlockable shares shall be deliberated on by the Board of Directors and submitted to the General Meeting for approval according to law.

## **(II) Note for the Prices and Funds of the Repurchase of Restricted Shares**

According to the *Proposal on Adjusting the Quantity and Prices of Shares Granted under the Phase I and Phase II Restricted A Share Incentive Schemes of China State Construction Engineering Corporation Limited* deliberated on and adopted at the 10th Meeting of the 2nd Board of Directors on July 27, 2018, due to the conversion of capital reserves into equities for the profit distribution in 2017, adjustment has been made in the repurchase prices for restricted shares as follows: (1) The granting price for shares under the *Phase I Restricted A 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 per share to RMB 1.27857 per share (the repurchase price was 50% of the granting price); (2) the granting price, i.e. the repurchase price for shares under the *Phase II Restricted A Share Incentive Scheme* was adjusted from RMB 4.866 per share to RMB 3.47571 per share.

Following the above adjustments, if repurchase occurs to the *Phase I and Phase II Restricted A Share Incentive Schemes*, the total repurchasing price to be paid by the Company to corresponding Participants as calculated according to the adjusted quantity and price shall be equal to the total amount before the adjustments. The total repurchasing price shall not change due to the adjustments of share quantity and price.

According to the *Proposal of China State Construction Engineering Corporation Limited Concerning Granting the Phase III Restricted A Share Incentive Scheme* adopted in the 15th meeting of the second Board of Directors on December 26, 2018, the award price (i.e. repurchase price) of the Phase III restricted shares is RMB 3.468 / share.

All the funds that the Company uses to repurchase the restricted shares are its own funds, and the total repurchase price is RMB 57,398,329.86, excluding fees to be borne by the Company such as the transfer fees and stamp duties incurred by the repurchase.

## **(III) Personnel and Quantity of Shares Involved in the Repurchase and Write-Off**

185 Participants (including 42 Participants from whom the shares held under the *Phase II and Phase III Restricted A Share Incentive Schemes* will be repurchased at the same time) are involved in the Company's repurchase and write-off of restricted shares under the *Phase I, Phase II and Phase III Restricted A Share Incentive Schemes*. A total

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number of 16,903,667 restricted shares are to be repurchased and written-off, including 578,667 Phase I Restricted Shares, 5,621,000 Phase II Restricted Shares, and 10,704,000 Phase III Restricted Shares. Upon completion of the share repurchase and delisting, there are 489,000 restricted shares remaining to be repurchased by the Company, and 1,303,585,000 remaining restricted incentive shares.

#### **(IV) Repurchase and Write-Off Arrangements**

The Company has opened a dedicated account for the share repurchase with Shanghai Branch of China Securities Depository and Clearing Corp., Ltd.

It is expected that the aforesaid restricted shares will be written off on April 9, 2021.

### **III. Changes in the Company's Equity Structure after the Repurchase and Write-Off of Restricted Shares**

Following the repurchase and write-off, the Company's registered capital, i.e. total equities, will be reduced by RMB 16,903,667 (shares), and the remaining registered capital, i.e. total equities, will be RMB 41,948,167,844 (shares). The changes in the Company's equities are detailed as follows:

Type of shares	Before the change		Change Number of shares written off (share)	After the change	
	Quantity (share)	Percentage (%)		Quantity (share)	Percentage (%)
Circulating shares subject to trading moratorium	1,320,488,667	3.15%	-16,903,667	1,303,585,000	3.11%
Circulating shares not subject to trading moratorium	40,644,582,844	96.85%	0	40,644,582,844	96.89%
Total shares	41,965,071,511	100.00%	-16,903,667	41,948,167,844	100.00%

#### **IV. Note and Commitment**

The Board of Directors believes that the decision-making procedures and information disclosure for the repurchase and write-off of restricted shares are in compliance with relevant laws, regulations, the *Administrative Measures for Equity Incentives of Listed Companies* and the arrangements of the Company's equity incentive schemes and arrangements for the granting of restricted shares, and no damage will be caused to the legitimate rights and interests of the Participants and creditors.

The Company undertakes that it has verified and guaranteed the information related to the repurchase and write-off of restricted shares, including the Participants, the quantity of shares, and the date of write-off is true, accurate and complete, and the relevant Participants have been fully informed of the repurchase and write-off without expressing objections thereto. If any dispute with the relevant Participants arises from the repurchase and write-off, the Company will bear relevant legal liabilities.

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

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As of the date of issuance of the legal opinions, the Company had gone through necessary decision-making procedures and fulfilled relevant information disclosure obligations for the current phase for the repurchase and write-off. (i) The reasons for the repurchase and write-off of Phase I Restricted A Shares, together with the quantity, the repurchase price and the arrangements for the repurchase and write-off are in line with the *Notice on Issuing the Trial Measures for Implementing Equity Incentive Plans by State Holding Listed Companies (Domestic)*, the *Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by the State-Controlled Listed Companies*, the *Administrative Measures for Equity Incentives of Listed Companies (Trial)*, *Memorandum No. 1 on Matters Concerning Equity Incentives*, *Memorandum No. 2 on Matters Concerning Equity Incentives*, *Memorandum No. 3 on Matters Concerning Equity Incentives*, and the *Restricted A Share Incentive Schemes of China State Construction Engineering Corporation Limited (Revised Draft)*. (ii) The reasons for the repurchase and write-off of Phase II Restricted A Shares, together with the quantity, the repurchase price and the arrangements for the repurchase and write-off are in line with the *Notice on Issuing the Trial Measures for Implementing Equity Incentive Plans by State Holding Listed Companies (Domestic)*, the *Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by the State-Controlled Listed Companies*, the *Administrative Measures for Equity Incentives of Listed Companies*, and the *Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited (Draft)*. (iii) The reasons for the repurchase and write-off of Phase III Restricted A Shares, together with the quantity, the repurchase price and the arrangements for the repurchase and write-off are in line with the *Notice on Issuing the Trial Measures for Implementing Equity Incentive Plans by State Holding Listed Companies (Domestic)*, the *Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by the State-Controlled Listed Companies*, the *Administrative Measures for Equity Incentives of Listed Companies*, and the *Phase III Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited (Draft)*. The Company still needs to fulfil its information disclosure obligations in a timely manner for the repurchase and write-off and go through procedures for reducing registered capital and share write-off 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 Announcement online**

Legal Opinions of King & Wood Mallesons (Beijing) on Matters Concerning the Partial Repurchase and Write-Off of Restricted Shares under the Phase I, Phase II, and Phase III Restricted A Share Incentive Schemes of China State Construction Engineering Corporation Limited are hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited  
April 6, 2021