

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).

Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2020-032



中國建築股份有限公司

CHINA STATE CONSTRUCTION ENGRG . CORP. LTD

Announcement on Change of Auditor for Internal Control

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 Notice:

- Name of the accounting firm proposed to be appointed: Ernst & Young Hua Ming LLP (Special General Partnership)
- Name of the original accounting firm: PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)
- According to relevant regulations and requirements of the State-owned Assets Supervision and Administration Commission (the "SASAC"), the tenure of the original auditor of internal control of the Company PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) has expired, so the Company intends to change its auditor for internal control.

On April 24, 2020, the 37th meeting of the second session of the Board of Directors (the "Board") of China State Construction Engineering Corporation Limited (the "Company") considered and approved the *Proposal in Relation to the Change of Auditor for Internal Control of China State Construction Engineering Corporation Limited for 2020*. The Company intended to appoint Ernst & Young Hua Ming LLP (Special General Partnership) ("EYHM") as its internal control auditor for 2020. Relevant details are hereby announced as follows:

I. Basic Information about the Accounting Firm Proposed to be Appointed:

(I) Information about the Institution

1. Basic information: EYHM was founded in September 1992 and completed transformation for localization in August 2012, transforming from a limited liability firm of Sino-foreign cooperation into a firm of special general partnership. It is headquartered in Beijing, with registered address at Room 01-12, Level 17, Ernst & Young Tower, Oriental Plaza, No. 1 East Changan Avenue, Dong Cheng District, Beijing, PRC. Since establishment, it has set up 19 branches in Shanghai, Guangzhou and other cities. EYHM mainly engages in the audit of the financial statements of enterprises and issuance of related auditor's reports; capital verification and issuance of capital verification reports; audit for merge, division and liquidation of businesses, and the issuance of relevant reports; annual audit for the financial statements for capital construction; bookkeeping agency; accounting consulting, tax consulting, management consulting, and accounting training; and other businesses prescribed by

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laws and regulations. EYHM is qualified for practice as an accounting firm and for H-share enterprises' auditing. It is officially registered with the Public Company Accounting Oversight Board in the United States (USPCAOB), and it is one of the first accounting firms in China to obtain qualifications for securities- and futures-related businesses. It has substantial experience and excellent professional service abilities in securities business services.

2. Information of personnel: The Chief Partner of EYHM is Mr. Mao Anning. As of December 31, 2019, EYHM has 7,974 employees, including 162 partners and 1,467 practicing certified public accountants, representing an increase of 302 accountants as compared to that on December 31, 2018. EYHM has always been attached importance to the cultivation of talents, and has over 1,000 practicing certified public accountants in securities-related business services.

3. Business scale: The annual operating revenue of EYHM for 2018 was RMB3.89 billion, with its net assets up to RMB470 million. In 2018, EYHM provided audit service for the annual reports of 74 listed companies with an average asset value of RMB566.90 billion, and had a total amount of RMB330 million auditing fee. These clients mainly engage in industries including manufacturing, finance, leasing and commerce services, transportation, warehousing and postal services, information transmission, software and information technology services, etc. EYHM has related audit experience in serving the industry in which the Company is engaged.

4. Investor protection capabilities: The cumulative compensation limit of accrued occupational risk fund and purchased occupational insurance of EYHM has exceeded RMB80 million, which would cover the civil compensation liability that may be caused by audit failure.

5. Independence and integrity record: There is no record of violations of the independence requirements in the *Code of Professional Ethics for Chinese Certified Public Accountants* by EYHMT. In the past three years, EYHMT has not been subject to any criminal punishment, administrative and self-regulatory penalties. On February 17, 2020, EYHM and relevant accountable personnel received a Warning Letter([2020] No. 21) issued by the China Securities Regulatory Commission ("CSRC") Jiangsu Branch, and on February 24, 2020, it received another Warning Letter ([2020] No. 36) from the CSRC Beijing Branch, both of which do not have any impact on the services to be provided to the Company.

(II) About the Audit Team

1. About the team member: Proposed signatory accountant and project partner: Ms. Zhou Ying, a certified public accountant in China. She has been engaged in full-time audit business and services in the firm since 1987, and has over 30 years of experience in the field. She is particularly specialized in the auditing for IPOs, annual reports of listed companies, construction and real estate sectors. She has no part-time job.

Proposed signatory accountant and project partner: Ms. Yang Shujuan, a certified public accountant in China. She has been worked as a full-time certificated public accountant in the firm since 1994, engaging in audit business and services. She has over 25 years of experience in auditing, with extensive experience in the service for IPOs, annual reports of listed companies, construction and real estate sectors. She has no part-time job.

Proposed signatory accountant and project partner: Ms. Shen Yan, a certified public accountant in China. She has been served the firm since 2001, engaging in audit business and services. She has over 18 years of practices in this field and has rich

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experience in the auditing for IPOs, annual reports of listed companies, construction and real estate sectors. She has no part-time job.

Proposed project quality control reviewer: Ms. Chen Jing, a certified public accountant in China. She has been engaged in audit business and services in the firm since 1994. She has over 25 years of experience in the field and is expert at the auditing for IPOs, annual reports of listed companies, construction and real estate sectors. She has no part-time job.

2. The independence and integrity record of the personnel aforesaid.

The above proposed project partners, project quality control reviewer, and signatory accountants have not violated the independence requirements of the *Code of Professional Ethics for Chinese Certified Public Accountants*, and have not been subject to criminal punishments, administrative penalties, administrative penalty regulations or self-regulatory penalties.

(III) About the Audit Expenses

The Board of the Company requests the general meeting of shareholders to authorize the Board to negotiate with EYHM to determine the audit fees in accordance with the specific audit requirements and audit scope in 2020.

II. Explanation for the Proposed Change of Accounting Firm

I. Basic Information about the Original Accounting Firm Appointed by the Company

Basic information about PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (PWCZT):

1. Uniform social credit code: 913100000609134343
2. Type of business: Special general partnership
3. Business premise: Hubin Road, Huangpu District, Shanghai
4. Qualifications: Practicing certificate as an accounting firm, license for securities and futures-related business.

PWCZT had provided audit services for the Company for 8 consecutive years by the end of 2019, with signatory accountants being: Chen Jing and Zhang Xuerong in 2012, Chen Jing and Huang Mingliu in 2013-2014, Huang Mingliu and Wang Lei in 2015, Huang Mingliu and Han Lu in 2016, Chen Jing and Hu Wei in 2017, Li Yanyu and Hu Wei in 2018, and Huang Mingliu and Hu Wei in 2019, respectively.

(II) Communication with PWCZT

The Company has fully communicated with PWCZT, and the latter has no objection to the proposed change of accounting firm.

EYHM, the accounting firm proposed to be appointed by the Company, will communicate with PWCZT to understand and confirm the Company's internal control status during the audit service term of the latter.

(III) Main Reason for the Proposed Change of Accounting Firm

According to relevant regulations and requirements of the SASAC, the tenure of PWCZT, the original auditor of internal control of the Company, has expired, so the Company intends to change its internal control auditor.

The Company has conducted prior communication with PWCZT over the proposed change of the auditor, and has obtained its understanding and support. By adhering to the principle of independent audit during its practice, PWCZT has provided

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professional and rigorous audit services for the Company, and effectively performed its duties as an auditor of internal control. The Board of the Company hereby expresses its sincere gratitude to PWCZT for its services.

III. Approval Procedure for the Change of the Auditor of Internal Control

On April 23, 2020, the Audit Committee of the second session of the Board of the Company considered and approved the *Proposal in Relation to the Change of Auditor of Internal Control of China State Construction Engineering Corporation Limited for 2020*, proposing the appointment of EYHM as the Company's internal control auditor for 2020, and submitting it to the Board for consideration.

On April 24, 2020, the 37th meeting of the second session of the Board and the 19th meeting of the second session of the Board of Supervisors of the Company respectively considered and approved the *Proposal in Relation to the Change of Auditor of Internal Control of China State Construction Engineering Corporation Limited for 2020*, approving the appointment of EYHM as the Company's internal control auditor for 2020 from the date of the annual general meeting of shareholders in 2019 and to the date of such meeting in the following year. The audit expenses shall be determined by the Board under authorisation by the general meeting of shareholders.

The independent directors of the Company have issued prior approval opinions on the matter as follows: Upon examination, EYHM is legally qualified for providing audit services in mainland China, Hong Kong and other parts of the world, it has the capabilities to serve listed companies, and is able to satisfy the Company's need for the audit of internal control. The proposal on the change of auditor for internal control is made according to relevant provisions of the SASAC. The decision making and deliberation processes for the appointment of EYHM as the auditor of internal control of the Company for 2020 are in compliance with the *Company Law* and the *Articles of Association* of the Company, without prejudice to the interests of the Company or its shareholders, especially the minority shareholders. We hence agree to submit the proposal to the general meeting of shareholders for consideration.

The matter concerning the change of auditor of internal control shall be submitted to the general meeting of shareholders of the Company for consideration, and shall take effect from the date of approval by such general meeting.

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited
April 24, 2020