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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2020-077



中國建築股份有限公司

CHINA STATE CONSTRUCTION ENGRG . CORP. LTD

Report on Repurchase of Company Shares Conducted via Centralized Bidding

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:

- The purpose of the proposed share repurchase, quantity , total price, source(s) of funds, repurchase period, and repurchase price of shares to be repurchased:

The shares repurchased will be used exclusively for the execution of the Company's Restricted Share Incentive Scheme.

The total amount of funds the Company plans to spend on the repurchase is capped at RMB 7.660 billion, and the Company's shares are repurchased at a price of no more than RMB 7.66 per share.

The number of shares in the Company repurchased shall not be less than 500 million, and not more than 1 billion, accounting for approximately 1.19%-2.38% of the Company's total share capital. The exact number of shares repurchased shall be determined based on the actual number of shares repurchased upon expiry of the repurchase period.

The share repurchase may be conducted within 12 months from the date when the Company's Board of Directors reviews and approves the A-share repurchase plan, i.e. from October 23, 2020 to October 22, 2021.

- Sources of funding for share repurchase: the Company's own funds or funds raised by the Company.
- Whether the related shareholders plan to increase or reduce their shareholdings:

The Company has issued inquiries to all directors, supervisors, senior managers, the controlling shareholder and the de facto controllers, and the replies received are as follows:

Since Mr. Shi Zhiping has been elected as Chairman of the Board of Supervisors, the 599,000 restricted shares held by him will be repurchased and canceled by the Company, resulting in a reduction in the total number of shares in the Company held by him during the next three to six months. Related matters will be handled in strict compliance with the relevant laws and regulations and the provisions of the stock incentive plan. Except for the foregoing matters, as of the date when the repurchase plan was approved by the Board of Directors, the Company's controlling shareholder,

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directors, supervisors, and senior management had no plan to reduce their shareholdings in the Company over the next three to six months.

● Risk reminder:

1. The Company's share price may remain above the price range disclosed in the repurchase plan, resulting in the Company being unable to execute the repurchase plan.

2. When the share repurchase is being executed, the Company fails to obtain the funds required for the share repurchase in time due to factors such as tightened macroeconomic regulation or credit policy, and short-term business needs, resulting in the Company being unable to execute the repurchase plan as scheduled.

3. The repurchase plan may be modified or terminated pursuant to regulations following a major change in the Company's production or business performance, financial status, or other objective external conditions.

4. The shares repurchased will be used for the Restricted Share Incentive Scheme, and any stock incentive plan shall be carried out following related decision-making formalities. Where the company fails to successfully fulfill the objectives specified above, the shares repurchased may not be granted to other recipients. If the shares cannot be granted to other recipients, the share cancellation process may be triggered for the shares that cannot be granted to other recipients. The Company will decide to repurchase the shares in due course within the repurchase period based on market conditions, execute the decision, and fulfill its information disclosure obligations in a timely manner in line with the progress of the share repurchase. Investors are advised to pay due attention to investment risks.

In accordance with the "Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "Opinions on Supporting the Repurchase of Shares by Listed Companies", "Detailed Implementation Rules Concerning Share Repurchases among Companies Listed on the Shanghai Stock Exchange" (hereinafter referred to as "Repurchase Rules"), other laws, regulations and normative documents, and relevant provisions of the "Articles of Association of China State Construction Engineering Corporation Limited" (hereinafter referred to as the "Articles of Association"), China State Construction Engineering Corporation Limited (hereinafter referred to as the "Company" or "CSCEC") intends to repurchase A shares in CSCEC (Stock Code: 601668), which will be used as the source of shares required by the Company's Restricted Share Incentive Scheme. The Company has compiled this "Report on Repurchase of Company Shares Conducted via Centralized Bidding" as follows:

I. Procedures for reviewing and executing the share repurchase plan

(i) On October 22, 2020, the Personnel and Remuneration Committee under the Company's Board of Directors proposed to the board to buy back the Company's shares. In accordance with the Company's Phase IV Restricted Share Incentive Scheme and share repurchase-related regulations, the Personnel and Remuneration Committee proposed to repurchase the shares based on optimism about the Company's future development, with a view to improving the Company's long-term incentive mechanism, thoroughly stimulating the enthusiasm of its employees, building on staff cohesion and company competitiveness, and effectively facilitating the Company's long-term and healthy development.

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(ii) On October 23, 2020, the Company held the 46th meeting of the second Board of Directors, and reviewed and approved the "Proposal on Repurchase of Shares in the Company through Centralized Bidding". The independent directors expressed their independent opinions to unanimously approve the proposal.

(iii) On October 23, 2020, the Company held the 28th meeting of the second Board of Supervisors, and reviewed and approved the "Proposal on Repurchase of Shares in the Company through Centralized Bidding".

(iv) According to the authorization granted under Articles 24 and 26 of the "Articles of Association", the share repurchase plan does not need to be submitted to the Company's general meeting of shareholders for deliberation.

The dates and procedures adopted for the aforementioned proposal and review by the Board of Directors conform to the "Repurchase Rules" and other relevant regulations.

II. The main content of the repurchase plan

(i) Purpose of the share repurchase

The purpose is to further improve the Company's corporate governance structure and incentive and restraint mechanism; safeguard the rights and interests of shareholders, and continuously deliver returns to shareholders; promote the sustainable development of the Company and its employees; effectively stimulate the enthusiasm of managers and core staff members; attract various types of talented professionals with a greater degree of flexibility, and boost company development, taking both the Company's long-term and short-term interests into account. The Company plans to repurchase A shares through centralized bidding as the source of shares to be distributed through the Restricted Share Incentive Scheme.

(ii) Type of the share to be repurchased

Common A shares denominated in renminbi (RMB) issued by the Company within China.

(iii) Method of the share repurchase proposed

Repurchase of shares in the Company via centralized bidding.

(iv) Deadline for executing the share repurchase

1. The share repurchase may be conducted within 12 months from the date when the Company's Board of Directors reviews and approves the A-share repurchase plan, i.e. from October 23, 2020 to October 22, 2021.

2. The Company may not repurchase shares during any periods described below:

(1) Within 10 trading days prior to the release of the Company's regular reports, earnings forecasts or preliminary earnings reports;

(2) The period between the day of the occurrence of a significant matter that may have a major impact on the Company's share price, or the day during the decision-making process, and the second trading day after the matter is disclosed according to law.

(3) Other circumstances stipulated by the China Securities Regulatory Commission (CSRC) or the Shanghai Stock Exchange (SSE).

3. The repurchase period shall expire in advance, if:

(1) the number of shares to be repurchased reaches the maximum limit within the repurchase period, in which case the repurchase plan shall be deemed to have been completed, and the repurchase period shall expire immediately;

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(2) The Company's Board of Directors decides to terminate the repurchase plan, in which case the repurchase period shall expire on the day when the Board makes the decision;

4. During the execution of the repurchase plan, if the Company's shares are suspended from trading for more than 10 consecutive trading days due to a significant matter being planned, the repurchase period shall be extended accordingly after trading is resumed, and relevant information shall be disclosed in a timely manner. According to the authorization granted by the Board of Directors, the Company will decide to repurchase the shares based on market conditions and execute the decision within the repurchase period, and proceed in accordance with relevant laws, regulations and provisions set by the CSRC and the SSE.

(v) Use and amount of shares repurchased, their proportion to the Company's total share capital, and total amount of funds

Use after repurchase	Amount of shares to be repurchased	% of the Company's total share capital	Total amount of funds spent on repurchase	Repurchase execution period
Restricted Share Incentive Scheme	500 million - 1 billion	1.19% - 2.38%	The total amount of funds to be spent on the repurchase is capped at RMB 7.660 billion.	Within 12 months from the date when the Company's Board of Directors approves the A-share repurchase plan

The shares repurchased will be used as the source of shares to be distributed through the Restricted Share Incentive Scheme. According to relevant regulations, the Company shall adopt a stock incentive plan following related decision-making formalities.

The number of shares in the Company to be repurchased shall not be less than 500 million (i.e. no less than 1.19% of the Company's current total share capital) and not more than 1 billion (i.e. no more than 2.38% of the Company's current total share capital) - the maximum limit shall not be 100% higher than the minimum limit; the exact number of the shares repurchased shall be determined based on the actual number of shares repurchased upon expiry of the repurchase period.

The total amount of funds to be spent on the repurchase proposed by the Company is capped at RMB 7.660 billion. Where, within the repurchase period, the Company converts capital reserves into share capital, distributes share dividends, or carries out stock split or reverse stock split, it will adjust the number of shares to be repurchased in accordance with the relevant regulations of the CSRC and the SSE.

(vi) Repurchase price

The price of the share repurchase conducted by the Company shall not exceed RMB 7.66 / share, which is not higher than 150% of the average trading price of the Company's A shares during the 30 trading days prior to the date when the Board of Directors approves the share repurchase resolution. The exact repurchase price will

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be determined during the repurchase period, based on the Company's share price on the secondary market, the Company's financial performance and operating status.

Where, within the repurchase period, the Company pays out dividends, converts capital reserves into share capital, distributes share dividends, or carries out stock split or reverse stock split, it will adjust the price of shares to be repurchased in accordance with the relevant regulations of the CSRC and the SSE.

(vii) Sources of funding for the repurchase

The share repurchase proposed will be funded using the Company's own funds or funds raised by the Company.

(viii) Expected changes in the Company's equity structure after the repurchase

Assuming that the shares repurchased will be used exclusively for the execution of the Company's Restricted Share Incentive Scheme, its share capital will change as follows:

Item	Before		After	
	Number of shares	Percentage	Number of shares	Percentage
I. Ordinary shares subject to trading moratorium	711,468,667.00	1.70%	1,711,468,667.00	4.08%
II. Ordinary shares not subject to trading moratorium	41,253,602,844.00	98.30%	40,253,602,844.00	95.92%
III. Total number of common shares	41,965,071,511.00	100.00%	41,965,071,511.00	100.00%

(ix) Analysis of the potential impact of the share repurchase on the Company's routine operations, finance, R&D, profitability, debt servicing capacity, future development and its status as a public company

As of June 30, 2020, the Company's total assets were RMB 2,175,448 million, and net assets attributable to shareholders of the Company were RMB 277,773 million, with RMB 274,235 million worth of cash and bank balances. In 2020H1, the Company's operating income came in at RMB 728.2 billion, up 6.2% yoy; total profit grew by 4.3% yoy to RMB 43.77 billion, with a weighted average return on net assets of 6.98%; basic earnings per share rose by 4.4% yoy to RMB 0.47; exposure to financial risk stayed at a controllable level overall, and cash flow pressure declined. The asset-liability ratio came in at 75.95% at the end of the reporting period, down 0.59 ppt yoy. The Company ranked among the best Chinese construction companies in terms of overall competitiveness and profitability.

Calculated according to the maximum limit on the total repurchase price, i.e. RMB 7.660 billion, the proportions of the repurchase price to the Company's total assets, net assets attributable to shareholders of the Company, and cash and bank balances will be 0.35%, 2.76%, and 2.79%, respectively. Judging by the foregoing financial data, and given the Company's sound business operation and effective risk management,

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the Company believes that the share repurchase will not have a significant impact on its operations, financials, future development, or its status as a listed company.

The Company will use the shares repurchased to execute the Restricted Share Incentive Scheme, which is conducive to improving its corporate governance structure, establishing and improving the long-term incentive and restraint mechanism, ensuring the fulfillment of the Company's development strategy and business objectives, enhancing its core competitiveness, and building on its whole value.

(x) Opinions of independent directors on the compliance, justifiability, rationality and feasibility of the share repurchase plan

The independent directors issued their independent opinions on the share repurchase plan as follows:

1. The share repurchase conforms to the "Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "Administrative Measures for the Repurchase of Public Shares by Listed Companies (Interim)", and "Supplementary Provisions on the Share Repurchase by Listed Companies by Means of Centralized Bidding", "Stock Listing Rules", "Detailed Implementation Rules Concerning Share Repurchases among Companies Listed on the Shanghai Stock Exchange" and other laws, regulations and normative documents. The Company convened the meeting of the Board of Directors in compliance with relevant laws and regulations, normative documents and the Articles of Association, and the number of attendees and voting proceedings also conform to such laws, regulations, documents and the Articles of Association.

2. The share repurchase proposed by the Company is conducive to establishing a long-term incentive mechanism in the Company, thoroughly stimulating the enthusiasm of its employees, bolstering investors' confidence in the Company's future development, increasing investors' appreciation of the Company's value, and facilitating the sustainable development of the Company.

3. The repurchase will be conducted via centralized bidding, and therefore will not jeopardize the interests of the Company or its shareholders, especially minority shareholders.

4. All the funds needed for the share repurchase will be sourced using funds owned or raised by the Company in compliance with the laws and regulations; and a reasonable and fair price range has been set for the share repurchase. The repurchase will not have a significant impact on the Company's operations, finances, R&D, funding status or future development. The share repurchase is reasonable and feasible, and will not affect the Company's status as a listed company, or jeopardize the legitimate rights and interests of the Company or its shareholders.

In summary, we believe that the share repurchase complies with the relevant laws, regulations and normative documents, is conducive to increasing the Company's value, is necessary and feasible, and is in the interests of the Company and its shareholders. The "Proposal on Repurchase of Company Shares Conducted via Centralized Bidding" is approved.

(xi) Whether the Company's directors, supervisors, de facto controllers and/or controlling shareholder bought or sold shares in the Company during the six months prior to the decision made by the Board of Directors to repurchase the shares; whether there has been any conflict of interests, insider trading or market manipulation associated with the repurchase plan; and whether they plan to increase or reduce their shareholdings during the repurchase period

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The Company has issued inquiries to all directors, supervisors, senior managers, the controlling shareholder and the de facto controllers, and the replies received are as follows:

The Company's controlling shareholder, directors, supervisors, and senior manager did not purchase or sell shares in the Company through Centralized Bidding on the secondary market during the six months before the Board of Directors adopted the resolution to repurchase shares; and they have not engaged in any insider trading or market manipulation practices, either individually or jointly with others.

Mr. Shi Zhiping is elected as Chairman of the Board of Supervisors, so his 599,000 restricted shares will be repurchased by the Company in accordance with the regulations, resulting in a reduction in his shareholding in the Company during the proposed repurchase period; shares will be granted to the Board Secretary, Mr. Xue Keqing, during the Phase IV Restricted Share Incentive Scheme, resulting in an increase in his shareholding during the proposed repurchase period. Relevant matters will be handled in strict accordance with applicable laws and regulations and provisions of the Restricted Share Incentive Schemes. Except for the foregoing matters, the Company's controlling shareholder, directors, supervisors and senior managers do not plan to increase or reduce their shareholdings during the repurchase period.

(xii) Inquiries issued by the Company to its directors, supervisors, senior managers, controlling shareholder, and de facto controllers as to whether they plan to reduce their shareholdings during the next three or six months

The Company has issued inquiries to all directors, supervisors, senior managers, the controlling shareholder and the de facto controllers, and the replies received are as follows:

Since Mr. Shi Zhiping has been elected as Chairman of the Board of Supervisors, the 599,000 restricted shares held by him will be repurchased and canceled by the Company, resulting in a reduction in the total number of shares in the Company held by him during the next three to six months. Related matters will be handled in strict compliance with the relevant laws and regulations and the provisions of the stock incentive plan. Except for the foregoing matters, as of the date when the repurchase plan was approved by the Board of Directors, the Company's controlling shareholder, directors, supervisors, and senior management had no plan to reduce their shareholdings in the Company over the next three to six months.

(13) Proponent(s) of the share repurchase plan, date of proposal, whether the proponent(s) purchased or sold shares in the Company during the six months prior to the proposal, and whether the proponent(s) plans/plan to increase or reduce their shareholding(s) during the repurchase period

The Personnel and Remuneration Committee under the Company's Board of Directors is the proponent of the proposed repurchase. In accordance with the Company's Phase IV Restricted Share Incentive Scheme and share repurchase-related regulations, the Personnel and Remuneration Committee proposed to repurchase the shares based on optimism about the Company's future development, with a view to improving the Company's long-term incentive mechanism, thoroughly stimulating the enthusiasm of its employees, building on staff cohesion and company competitiveness, and effectively facilitating the Company's long-term and healthy development.

Members of the Personnel and Remuneration Committee are Zheng Changhong, Yang Chunjin and Jia Chen. The Personnel and Remuneration Committee under the Board of Directors did not purchase or sell shares in the Company during the six months prior to the proposal, and have not engaged in any insider trading or market

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manipulation practices, either individually or jointly with others. The Personnel and Remuneration Committee under the Board of Directors does not plan to increase or reduce its shareholding during the repurchase period.

(xiv) Share cancellation or transfer arrangements after the share repurchase

The shares repurchased are intended to be used for the Restricted Share Incentive Scheme. If the Company fails to fulfill the aforementioned purpose within 36 months after the announcement of the outcome of the repurchase and changes in shareholdings, the remaining repurchased shares that have not been used will be canceled. The cancellation will be conducted in accordance with relevant laws, regulations and policies.

(xv) The Company's arrangements to prevent infringement on creditors' interests

The shares repurchased will be used as the source of shares to be distributed through the Restricted Share Incentive Scheme, and the share repurchase will not affect the Company's normal continuous operation, or cause the Company to go into insolvency. In the event that the Company fails to fulfill, or completely fulfill, the aforementioned purpose, it will cancel the unused shares repurchased subject to deliberation at the general meeting of shareholders, and go through the legal formalities for notifying creditors of related matters so as to fully protect their lawful rights and interests.

(xvi) Authorization granted for the share repurchase

With a view to effectively coordinating efforts to tackle specific issues involved in the share repurchase, to the extent permitted by relevant laws, regulations and normative documents and under the share repurchase plan approved by the Board of Directors, the Board of Directors is advised to authorize the Company's management to handle all matters related to the share repurchase, including but not limited to:

1. Determining the actual share repurchase plan based on the actual conditions in the Company and the market, to the extent permitted by the laws, regulations and normative documents.
2. In the event of any change in the share repurchase policies set by the regulatory authorities or in market conditions, adjusting the actual repurchase plan and other related arrangements accordingly, except for matters that requiring vote by the Company's Board of Directors or general meeting of shareholders according to relevant laws, regulations, normative documents or the Articles of Association.
3. Setting up a dedicated securities account or other securities account for the share repurchase.
4. Deciding to engage relevant intermediary agencies.
5. Determine the actual date and price of the share repurchase and the actual number of shares involved based the actual situation, and executing the repurchase plan.
6. Handling other matters that are not listed above but are necessary to carry out the share repurchase. The above authorization is valid from the date of approval by the Company's Board of Directors to the date when the foregoing matters are completed.

III. Conclusive opinions issued by the law firm regarding the share repurchase

King & Wood Mallesons issued the "Legal Opinion of King & Wood Mallesons Regarding the Share Repurchase to Be Conducted by China State Construction Engineering Corporation Limited through Centralized Bidding" with respect to the present share repurchase, and its conclusive opinion is as follows: "The company has

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fulfilled the necessary legal formalities for the share repurchase; the repurchase conforms to the 'Company Law', 'Securities Law', 'Repurchase Measures', "Repurchase Rules", "Stock Listing Rules" and other laws, regulations and normative documents."

IV. Opening of the dedicated securities account for the share repurchase

In accordance with relevant regulations, the Company has opened a dedicated account for the share repurchase with the Shanghai Branch of China Securities Depository and Clearing Corp., Ltd. The account information is as follows:

Account name: Special share repo account of China State Construction Engineering Corporation Limited

Securities account number: B882351935

V. Uncertainties associated with the repurchase plan

1. The Company's share price may remain above the price range disclosed in the repurchase plan, resulting in the Company being unable to execute the repurchase plan.
2. When the share repurchase is being executed, the Company fails to obtain the funds required for the share repurchase in time due to factors such as tightened macroeconomic regulation or credit policy, and short-term business needs, resulting in the Company being unable to execute the repurchase plan as scheduled.
3. The repurchase plan may be modified or terminated pursuant to regulations following a major change in the Company's production or business performance, financial status, or other objective external conditions.
4. The shares repurchased will be used for the Restricted Share Incentive Scheme, and any stock incentive plan shall be carried out following related decision-making formalities. Where the company fails to successfully fulfill the objectives specified above, the shares repurchased may not be granted to other recipients. If the shares cannot be granted to other recipients, the share cancellation process may be triggered for the shares that cannot be granted to other recipients. The Company will decide to repurchase the shares in due course within the repurchase period based on market conditions, execute the decision, and fulfill its information disclosure obligations in a timely manner in line with the progress of the share repurchase. Investors are advised to pay due attention to investment risks.

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited
October 23, 2020