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Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2022-002



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

Announcement on the Second Tranche of Unlocking in 2021 in Respect of Phase III Restricted A Share Incentive Scheme and Listing of Shares

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

- Number of shares unlocked in the current tranche: 190,784,000
- Date of share unlock and listing: January 19, 2022

I. Approval and Implementation of the Phase III Restricted A Share Incentive Scheme

The second Board of Directors and the second Board of Supervisors of CSCEC deliberated on and passed the "Proposal of China State Construction Engineering Corporation Limited Concerning Granting the Phase III Restricted A Share Incentive Scheme (Draft) and Summary Thereof" in their 10th and 4th meetings respectively on July 27, 2018.

On October 16, 2018, the Company disclosed the *Announcement on the Approval of the Phase III Restricted A Share Incentive Scheme by the State-Owned Asset Supervision and Administration Commission of the State Council*, stating that it is agreed in principle as specified in the Approval (Guo Zi Kao Fen [2018] No. 741) by the State-Owned Asset Supervision and Administration Commission (SASAC) that the Company may execute the Phase III Restricted A Share Incentive Scheme and performance appraisal targets set out in the Scheme.

The "Proposal of China State Construction Engineering Corporation Limited Concerning the Phase III Restricted A Share Incentive Scheme (Amended Draft) and Summary Thereof" and the "Proposal of China State Construction Engineering Corporation Limited Concerning the List of Participants of the Phase III Restricted A Share Incentive Scheme and Shares Granted" were passed at the 14th meeting of the Company's second Board of Directors and the 7th meeting of the second Board of Supervisors on November 16, 2018.

CSCEC deliberated on and passed the "Proposal of China State Construction Engineering Corporation Limited Concerning the Phase III Restricted A Share Incentive Scheme (Amended Draft) and Summary Thereof", the "Proposal of China State Construction Engineering Corporation Limited Concerning the List of Participants

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of the Phase III Restricted A Share Incentive Scheme and Shares Granted”, and the “Proposal on the Administrative Measures for the Implementation and Assessment of the Phase III Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited” at its third Extraordinary General Meeting in 2018 on December 3, 2018.

The second Board of Directors and the second Board of Supervisors of CSCEC deliberated on and passed the “Proposal of China State Construction Engineering Corporation Limited on Award of Shares for the Phase III Restricted A Share Incentive Scheme” in their 15th meeting and 8th meeting respectively on December 26, 2018, setting the granting date as December 26, 2018, the total number of Participants as 2,081, the award price as RMB 3.468 / share, and the total number of restricted shares granted as 599.91 million.

The second Board of Directors and the second Board of Supervisors of CSCEC deliberated on and passed 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” in their 33rd and 17th meetings respectively on December 30, 2019, agreeing to repurchase a total of 10,604,200 restricted shares from 106 Participants at the prices of RMB 3.47571 per share for Phase II and RMB 3.468 per share for Phase III, in accordance with the Phase II and Phase III Restricted Share Incentive Schemes. The total repurchase price was RMB 36,831,018, which was sourced from the Company's own funds.

On February 19, 2020, CSCEC 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” at the first Extraordinary General Meeting in 2020.

On November 20, 2020, the second Board of Directors and 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 and III Restricted A Share Incentive Schemes” in their 49th and 31st meetings respectively, agreeing to repurchase the 3,787,000 restricted shares held by 17 Participants at the price of RMB 3.47571 / share for Phase II and RMB 3.468 / share for Phase III, in accordance with the Phase II and Phase III Restricted Share Incentive Schemes respectively. The total repurchase price was RMB 13,139,850, which was sourced from the Company's own funds.

On December 7, 2020, CSCEC deliberated on and adopted the “Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Participants of Phase II and III Restricted A Share Incentive Schemes” at the third Extraordinary General Meeting in 2020.

The second Board of Directors and the second Board of Supervisors of CSCEC deliberated on and passed the “Proposal of China State Construction Engineering Corporation Limited Concerning the First Tranche of Unlocking in 2020 in Respect of Phase III Restricted A Share Incentive Scheme” in their 51st and 34th meetings respectively on December 29, 2020, agreeing to unlock the first-tranche of Phase III restricted A shares of 2020 for the 2,041 eligible Participants and complete the formalities for listing of the shares for trade, with 195.076 million restricted shares unlocked in total; and passed the “Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Participants of the Phase II and Phase III Restricted A Share Incentive Schemes”, deciding to repurchase a total of 11,511,000 restricted shares from 156 Participants at the prices of RMB

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3.47571 per share for Phase II and RMB 3.468 per share for Phase III, in accordance with the Phase II and Phase III Restricted Share Incentive Schemes. The total repurchase price was RMB 39,951,522, which was sourced from the Company's own funds.

On January 15, 2021, the first Extraordinary General Meeting of the Company in 2021 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".

On January 16, 2021, CSCEC disclosed the "Announcement on the First Tranche of Unlocking in 2020 in Respect of Phase III Restricted A Share Incentive Scheme and Listing of Shares", and King & Wood Mallesons (Beijing) issued legal opinion on matters concerning the unlocking. A total of 195,076,000 shares were unlocked in this tranche, and were listed for trading on January 21, 2021.

On November 26, 2021, the third Board of Directors and the third 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 III and IV Restricted A Share Incentive Schemes" in their 8th and 6th meetings respectively, agreeing to repurchase the 7,040,000 restricted shares held by 34 Participants at the price of RMB 3.468 / share for Phase III and RMB 3.06 / share for Phase IV, in accordance with the Phase III and Phase IV Restricted Share Incentive Schemes respectively. The total repurchase price was RMB 23,631,360, which was sourced from the Company's own funds.

On December 15, 2021, CSCEC deliberated on and adopted the "Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Participants of Phase III and Phase IV Restricted A Share Incentive Schemes" at the third Extraordinary General Meeting in 2021.

On December 27, 2021, the third Board of Directors and the third Board of Supervisors of CSCEC deliberated on and passed the "Proposal of China State Construction Engineering Corporation Limited Concerning the Second Tranche of Unlocking in 2021 in Respect of Phase III Restricted A Share Incentive Scheme" in their 11th and 8th meetings respectively, agreeing to unlock the second-tranche of Phase III restricted A shares for the 1,997 eligible participants and complete the formalities for listing of the shares for trade, with 190.784 million restricted shares unlocked in total; and passed the "Proposal of China State Construction Engineering Corporation Limited Concerning the Shares Repurchase from Partial Participants of the Phase III and Phase IV Restricted A Share Incentives", deciding to repurchase a total of 6,206,000 restricted shares from 58 Participants (involving 61 repurchases) at the prices of RMB 3.468 per share for Phase III and RMB 3.06 per share for Phase IV, in accordance with the Phase III and Phase IV Restricted Share Incentive Schemes. The total repurchase price was RMB 20,802,764.41, which was sourced from the Company's own funds.

II. Fulfilment of Conditions for the Second Tranche of Unlocking in 2021 in Respect of Phase III Restricted A Share Incentive Scheme

According to the "Phase III Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited" (hereinafter referred to as the "Share Scheme") and the "2020 Annual Report of China State Construction Engineering Corporation Limited", and in view of the special circumstances concerning the performance appraisals of the Participants in 2020, the fulfilment of the second tranche of unlocking in 2021 is summarized as follows:

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(I) Unlocking period

The grant date of the Phase III Restricted Share Incentive Scheme is set as December 26, 2018. According to the Share Scheme, the lock-up period lasts two years after the grant date, and the unlocking period lasts for three years after the expiry of the lock-up period. The second-tranche of shares, which account for 1/3 of the total number of shares, may be unlocked after the third anniversary of the grant date. Therefore, the lock-up period for the second-tranche of shares has expired on December 26, 2021, and the shares may be unlocked in compliance with relevant provisions of the Share Scheme.

(II) Share unlocking conditions have been fulfilled.

According to the Share Scheme, the restricted shares may be unlocked as per the share unlocking arrangements, only if the Company and the Participants satisfy the following conditions:

1. The Company's performance has met the following conditions in the fiscal year before the unlocking:

- (1) Return on equity (ROE) is no lower than 13.5%;
- (2) The compound annual growth rate (CAGR) of net profit is no lower than 9.5% over the most recent three years;
- (3) The economic value added (EVA) target is fulfilled.

In principle, the ROE and net profit growth shall not be lower than the average in the industry or the 75th percentile of benchmark companies. The ROE used in calculating the aforementioned indicators refers to the average return on net assets after deducting non-recurring items, and net profit refers to the net profit attributable to shareholders of the Company after deducting non-recurring items.

According to data contained in the "2020 Annual Report of China State Construction Engineering Corporation Limited", the Company has met the foregoing earnings-based performance criteria. Specifically:

Conditions for share unlocking	Performance
<p>1. The ROE shall not be lower than 13.5%, the three-year CAGR shall not be lower than 9.5%, and the both indicators shall not be lower than the average in the industry or the 75th percentile of benchmark companies.</p> <p>2. The EVA target is fulfilled.</p>	<p>1. The weighted average ROE after excluding non-recurring items in 2020 was 14.76%, not less than 13.5% and higher than that within the industry (8.57%); and the three-year CAGR of net profit attributable to shareholders of listed companies after excluding non-recurring items in 2020 was 10.28%, not less than 9.5% and higher than that within the industry (4.69%). The conditions for share unlocking were met.</p> <p>2. According to the written reply of the State-owned Assets Supervision and Administration Commission, the EVA of the Company in 2020 was RMB 47.3 billion, higher than the target of RMB 35.2 billion. The conditions for share unlocking were met.</p>

2. The Company hasn't fallen into any of the following circumstances:

- (1) A Certified Public Accountant (CPA) issues an adverse opinion or a disclaimer of opinion over the financial statements for the most recent fiscal year;
- (2) A CPA issues an adverse opinion or a disclaimer of opinion over the internal control section of the financial statements for the most recent fiscal year;
- (3) The Company has conducted any distribution of profits contrary to the laws, its *Articles of Association* or public undertakings within the most recent 36 months;
- (4) Equity incentives are prohibited by relevant laws or regulations;
- (5) Other circumstances prescribed by the China Securities Regulatory Commission (CSRC). The Company does not fall into any of the foregoing circumstances, and the conditions for unlocking the shares are satisfied.

3. Participants shall receive a "pass" or higher rating in the personal performance assessment for the fiscal year before the unlocking of restricted shares, in accordance with the Company's performance assessment measures - specifically:

- (1) The restricted shares may be unlocked at a rate of 100% to Participants with a "good" or higher rating in the performance assessment;
- (2) The restricted shares may be unlocked at a rate of 80% to Participants with a "pass" rating in the performance assessment;
- (3) Restricted shares may not be unlocked for Participants receiving a "fail" rating in the performance assessment.

4. None of the following events have occurred to the Participants:

- (1) People designated by a stock exchange as unsuitable candidates within the most recent 12 months;
- (2) People designated by the CSRC or a local branch thereof as unsuitable candidates within the most recent 12 months;
- (3) People on whom administrative penalties or a ban on market entry have been imposed by the CSRC or a local branch thereof due to gross legal or regulatory violations, within the most recent 12 months;
- (4) People prohibited from acting as the Company's director or senior manager, as prescribed in the *Company Law*;
- (5) People prohibited from participating in equity incentive schemes of listed companies according to the laws and regulations;
- (6) Other circumstances stipulated by the SASAC and CSRC.

III. The Second Tranche of Unlocking and Repurchase of Phase III Restricted Shares in 2021

According to the Share Scheme, the Phase III Restricted Shares are unlocked in three equal batches (i.e. 1/3 of the shares are unlocked in each tranche). Information of the second-tranche share unlocking and repurchase in 2021 is as follows:

1. Share unlocking

Restricted shares are granted to 2,081 Participants under this Scheme. The second-tranche shares are unlocked for 1,997 Participants, and the total number of restricted

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shares unlocked is 190.784 million, accounting for 33.2261% of the 574.20 million Phase III Restricted Shares granted to the Participants, and 0.4548% of the Company's total share capital. To be specific, 100% of the second-tranche of shares are unlocked for 1,964 Participants who receive a "good" or higher rating on work performance; 80% of the second-tranche of shares are unlocked for 33 Participants who receive a "pass" rating on work performance. Specifically:

No.	Name	Title	No. of restricted shares granted in present tranche (10,000 shares)	No. of restricted shares satisfying the unlocking criteria (10,000 shares)	Proportion of No. of shares unlocked to total No. of shares granted
I. Senior Managers					
1	Zhou Yong	Vice President	48	16	33.3333%
2	Shan Guangxiu	Vice President	48	16	33.3333%
3	Huang Kesi	Vice President	48	16	33.3333%
4	Xue Keqing	Secretary to the Board of Directors	48	16	33.3333%
Senior managers (subtotal): 4			192	64	33.3333%
II. Other Participants					
Other Participants (subtotal): 1,993			57,228	19,014.4	33.2257%
Total: 1,997			57,420	19,078.4	33.2261%

2. Share repurchase

Number of shares repurchased: The Company's Board of Directors decided on December 30, 2019, November 20, 2020, December 29, 2020 and November 26, 2021 respectively, to repurchase all the restricted shares remaining to be unlocked held by 69 Participants. The second-tranche restricted shares are repurchased at the rates of 20% and 100% from 33 and 2 Participants, respectively; according to the Share Scheme, second-tranche restricted shares held by 9 Participants can be unlocked, and the third-tranche shares held by them should be repurchased; according to the Share Scheme, the second- and third-tranche restricted shares held by 13 Participants should be repurchased; the total number of Participants whose restricted shares are repurchased is 57, and the total number of restricted shares repurchased is 4.316 million, accounting for 0.72% of the 599.91 million Phase III Restricted Shares granted, and 0.0103% of the Company's total share capital.

Repurchase price and value: according to the "Announcement of China State Construction Engineering Corporation Limited on the Granting of Shares under the Phase III Restricted A Share Incentive Scheme", the grant price is RMB 3.468 / share. The repurchase price is determined at RMB 3.468 / share, without accruing interest, in

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accordance with the Share Scheme. The total value of the share repurchase is RMB 14,967,888.

Share repurchase	No. of Participants	No. of shares unlocked (10,000 shares)	No. of shares repurchased (10,000 shares)	Value of repurchase (RMB)
Second-tranche shares are unlocked at the rate of 100%, and 100% of the remaining shares will be repurchased in third-tranche.	9	96	96	3,329,280
80% of the second-tranche of shares are unlocked, with the remaining 20% repurchased.	33	246.4	61.6	2,136,288
Second-tranche of shares are not unlocked, and are repurchased 100%.	2	0	18	624,240
The second- and third-tranche of shares are repurchased 100%.	13	0	256	8,878,080
Total	57	342.4	431.6	14,967,888

After the share repurchase, the Company will write off the shares repurchased in accordance with relevant provisions of the *Company Law*. The Company's registered capital and total number of shares will be reduced accordingly. However, given the small ratio of the written off shares to its total equities, the write-off will not result in substantial changes in the Company's equity structure, nor will it cause material impact on its financial standing and business performance.

IV. Listing and Trading Arrangements for Restricted Shares Unlocked in the Current tranche and Changes in Equity Structure

1. Commencement date of trading for restricted shares unlocked in the current tranche: January 19, 2022
2. Number of restricted shares unlocked and listed for trading in the current tranche: 190,784,000
3. Lock-up and transfer restrictions applicable to restricted shares unlocked for directors and senior managers in the current tranche.

(1) Participants, who act as the Company's directors or senior managers, must comply with share transfer-related provisions of the *Company Law*, *Securities Law*, *Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes Thereof*, *Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company*, *Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies* and other relevant laws, regulations and normative documents, and duly handle their unlocked restricted shares according to the laws and regulations.

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(2) The number of shares transferred by a Participant, who acts as the Company's director or senior manager, in a given year during his/her term of office shall not exceed 25% of the total number of shares held by him/her; and the Participant may not transfer any shares in the Company held by him/her in the six months after his/her demission.

(3) Any earnings obtained by a Participant, who acts as the Company's director or senior manager, by buying the Company's shares and selling them within six months, or by selling the Company's shares and buying them back within six months shall belong to the Company, and such earnings shall be collected by the Company's Board of Directors.

4. Changes in the Company's equity structure after the second-tranche of unlocking of restricted shares in 2021.

Unit: Share

Type of shares	Before share unlock	Change	After share unlock
Shares subject to trading moratorium	1,303,585,000	-190,784,000	1,112,801,000
Shares without trading moratorium	40,644,582,844	190,784,000	40,835,366,844
Total	41,948,167,844	0	41,948,167,844

V. Conclusions of Legal Opinions

King & Wood Mallesons concludes: the necessary authorization and approval(s) have been obtained for unlocking the shares in the current tranche, and the share unlock conforms to the relevant provisions of *Trial Measures for Implementing Equity Incentive Plans*, *Notice of Equity Incentive System*, *Measures for the Administration of Equity Incentives*, and other laws, regulations, the Company's *Articles of Association* and the *Restricted Share Incentive Scheme*; the share to be unlocked meets the conditions for unlocking the shares specified in the *Restricted Share Incentive Scheme*; the Company still needs to perform its information disclosure obligations with respect to the share unlock, apply for unlocking the shares and go through related formalities in accordance with the relevant provisions of the said laws, regulations, and policies.

VI. Annexes to Announcement

(I) Legal Opinions of King & Wood Mallesons on Relevant Matters Regarding Second Tranche of Unlocking in 2021 in Respect of Phase III Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited
January 11, 2022