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Abbreviation: CSCEC

No.: Interim 2022-023



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

## Announcement on the Reappointment of Accounting Firm in 2022

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:

- Name of the accounting firm proposed to be appointed: Ernst & Young Hua Ming LLP (Special General Partnership)

### I. Basic information about the accounting firm proposed to be appointed

#### (I) Information on the Institution

1. Basic information. Ernst & Young Hua Ming LLP (hereinafter referred to as "EYHM") was founded in September 1992 and completed the transformation of localization in August 2012 from a Sino-foreign limited liability company to a limited liability partnership. It is headquartered in Beijing, with registered address at Room 01-12, 17/F, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing. As of the end of 2021, EYHM has 203 partners, and the chief partner is Mr. Mao Anning. EYHM has always attached great importance to the cultivation of talents. EYHM has 1,604 certified public accountants as of the end of 2021, including more than 1,300 certified public accountants with experience in securities related business services, and over 400 certified public accountants who have signed securities service audit reports. The total revenue of EYHM for the year 2020 was RMB 4.76 billion, of which income from audit business was RMB 4.589 billion (including income from securities business of RMB 2.146 billion). In 2020, EYHM audited annual reports of 100 A-share listed companies for total audit fees amounting to RMB 824 million. The main industries of these listed companies involve manufacturing, finance, wholesale & retail, information transmission, software and information technology services, real estate, etc. EYHM has 3 audit clients of listed companies in the same industry of the Company.

Since 2020, EYHM has provided the Company annual report/internal control audit services for two consecutive years. The type of the previous year's audit report is standard unqualified audit report. There is no such case that the Company appointed EYHM to conduct some audits and then dismissed it.

2. Investor protection capability. EYHM has sound investor protection capability and has accrued occupational risk fund and purchased occupational insurance which cover its Beijing headquarters and all the other branches in accordance with relevant laws and regulations. The sum of cumulative compensation limit of accrued occupational risk fund and purchased occupational insurance of EYHM has exceeded RMB 200 million. In the

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past three years, EYHM has not been required to bear any civil liabilities due to civil litigation related to its practice.

3. Integrity record. In the past three years, EYHM and its employees have not been subject to any criminal punishment, administrative punishment, or any self-disciplinary supervision measures and disciplinary sanctions imposed by self-regulatory organizations such as stock exchanges and industry associations. EYHM has received the decision on issuing warning letter from the securities regulatory authorities twice, involving 13 employees. The aforesaid decision is a supervisory and management measure, instead of an administrative punishment. According to the provisions of relevant laws and regulations, the supervisory and administrative measures will not affect EYHM to continue the undertaking or execution of securities service business and other businesses.

## **(II) Information on the Project**

### **1. Basic information.**

Ms. Zhou Ying, project partner/signatory certified public accountant, became a certified public accountant in 1994, began to engage in auditing of listed companies in 1998, began to practice in EYHM in 2015, and began to provide audit services for the Company in 2020. Ms. Zhou Ying has signed/reviewed the annual report/internal control audits of 5 listed companies in the past three years, covering the industries of construction, wholesale & retail, manufacturing, leasing and commercial services.

Ms. Yang Shujuan, project partner/signatory certified public accountant, became a certified public accountant in 1997, began to engage in auditing of listed companies in 1994, began to practice in EYHM in 1994, and began to provide audit services for the Company in 2020. Ms. Yang Shujuan has signed/reviewed the annual report/internal control audits of 4 listed companies in the past three years, covering the industries of construction, manufacturing, leasing and commercial services, and wholesale & retail.

Ms. Shen Yan, project partner/signatory certified public accountant, became a certified public accountant in 2010, began to engage in auditing of listed companies in 2004, began to practice in EYHM in 2001, and began to provide audit services for the Company in 2020. Ms. Shen Yan has signed/reviewed the annual report/internal control audits of 5 listed companies in the past three years, covering the industries of construction and manufacturing.

Ms. Zhang Ningning, project quality control reviewer, became a certified public accountant in 1999, began to engage in auditing of listed companies in 1997, began to practice in EYHM in 1997, and began to provide audit services for the Company in 2021. Ms. Zhang Ningning has signed/reviewed the annual report/internal control audits of 8 listed companies in the past three years, covering the industries of construction, real estate, manufacturing, scientific research and technical services, and agriculture/forestry/animal husbandry/fishing.

2. Integrity record. The above engagement partners, signatory certified public accountants and quality control reviewer have not been subject to criminal punishment due to practice behaviors, administrative punishment or supervision and management measures of the CSRC and its regional branches, or self-disciplinary supervision measures or disciplinary punishment by stock exchanges and industry associations in the past three years.

3. Independence. EYHM and the above engagement partners, signatory certified public accountants and project quality control reviewer have no record of violation of the independence requirements in the *Code of Professional Ethics for Chinese Certified Public Accountants*.

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#### 4. Audit fees.

The Board of the Company will propose to authorize the Board at the general meeting of shareholders to negotiate and determine the audit fees with EYHM in accordance with specific audit requirements and scope for 2022.

### III. Procedures to be Performed for the Reappointment of the Accounting Firm

On April 14, 2022, the Audit and Risk Committee of the third board of directors (the "Board") of the Company deliberated on and approved the *Proposal on the Reappointment of Auditor of Financial Reports of China State Construction Engineering Corporation Limited for 2022* and the *Proposal on the Reappointment of Auditor of Internal Control of China State Construction Engineering Corporation Limited for 2022*, proposing reappointing EYHM as auditor of its annual report and internal control for 2022, and submitted the proposals to the Board for deliberation.

After reviewing the basic information of EYHM, and information on its personnel, business scale, competence, investor protection capability, independence and integrity record (among others), the Audit and Risk Committee of the Board is of the view that EYHM is legally qualified to conduct audit business in mainland China and the related regions thereof, as well as other countries (regions), and has rich experience in auditing listed companies; that it could take a fair and objective attitude towards independent audits in the financial report audit projects it undertook previously, and performed its duties and obligations fairly well as an external auditor; and that it has adequate investor protection capability. After reviewing the resume, practicing qualifications, independence, integrity record and other information on the project members, the Committee is of the opinion that the project partners, signatory certified public accountants and project quality control reviewer have extensive practicing experience, have not violated the independence requirements of the *Code of Professional Ethics for Chinese Certified Public Accountants*, and have not been imposed criminal penalties, administrative penalties, administrative supervision measures or self-disciplinary regulatory measures in the past three years. The Company's reappointment of EYHM as auditor of the financial report and internal control of the Company for 2022 is in compliance with the *Company Law* and the *Articles of Association* of the Company, and without prejudice to the interests of the Company's shareholders, especially minority shareholders.

On April 15, 2022, the 15<sup>th</sup> meeting of the third Board and the 10<sup>th</sup> meeting of the third board of supervisors of the Company respectively deliberated on and approved the *Proposal on the Reappointment of Auditor of Financial Report of China State Construction Engineering Corporation Limited for 2022*, and the *Proposal on the Reappointment of Auditor of Internal Controls of China State Construction Engineering Corporation Limited for 2022*, agreeing on the reappointment of EYHM as the Company's financial report and internal control auditor for 2022, for a term starting from the date of the 2022 annual general meeting and ending on the date of such meeting for next year. The audit fees shall be determined by the Board under authorization by the general meeting of shareholders.

The independent directors of the Company have issued prior approval of the matter and independent opinions as follows: The Board has obtained our approval before considering the *Proposal on the Reappointment of Auditor of Financial Reports of China State Construction Engineering Corporation Limited for 2022* and the *Proposal on the Reappointment of Auditor of Internal Control of China State Construction Engineering Corporation Limited for 2022*. The Audit and Risk Committee proposed reappointing EYHM as auditor of the Company's annual report and internal control for 2022. Upon examination, EYHM possesses the legal qualifications to engage in audit services in mainland China, Hong Kong and other countries (regions), and the capacity to provide

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audit services for listed companies, and is able to meet the Company's audit requirements. The Company's reappointment of EYHM as the auditor of financial report and internal control of the Company for 2022 is in compliance with the *Company Law* and the *Articles of Association* of the Company, and without prejudice to the interests of the Company or its shareholders, especially minority shareholders. We agree to reappoint EYHM as the auditor of the Company's financial report and internal control for 2022, and submit the above proposals to the general meeting of shareholders for consideration.

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

The above is hereby announced.

The Board of China State Construction Engineering Corporation Limited

April 15, 2022