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中國建築國際集團有限公司
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3311)

CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE IN ZHUZHOU CITY, HUNAN PROVINCE, THE PRC

On 19 November 2020, CSC Hunan and COGOP entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form joint venture through Zhuzhou JVs (which comprises Zhuzhou JV 1 and Zhuzhou JV 2) for the purpose of investing into and developing the Zhuzhou Project; and (b) regulate their respective rights and obligations in Zhuzhou JVs.

As at the date of this announcement, COHL is the controlling shareholder of both the Company and COGO by virtue of being interested in approximately 64.66% of the issued share capital of the Company and approximately 38.32% of the issued share capital of COGO. Accordingly, COGOP, as an indirect wholly-owned subsidiary of COGO, is a connected person of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated for the Company in respect of the total capital commitment of the Company for the Transaction are more than 0.1% but less than 5%, the Transaction constitutes a connected transaction for the Company and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

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COOPERATION AGREEMENT

Date

19 November 2020

Parties

- (a) CSC Hunan, an indirect wholly-owned subsidiary of the Company; and
- (b) COGOP, an indirect wholly-owned subsidiary of COGO.

Formation of joint venture through Zhuzhou JVs

COGOP had successfully bid for the Land in October 2020 and the consideration for the Land together with the relevant taxes and fees amounted to RMB3,000.23 million.

Pursuant to the Cooperation Agreement, CSC Hunan and COGOP agreed that the registered capital of Zhuzhou JV 1 and Zhuzhou JV 2 shall be increased from RMB10 million to RMB500 million and from RMB10 million to approximately RMB14.29 million, respectively, in the following manner:

- (a) CSC Hunan and COGOP shall pay up and contribute RMB150 million and RMB350 million, respectively, to the capital of Zhuzhou JV 1; and
- (b) CSC Hunan and COGOP shall pay up and contribute approximately RMB4.29 million and RMB10 million, respectively, to the capital of Zhuzhou JV 2,

both to be settled in cash.

Upon the formation of joint venture through Zhuzhou JVs by way of the aforesaid capital injection and completion of filing with the relevant authorities in the PRC, the registered capital of the Zhuzhou JVs will be owned as to 30% and 70% by CSC Hunan and COGOP, respectively, and accordingly, Zhuzhou JVs will be accounted for as associates of the Company.

CSC Hunan and COGOP will, through the Zhuzhou JVs, jointly carry out the Zhuzhou Project and develop the Land located in Zhuzhou City, PRC pursuant to the Cooperation Agreement.

Major terms of the Cooperation Agreement

CSC Hunan and COGOP agreed to the following major terms concerning Zhuzhou JVs in the Cooperation Agreement:

Business purpose: Unless otherwise unanimously agreed between COGOP and CSC Hunan, the principal business of the Zhuzhou JVs shall be the development of the Zhuzhou Project on the Land located in Zhuzhou City.

Condition precedent: The formation of the joint venture and the obligations under the Cooperation Agreement shall be conditional upon COGO having obtained the approval of its independent shareholders at its general meeting by way of poll in relation to the Cooperation Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

Total capital commitment: The total capital commitment for the Zhuzhou Project is RMB3,500 million (equivalent to approximately HK\$4,117.65 million) (inclusive of, among other things, (i) the contribution to the registered capital of Zhuzhou JVs; (ii) the contribution for the purchase price of land use rights of the Land together with the relevant taxes and part of the development costs with respect to

the Zhuzhou Project; and (iii) the bank guarantee to be provided by the parties), which, pursuant to the Cooperation Agreement, shall be contributed by the equity interest holders of Zhuzhou JVs in proportion to their respective equity interests in Zhuzhou JVs as follows:

CSC Hunan	RMB1,050 million (equivalent to approximately HK\$1,235.30 million)
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COGOP	RMB2,450 million (equivalent to approximately HK\$2,882.35 million)
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The aforesaid total capital commitment will comprise of the contributions to the registered capital of the Zhuzhou JVs and shareholders' loans to be provided to the Zhuzhou JVs by CSC Hunan and COGOP.

The respective contributions of the total capital commitment are determined after arm's length negotiations between the parties with reference to the proposed total capital requirements of the Zhuzhou Project and the parties' respective interests in Zhuzhou JV 1 and Zhuzhou JV 2 and are expected to be funded through the Company's internal resources.

Board composition and
others:

The board of directors of each of the Zhuzhou JVs shall comprise four directors; three of whom shall be appointed by COGOP and the remaining one shall be appointed by CSC Hunan.

The chairman of each of the Zhuzhou JVs, who shall also be the legal representative of the Zhuzhou JVs, shall be a director appointed by COGOP. The board of directors of each of the Zhuzhou JVs will govern the overall management and strategic planning of the Zhuzhou JVs.

Each of the Zhuzhou JVs shall have one supervisor to be appointed by COGOP.

COGOP shall be entitled to appoint one general manager and one financial controller for each of the Zhuzhou JVs and CSC Hunan shall be entitled to appoint one accounting officer for each of the Zhuzhou JVs.

Distributions:

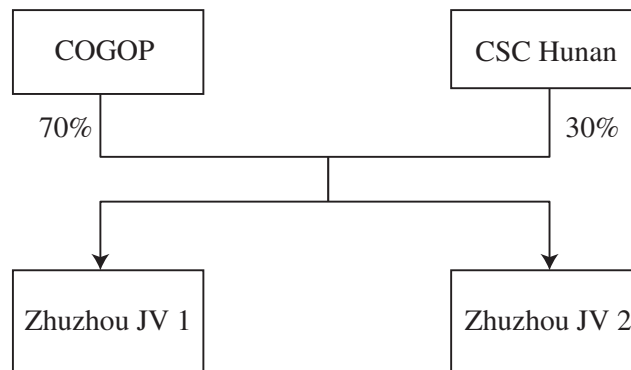
The Zhuzhou JVs may make distributions to its shareholders on a pro-rata basis to their respective equity interests in the Zhuzhou JVs after the repayment of all borrowings (including but not limited to bank borrowing and shareholders' loan) by the Zhuzhou JVs.

Future financing:

Any additional funding of the Zhuzhou Project shall be arranged by Zhuzhou JVs with banks.

OWNERSHIP STRUCTURE OF ZHUZHOU JVS

The chart below shows the ownership structure of Zhuzhou JVs upon the formation of joint venture:



INFORMATION ON ZHUZHOU JVS, THE LAND AND THE ZHUZHOU PROJECT

Zhuzhou JVs

Zhuzhou JV 1 and Zhuzhou JV 2 were established by COGOP on 4 November 2020 in the PRC with limited liability with a registered capital of RMB10 million, respectively, as single purpose vehicles to hold the land use rights of the Land and to carry out the Zhuzhou Project. As COGOP had successfully bid for the Land in October 2020 and the Zhuzhou JVs were established by COGOP in November 2020, the Zhuzhou JVs had no material business operations as at the date of this announcement.

The Land

The land (the “**Land**”) consists of six land parcels all located in Wuguang Area, Zhuzhou City, Hunan Province, the PRC (中國湖南省株洲市武廣片區), among which, five land parcels are planned mainly for residential use (with commercial use ratio of not more than 5%) and one land parcel is planned for commercial use. The total site area of the Land is approximately 420,917 square metres.

The Zhuzhou Project

The Zhuzhou Project will involve the development of the Land and thereafter the sale of the residential and commercial properties developed thereon by the Zhuzhou JVs. The Zhuzhou Project will be developed in phases, the construction is expected to commence in March 2021. The pre-sale of the first phase of the properties is expected to commence in June 2021 and the overall project is expected to be completed in phases and delivered to the relevant purchasers during the period from 2023 to 2026.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The COGO Group has substantial experience in real estate development. The Transaction provides the Group with the opportunity to bring synergy effect with COGO Group in the Zhuzhou Project. The Directors believe that the joint venture arrangement will benefit the Group by leveraging the substantial experience of the COGO Group.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms after arm’s length negotiations between the parties, and the terms of the Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the Transaction and no Director is required to abstain from voting on the board resolution(s) approving the Transaction. However, Mr. Yan Jianguo, being the chairman and non-executive director of the Company, non-executive director of COGO and the chairman and president of COHL, and Mr. Zhang Haipeng, being director of both the Company and COHL, have voluntarily abstained from voting on the board resolution(s) of the Company approving the Transaction.

GENERAL

CSC Hunan is an indirect wholly-owned subsidiary of the Company and is principally engaged in infrastructure investment, operation and maintenance management, property management and investment consulting (excluding finance, securities and futures) business. The Group is principally engaged in construction business, infrastructure investments, prefabricated constructions, engineering consultancy and façade contraction business.

COGOP is an indirect wholly-owned subsidiary of COGO and is principally engaged in investment and development of urban property, property sales and leasing, and commercial housing sales. The COGO Group is principally engaged in property investment and development, property leasing and investment holding.

CSCEC Group is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

LISTING RULES IMPLICATIONS

CSC Hunan is an indirect wholly-owned subsidiary of the Company while COGOP is an indirect wholly-owned subsidiary of COGO. As at the date of this announcement, COHL is the controlling shareholder of both the Company and COGO by virtue of being interested in approximately 64.66% of the issued share capital of the Company and approximately 38.32% of the issued share capital of COGO. Accordingly, COGOP, as an indirect wholly-owned subsidiary of COGO, is a connected person of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated for the Company in respect of the total capital commitment of the Company for the Transaction are more than 0.1% but less than 5%, the Transaction constitutes a connected transaction for the Company and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of directors of the Company;
“COGO”	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 81);
“COGO Group”	COGO and its subsidiaries from time to time;
“COGOP”	中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of COGO;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of both the Company and COGO;
“Cooperation Agreement”	the cooperation agreement between CSC Hunan and COGOP dated 19 November 2020 in relation to the formation of joint venture through Zhuzhou JVs for the purpose of investing into and developing the Zhuzhou Project;
“Company”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“connected person(s)”, “connected transaction”, “controlling shareholder”, “percentage ratios”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of COHL;

“CSCEC Group”	CSCEC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“CSC Hunan”	中建國際投資(湖南)有限公司 (China State Construction International Investments (Hunan) Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	has the meaning ascribed to it under the section headed “INFORMATION ON ZHUZHOU JVS, THE LAND AND THE ZHUZHOU PROJECT” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the entering into of the Cooperation Agreement and the transactions contemplated thereunder;

“Zhuzhou JV 1”	株洲中海地產有限公司 (Zhuzhou Zhonghai Real Estate Company Limited*), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of COGOP as at the date of this announcement, and a joint venture company to be formed pursuant to the Cooperation Agreement;
“Zhuzhou JV 2”	株洲中海商業發展有限公司 (Zhuzhou Zhonghai Commercial Development Company Limited*), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of COGOP as at the date of this announcement, and a joint venture company to be formed pursuant to the Cooperation Agreement;
“Zhuzhou JVs”	collectively, Zhuzhou JV 1 and Zhuzhou JV 2, and “Zhuzhou JV” shall mean each or any one of them;
“Zhuzhou Project”	a project relating to the development of residential and commercial properties on the Land, details of which are set out in the section headed “INFORMATION ON ZHUZHOU JVS, THE LAND AND THE ZHUZHOU PROJECT” in this announcement; and
“%”	per cent.

Unless otherwise specified in this announcement, amounts denominated in Renminbi have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of RMB0.85 = HK\$1.00. The exchange rate does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

** The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purpose only. If there is any inconsistency, the Chinese name shall prevail.*

By Order of the Board
**CHINA STATE CONSTRUCTION
INTERNATIONAL HOLDINGS LIMITED**
Yan Jianguo
Chairman and Non-executive Director

Hong Kong, 19 November 2020

As at the date of this announcement, the Board comprises Mr. Yan Jianguo as Chairman and Non-executive Director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew as Executive Directors; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.