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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)**

## **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **FORMATION OF JOINT VENTURE IN RELATION TO LAND IN ZHUHAI, THE PRC**

#### **FORMATION OF JOINT VENTURE**

On 29 March 2021, COLI Zhuhai, CC Macau (Guangdong Hengqin) (being an indirect wholly-owned subsidiary of the Company) and the JV Company entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form a joint venture through the JV Company for the purpose of investing into and developing the Zhuhai Project; and (b) regulate their respective rights and obligations in the JV Company. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through COLI Zhuhai) and the Company (through CC Macau (Guangdong Hengqin)), respectively.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, COHL is a controlling shareholder of both COLI and the Company by virtue of it being interested in approximately 56.05% of the issued share capital of COLI and approximately 64.79% of the issued share capital of the Company respectively. Accordingly, each of COLI Zhuhai and the JV Company (both being an indirect wholly-owned subsidiary of COLI) is a connected person of the Company. As the highest applicable percentage ratio in respect of the total capital commitment of the Company for the Transaction exceeds 5% but is less than 25%, the Transaction constitutes (a) a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (b) a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Transaction. Honestum International has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this connection. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM.

A circular containing, among other things, further particulars of the Transaction together with the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM is expected to be despatched to the Shareholders on or before 6 May 2021 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

## **INTRODUCTION**

On 29 March 2021, COLI Zhuhai, CC Macau (Guangdong Hengqin) (being an indirect wholly-owned subsidiary of the Company) and the JV Company entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form a joint venture through the JV Company for the purpose of investing into and developing the Zhuhai Project; and (b) regulate their respective rights and obligations in the JV Company. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through COLI Zhuhai) and the Company (through CC Macau (Guangdong Hengqin)), respectively.

## **COOPERATION AGREEMENT**

Date

29 March 2021

### **Parties**

- (1) COLI Zhuhai;
- (2) CC Macau (Guangdong Hengqin); and
- (3) the JV Company.

As at the date of this announcement, the JV Company has registered capital of RMB20 million and is wholly-owned by COLI Zhuhai, which is in turn wholly-owned by COLI.

## **Formation of joint venture through the JV Company**

COLI Zhuhai successfully bid for the Land in November 2020 and signed the Contract for State-Owned Construction Land Use Right Assignment (國有建設用地使用權出讓合同) (the “**Assignment Contract**”) with Zhuhai Bureau of Natural Resources (珠海市自然資源局) for its acquisition of the land use right of the Land at the purchase price of RMB10,476,228,651. Subsequently, the land use right of the Land was transferred from COLI Zhuhai to the JV Company pursuant to the amendment contract to the Assignment Contract (the “**Amended Assignment Contract**”) signed among COLI Zhuhai, Zhuhai Bureau of Natural Resources and the JV Company in December 2020.

For the purpose of forming a joint venture through the JV Company to invest into and develop the Zhuhai Project, COLI Zhuhai and CC Macau (Guangdong Hengqin) agreed that, pursuant to the Cooperation Agreement, the registered capital of the JV Company shall be increased from RMB20 million to RMB200 million in the following manner:

- (1) COLI Zhuhai shall pay up and contribute in addition of RMB140 million to the registered capital of the JV Company; and
- (2) CC Macau (Guangdong Hengqin) shall pay up and contribute RMB40 million to the registered capital of the JV Company.

COLI Zhuhai and CC Macau (Guangdong Hengqin) will, through the JV Company, jointly carry out the Zhuhai Project and develop the Land pursuant to the Cooperation Agreement.

## **Conditions precedent**

Completion is conditional on the fulfilment of the below conditions:

- (1) the Company having obtained the approval of the Independent Shareholders at the EGM by way of poll in relation to the Transaction in accordance with the Listing Rules;
- (2) COLI having obtained the approval of the COLI Independent Shareholders at a general meeting of COLI by way of poll in relation to the Transaction in accordance with the Listing Rules (if required);
- (3) each of the Company and COLI having complied with all requirements under the Listing Rules with respect to the Transaction, if any;

- (4) the JV Company having been duly established and being validly existing under the laws of the PRC;
- (5) the JV Company having obtained all the necessary approvals and licences;
- (6) the Cooperation Agreement and other relevant transaction documents having been duly executed;
- (7) the terms of the Cooperation Agreement not being inconsistent with the terms of the Assignment Contract and the Amended Assignment Contract; and
- (8) each of COLI Zhuhai and CC Macau (Guangdong Hengqin) having obtained the right, power and authority and taken all actions necessary to execute and deliver the Cooperation Agreement and other relevant transaction documents and perform its obligations thereunder.

### **Completion**

Completion shall take place within seven (7) business days after fulfilment of the conditions precedent set out in the paragraph above (or such other date as may be agreed by COLI Zhuhai and CC Macau (Guangdong Hengqin) in writing).

Upon Completion and completion of filing with the relevant authorities in the PRC in respect thereof (the **“Filing”**), the registered capital of the JV Company will be RMB200 million and owned as to 80% and 20% by COLI Zhuhai and CC Macau (Guangdong Hengqin) respectively, and accordingly, the JV Company will continue to be accounted for as a subsidiary of COLI and its financial results will be consolidated into the COLI Group’s consolidated financial statements.

### **Advancement of loan to the JV Company**

As at the date of this announcement, COLI Zhuhai has advanced to the JV Company and procured the advancement to the JV Company of an aggregate sum by way of loans of RMB5,269,614,325.50 as part payment of the purchase price for the acquisition of the land use right of the Land and working capital of the JV Company (collectively, the **“Inter-company Loan”**).

Within ten (10) business days after completion of the Filing, CC Macau (Guangdong Hengqin) shall settle 20% of the Inter-company Loan (the **“CC Macau (Guangdong Hengqin)’s Loan”**) plus accrued interest (which was set at a rate of 4.35% per annum) and assume, as a result, an amount of shareholder’s loan to the JV Company which is proportionate to CC Macau (Guangdong Hengqin)’s equity interest (i.e. 20%).

From the date of advancement of the CC Macau (Guangdong Hengqin)'s Loan by CC Macau (Guangdong Hengqin), the CC Macau (Guangdong Hengqin)'s Loan and the remaining 80% of the Inter-company Loan shall be regarded as shareholder's loans of the JV Company (collectively, the "**Current Shareholder's Loans**") which shall thereafter be subject to interest rate of 4.75% per annum.

As a result, not later than ten (10) business days after completion of the Filing, the JV Company shall become indebted to COLI Zhuhai and CC Macau (Guangdong Hengqin) in the proportion of 80:20, which corresponds to COLI Zhuhai's and CC Macau (Guangdong Hengqin)'s respective effective interests in the JV Company.

### **Total capital commitment**

The total capital commitment to the JV Company for the Zhuhai Project is approximately RMB11,400 million (inclusive of, among other things, (a) the registered capital of the JV Company; (b) the purchase price of the land use right of the Land together with the relevant taxes and interests; and (c) part of the development costs with respect to the Zhuhai Project), which shall be contributed by COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company as follows:

- (1) COLI Zhuhai : approximately RMB9,120 million
- (2) CC Macau : approximately RMB2,280 million  
(Guangdong  
Hengqin)

and to be settled by cash and funded by internal resources of COLI Zhuhai and CC Macau (Guangdong Hengqin), respectively, and/or external financing.

The respective contribution to the total capital commitment to the JV Company for the Zhuhai Project by COLI Zhuhai and CC Macau (Guangdong Hengqin) is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Zhuhai Project and the parties' interests in the JV Company.

The aforesaid total capital commitment will comprise the contributions to the registered capital of the JV Company and shareholder's loans (which comprise the Current Shareholder's Loans) to be provided to the JV Company by COLI Zhuhai and CC Macau (Guangdong Hengqin).

## **Future funding**

The working capital requirements of the JV Company in relation to the development of the Zhuhai Project is expected to be approximately RMB11,200 million and shall be financed by (a) COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company by shareholder's loans (which comprise the Current Shareholder's Loans); and (b) external financing from banks, financial institutions and other third party sources upon the approval of more than two-thirds of the directors of the JV Company.

The shareholder's loans advanced or to be advanced by COLI Zhuhai and CC Macau (Guangdong Hengqin) are subject to the interest rate of 4.75% per annum. The interests accrued on such shareholder's loans are payable on a semi-annually basis. If required, COLI Zhuhai and CC Macau (Guangdong Hengqin) may provide guarantee or other security in proportion to their respective equity interests in the JV Company to guarantee or secure any external financing of the JV Company.

## **Management**

The board of directors of the JV Company shall comprise five (5) directors; four (4) of whom shall be appointed by COLI Zhuhai and the remaining one (1) shall be appointed by CC Macau (Guangdong Hengqin). The chairman of the board of directors of the JV Company, who shall also be the legal representative of the JV Company, shall be a director appointed by COLI Zhuhai. The board of directors of the JV Company will govern the overall management and strategic planning of the JV Company.

The JV Company shall have two (2) supervisors and each of COLI Zhuhai and CC Macau (Guangdong Hengqin) shall appoint one (1) supervisor.

The JV Company shall have one (1) general manager and one (1) financial controller which shall be appointed by COLI Zhuhai.

## **Distributions**

Provided that the JV Company has repaid all its indebtedness (including shareholder's loans and other loans due to banks, financial institutions and other third party sources), and the operation of the JV Company and the Zhuhai Project is not adversely affected, the JV Company may make distributions to COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company.

## **Restrictions on equity transfers and encumbrances**

Each of COLI Zhuhai and CC Macau (Guangdong Hengqin) may not transfer or pledge its equity interest in and shareholder's loans advanced to the JV Company to a third party without the prior written consent of the other party, and is liable to the other party for a penalty of RMB10 million if it is in breach of such restriction.

## **INFORMATION ABOUT THE JV COMPANY, THE LAND AND THE ZHUHAI PROJECT**

### **The JV Company**

The JV Company was established by COLI Zhuhai on 9 December 2020 in the PRC with limited liability with a registered capital of RMB20 million, as a single purpose vehicle to hold the land use rights of the Land and to carry out the Zhuhai Project. As COLI Zhuhai had successfully bid for the Land in November 2020 and the JV Company was established by COLI Zhuhai in December 2020, the JV Company has no material business operations as at the date of this announcement.

### **The Land**

The Land comprises one parcel of land with an aggregate site area of approximately 192,250.40 sq.m. situated at Wanzai Area, Shizimen Central Business District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市十字門中央商務區灣仔片區), and is planned for residential use, commercial use, educational use, neighbourhood centre use and construction of town road. As at the date of this announcement, the Land remains undeveloped.

### **The Zhuhai Project**

The Zhuhai Project will involve the development of the Land and thereafter the sale of the residential and commercial properties developed thereon by the JV Company. The Zhuhai Project will be developed in phases and the construction is expected to commence in the second quarter of 2021. The pre-sale of the first phase of the properties is expected to commence in the third quarter of 2021 and the overall project is expected to be completed in phases and delivered to the relevant purchasers during the period from the third quarter of 2023 to the fourth quarter of 2024.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group has extensive experience in building construction, whereas the COLI Group has extensive experience in property development. The Directors believe that the joint venture arrangement will benefit the Group by leveraging on the substantial experience of the COLI Group in property development. Through the joint venture

arrangement, directors of both the Company and COLI believe that more effective cost and quality control in respect of the construction work of the Land can be achieved, thereby bringing synergy between the Group and the COLI Group which would in turn be beneficial to the development of the Land.

The Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the Transaction is entered into in the ordinary and usual course of business of the Group and 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 the Shareholders as a whole.

## **INFORMATION ON THE PARTIES TO THE COOPERATION AGREEMENT**

The COLI Group is principally engaged in property development and investment, and other operations.

The Group is principally engaged in construction business, infrastructure investments and prefabricated constructions.

CSCECL is the holding company of COHL, which in turn is the controlling shareholder of both COLI and the Company. CSCECL is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

CSCEC is the ultimate holding company of each of CSCECL, COHL, COLI and the Company. CSCEC, together with its subsidiaries (excluding those listed on any stock exchange), 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**

As at the date of this announcement, COHL is a controlling shareholder of both COLI and the Company by virtue of it being interested in approximately 56.05% of the issued share capital of COLI and approximately 64.79% of the issued share capital of the Company respectively. Accordingly, each of COLI Zhuhai and the JV Company (both being an indirect wholly-owned subsidiary of COLI) is a connected person of the Company. As the highest applicable percentage ratio in respect of the total capital commitment of the Company for the Transaction exceeds 5% but is less than 25%, the Transaction constitutes (a) a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (b) a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.



An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Transaction. Honestum International has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this connection. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM.

A circular containing, among other things, further particulars of the Transaction together with, the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM is expected to be despatched to the Shareholders on or before 6 May 2021 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

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. Mr. Yan Jianguo, being the chairman and non-executive Director of the Company, the chairman and executive director of COLI and the chairman and president of COHL, was absent from the relevant Board meeting and did not vote on the Board resolution(s) approving the Transaction. Mr. Zhang Haipeng, being an executive Director and a director of COHL, has voluntarily abstained from voting on the Board resolution(s) approving the Transaction.

## **DEFINITIONS**

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

“Amended Assignment Contract”	has the meaning given to it under the section headed “COOPERATION AGREEMENT — Formation of joint venture through the JV Company” in this announcement;
“Assignment Contract”	has the meaning given to it under the section headed “COOPERATION AGREEMENT — Formation of joint venture through the JV Company” in this announcement;
“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;

“Board”	the board of Directors;
“CC Macau (Guangdong Hengqin)”	China Construction Macau (Guangdong Hengqin) Development Company Limited (中建澳門 (廣東橫琴) 發展有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“CC Macau (Guangdong Hengqin)’s Loan”	has the meaning given to it under the section headed “COOPERATION AGREEMENT — Advancement of loan to the JV Company” in this announcement;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of CSCECL and the controlling shareholder of COLI and the Company;
“COLI”	China Overseas Land & Investment 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: 688);
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“COLI Independent Shareholders”	holders of COLI’s ordinary shares other than COHL and its associates;
“COLI Zhuhai”	China Overseas (Zhuhai) Company Limited (中海地產 (珠海) 有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of COLI;
“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);
“Completion”	completion of the respective contribution to the registered capital of the JV Company by COLI Zhuhai and CC Macau (Guangdong Hengqin) in accordance with the Cooperation Agreement;

“Cooperation Agreement”	the cooperation agreement entered into amongst COLI Zhuhai, CC Macau (Guangdong Hengqin) and the JV Company dated 29 March 2021 in relation to the formation of a joint venture through the JV Company for the purpose of investing into and developing the Zhuhai Project;
“CSCEC”	China State Construction Engineering Corporation (中國建築集團有限公司), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of CSCECL, COHL, COLI and the Company;
“CSCECL”	China State Construction Engineering Corporation Limited, a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of CSCEC and the holding company of COHL;
“Current Shareholder’s Loans”	has the meaning given to it under the section headed “COOPERATION AGREEMENT — Advancement of loan to the JV Company” in this announcement;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the Transaction;
“Filing”	has the meaning given to it under the section headed “COOPERATION AGREEMENT — Completion” in this announcement;
“Group”	the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on the Stock Exchange);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the Transaction;

“Independent Financial Adviser” or “Honestum International”	Honestum International Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction;
“Independent Shareholders”	Shareholders other than COHL and its associates;
“Inter-company Loan”	has the meaning given to it under the section headed “COOPERATION AGREEMENT — Advancement of loan to the JV Company” in this announcement;
“JV Company”	Zhuhai Hai Yue Real Estate Development Company Limited (珠海市海悅房地產開發有限公司), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of COLI as at the date of this announcement, and a joint venture company to be formed pursuant to the Cooperation Agreement;
“Land”	the land situated at Wanzai Area, Shizimen Central Business District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市十字門中央商務區灣仔片區) (Zhu Heng Guo Tu Chu Land No. 2020-06 (珠橫國土儲2020-06號地塊)) as described in the section headed “INFORMATION ABOUT THE JV COMPANY, THE LAND AND THE ZHUHAI PROJECT — The Land” 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 purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of the Company;

“Shareholder(s)”	holder(s) of the Shares;
“sq.m.”	square metre, unit of area;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the entering into of the Cooperation Agreement and the transactions contemplated thereunder;
“Zhuhai 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 ABOUT THE JV COMPANY, THE LAND AND THE ZHUHAI PROJECT — The Zhuhai Project” in this announcement; and
“%”	per cent.

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

By Order of the Board  
**China State Construction International  
Holdings Limited**  
**Yan Jianguo**  
*Chairman and Non-executive Director*

Hong Kong, 29 March 2021

*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.*