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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 FACTORING ARRANGEMENT

FACTORING ARRANGEMENT

The Board hereby announces that on 17 December 2021, CSC International Investments (an indirect wholly-owned subsidiary of the Company) entered into the Factoring Arrangement, pursuant to which, on the same date, CSC International Investments (1) entered into an Accounts Receivables Transfer Contract with Zibo Haijia; and (2) entered into Factoring Contracts with CCCF, in respect of transfer of the Accounts Receivables to CCCF for granting of accounts receivable factoring service in an aggregate principal sum of RMB210,855,777.28 (equivalent to approximately HK\$257,141,191.80) at a discount rate of 94% to CSC International Investments for a term of not exceeding one year from the drawdown date under the Factoring Contracts.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CSCECL is the intermediate holding company of the Company. Accordingly, CCCF (an indirect wholly-owned subsidiary of CSCECL) is a connected person of the Company under Chapter 14A of the Listing Rules and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the connected transaction as stipulated in an announcement of the Company dated 18 June 2021.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and related as if they were one transaction if they were all completed within a 12-month period or were all otherwise related. The Transaction together with the connected transaction as stipulated in the announcement of the Company dated 18 June 2021 are related and to be completed within a 12-month period. Accordingly, these transactions shall be aggregated and treated as if they were one transaction, and the aggregate figures of the Aggregate Transactions shall be used for calculating the applicable percentage ratios.

As the highest applicable percentage ratio in respect of the Aggregate Transactions exceeds 0.1% but is less than 5%, the Transaction itself or the Aggregate Transactions are subject to the reporting and announcement requirements but are exempted from shareholders' approval requirement under Chapter 14A of the Listing Rules.

FACTORING ARRANGEMENT

On 17 December 2021, CSC International Investments entered into the Factoring Arrangement, pursuant to which, on the same date, CSC International Investments (1) entered into an Accounts Receivables Transfer Contract with Zibo Haijia; and (2) entered into Factoring Contracts with CCCF.

ACCOUNTS RECEIVABLES TRANSFER CONTRACT

The principal terms of the Accounts Receivables Transfer Contract are set out below:

Date

17 December 2021

Parties

- (1) CSC International Investments; and
- (2) Zibo Haijia.

Subject Matter

Pursuant to the Accounts Receivables Transfer Contract, Zibo Haijia agrees to sell to CSC International Investments and CSC International Investments agrees to acquire from Zibo Haijia the Accounts Receivables.

Accounts Receivables to be Acquired

An aggregate sum of RMB210,855,777.28 (equivalent to approximately HK\$257,141,191.80) to be received by Zibo Haijia from the Debtor under Investment and Construction Contract for the relocation and reconstruction of main sewage pipeline project of Everbright Water First Branch 《光大水務一分廠搬遷改造主污水管線工程投資建設合同》, Investment and Construction Contract for the comprehensive pipeline corridor project of the north extension of Xiwu Road in Zibo High-tech Zone 《淄博高新區西五路北延綜合管廊工程投資建設合同》 and Investment and Construction Contract of New Energy Automobile Industrial Park in Zibo High-tech Industrial Development Zone 《淄博高新技術產業開發區新能源汽車產業園工程投資建設合同》 (collectively “Basic Transaction Contracts”).

Consideration and Payment Terms

The aggregate consideration of the Accounts Receivables to be paid by CSC International Investments to Zibo Haijia under the Accounts Receivables Transfer Contract is RMB198,204,430.64 (equivalent to approximately HK\$241,712,720.29), which is calculated in accordance with the below formula:

Aggregate book value of the Accounts Receivables x discount rate of 94%

Zibo Haijia shall complete the transfer of the Accounts Receivables to CSC International Investments on the date of the Accounts Receivables Transfer Contract. CSC International Investments shall pay the consideration of the Accounts Receivables in one lump sum to Zibo Haijia on the date CSC International Investments received the consideration from CCCF under the Factoring Contracts.

Basis of Determination of the Consideration

The aggregate consideration of the Accounts Receivables payable under the Accounts Receivables Transfer Contract was determined on arm's length negotiations between CSC International Investments and CCCF with reference to, among other things, the aggregate book value of the Accounts Receivables, the term of the Factoring Contracts and the credit worthiness of the Debtor.

CSC International Investments will settle the consideration of the Accounts Receivables payable under the Accounts Receivables Transfer Contract by the funding received from CCCF under the Factoring Contracts.

FACTORING CONTRACTS

The principal terms of the Factoring Contracts are set out below:

Date

17 December 2021

Parties

- (1) CSC International Investments; and
- (2) CCCF.

Subject Matter

Pursuant to the Factoring Contracts, CSC International Investments agrees to sell to CCCF and CCCF agrees to acquire from CSC International Investments the Accounts Receivables (inclusive of all the rights and claims arising from the Accounts Receivables acquired by CSC International Investments under the Accounts Receivables Transfer Contract) by granting an accounts receivable factoring service in an aggregate principal sum of RMB210,855,777.28 (equivalent to approximately HK\$257,141,191.80) at a discount rate of 94% to CSC International Investments for a term of not exceeding one year from the drawdown date under the Factoring Contracts.

Accounts Receivables to be Disposed of

The Accounts Receivables to be disposed of under the Factoring Contracts are the same as the Accounts Receivables to be acquired by CSC International Investments under the Accounts Receivables Transfer Contract.

Consideration and Payment Terms

The aggregate consideration of the Accounts Receivables to be paid by CCCF to CSC International Investments under the Factoring Contracts is RMB198,204,430.64 (equivalent to approximately HK\$241,712,720.29), which is the same consideration to be paid by CSC International Investments under the Accounts Receivables Transfer Contract.

Subject to the fulfilment of the conditions precedent set out below, CCCF shall pay the consideration of the Accounts Receivables in one lump sum to CSC International Investments on or about 17 December 2021.

Repayment: After the Accounts Receivables have been transferred to CCCF, the Debtor shall continue to pay the monies due under the Accounts Receivables to Zibo Haijia, which shall then transfer the monies received to CCCF through CSC International Investments five business days prior to 17 December 2022.

Redemption: After the Accounts Receivables have been transferred to CCCF, if CCCF finds any unqualified Accounts Receivables or lost Accounts Receivables, it has the right to request CSC International Investments to redeem the unqualified Accounts Receivables and/or lost Accounts Receivables and fulfill the corresponding payment obligations. The redemption price being the difference between the amount of the relevant Accounts Receivable and its recovered amount as at the date of the relevant redemption notice.

Repurchase:

CCCF has the right to require CSC International Investments to, and CSC International Investments shall, repurchase part or all of the Accounts Receivables from CCCF at fair value and fulfill the corresponding payment obligations if any of the following events occurs:

- (a) Any Accounts Receivable held by CCCF has expired and there are unpaid sums;
- (b) CSC International Investments fails to perform the relevant management responsibilities of the Accounts Receivables as stipulated in the Factoring Contracts; or
- (c) Due to changes in relevant national laws and regulations and regulatory policies, the factoring service under the Factoring Contracts needs to be terminated prematurely.

Conditions Precedent

The obligation of CCCF to pay the consideration for the Accounts Receivables under the Factoring Contracts is conditional on the fulfilment of the conditions below or obtaining of a written waiver from CCCF:

- (1) The Factoring Contracts have come into effect and there has been no breach of the Factoring Contracts and the Basic Transaction Contracts, and CSC International Investments has cooperated with CCCF to process the Accounts Receivables in the unified movable property financing registration system of the credit reference centre of the People's Bank of China for the transfer of Accounts Receivables;

- (2) CCCF has received from CSC International Investments an accounts receivable assignment list in such form and substance as required under the Factoring Contracts;
- (3) CCCF has received from the Debtor confirmation and notification documents in relation to the Accounts Receivables in such form and substance as required under the Factoring Contracts;
- (4) CSC International Investments has obtained all necessary authorization, approval or consent from relevant government agencies and any third party for the transfer of the Accounts Receivables, and such authorization, approval or consent continues to have full effect;
- (5) On the execution date and the effective date of the Factoring Contracts, and the transfer date of the Accounts Receivables:
 - (a) CSC International Investments does not violate any legal requirements and any provisions of legally-binding documents;
 - (b) There is no prohibition or restriction on the execution or performance of the Factoring Contracts;
 - (c) There are no administrative actions or administrative decisions that inflict substantial damage on the Factoring Contracts or substantially increase the cost of CCCF's performance of the Factoring Contracts; and
 - (d) There is no known threats to CSC International Investments that prohibits the execution and performance of the Factoring Contracts by third parties, litigation, arbitration, or any other administrative or judicial procedures;
- (6) The representations and warranties given by CSC International Investments under the Factoring Contracts are true, accurate and complete, and there is no breach of any representation, warranty, promise, condition or obligation under the Factoring Contracts, and CSC International Investments has not refused to perform any terms to be fulfilled and observed thereunder; and
- (7) On the execution date of the Factoring Contracts and the transfer date of the Accounts Receivables, there has not been any amendment or promulgation of laws, changes in national macro-control policies, new regulatory requirements proposed by regulatory authorities, or other reasons which prevents CCCF from paying the consideration to CSC International Investments.

Basis of Determination of the Consideration

The aggregate consideration of the Accounts Receivables payable under the Factoring Contracts was determined with reference to, among other things, the aggregate book value of the Accounts Receivables, the term of the Factoring Contracts and the credit worthiness of the Debtor.

REASONS FOR AND BENEFITS OF THE FACTORING ARRANGEMENT

The entering into of the Factoring Arrangement is beneficial to the Group as it provides the Group with immediate funding for working capital and business development. It also allows the Group to meet liquidity development needs and diversify the funding sources of the Group, and therefore optimise the assets structure, increase capital efficiency and enhance operational capabilities for the Group.

In view of the above, the Directors (including the independent non-executive Directors) consider that although the entering into of the Factoring Arrangement is not in the ordinary and usual course of business of the Group, the Transaction is on normal commercial terms and fair and reasonable and in the interest 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 and the chairman and president of COHL, Mr. Zhang Haipeng, being director of both the Company and COHL, and Mr. Chen Xiaofeng, being the managing director and chief financial officer of COHL and non-executive director of the Company, have voluntarily abstained from voting on the board resolution(s) of the Company approving the Transaction.

INFORMATION OF THE PARTIES

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

CSC International Investments is an indirect wholly-owned subsidiary of the Company incorporated in the PRC, and is principally engaged in investment and construction, operation management, industry introduction and prefabricated constructions.

Zibo Haijia is a direct wholly-owned subsidiary of CSC International Investments incorporated in the PRC, and is principally engaged in construction and consulting services for roads, wiring and pipeline projects, and urban landscaping projects.

CCCF is an indirect wholly-owned subsidiary of CSCECL incorporated in the PRC with limited liability and its principal businesses are factoring business, guarantee business, corporate management consulting, commercial factoring-related consulting services, supply chain management and related supporting services, online business activities, and domestic trade.

CSCECL is the intermediate holding company of the Company and 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, CCCF 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.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CSCECL is the intermediate holding company of the Company. Accordingly, CCCF (an indirect wholly-owned subsidiary of CSCECL) is a connected person of the Company under Chapter 14A of the Listing Rules and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the connected transaction as stipulated in an announcement of the Company dated 18 June 2021.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and related as if they were one transaction if they were all completed within a 12-month period or were all otherwise related. The Transaction together with the connected transaction as stipulated in the announcement of the Company dated 18 June 2021 are related and to be completed within a 12-month period. Accordingly, these transactions shall be aggregated and treated as if they were one transaction, and the aggregate figures of the Aggregate Transactions shall be used for calculating the applicable percentage ratios.

As the highest applicable percentage ratio in respect of the Aggregate Transactions exceeds 0.1% but is less than 5%, the Transaction itself or the Aggregate Transactions are subject to the reporting and announcement requirements but are exempted from shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Accounts Receivable(s)”	the accounts receivable(s) of Zibo Haijia to be acquired by CSC International Investments under the Accounts Receivables Transfer Contract for onward disposal to CCCF under the Factoring Contracts, and has the meaning ascribed to it under subsection headed “Accounts Receivables to be Acquired” of the section headed “Accounts Receivables Transfer Contract” in this announcement;
“Accounts Receivables Transfer Contract”	the contract entered into between CSC International Investments and Zibo Haijia on 17 December 2021 for acquiring the Accounts Receivables by CSC International Investments from Zibo Haijia;
“Aggregate Transactions”	the Transaction together with the connected transaction as stipulated in the announcement of the Company dated 18 June 2021;
“connected person(s)”, “connected transaction(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;

“Basic Transaction Contracts”	has the meaning ascribed to it under subsection headed “Conditions Precedent” of the section headed “Factoring Contracts” in this announcement;
“Board”	the board of Directors;
“Company”	China State Construction International Holdings Limited (中國建築國際集團有限公司), 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);
“CCCF”	中建商業保理有限公司(China Construction Commercial Factoring Company Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of CSCECL;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, being the controlling shareholder of the Company and a wholly-owned subsidiary of CSCECL;
“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, being the ultimate holding company of each of CSCECL and the Company;
“CSCECL”	中國建築股份有限公司 (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) and a non-wholly owned subsidiary of CSCEC;
“CSC International Investments”	中建國際投資集團有限公司 (China State Construction International Investments Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Debtor”	淄博高新城市投資運營集團有限公司(Zibo High-tech City Investment Operation Group Company Limited*) (formerly known as 淄博高新技術產業開發區國有資產經營管理公司 (State-owned Assets Management Company of Zibo High-tech Industrial Development Zone)), a company incorporated in the PRC with limited liability and an original debtor to pay the Accounts Receivables to Zibo Haijia under the Basic Transaction Contracts;
“Director(s)”	the director(s) of the Company;

“Factoring Contracts”	the three factoring contracts executed by CSC International Investments and CCCF on 17 December 2021 for the disposal of the Accounts Receivables from CSC International Investments to CCCF and the granting of accounts receivables factoring service by CCCF to CSC International Investments;
“Factoring Arrangement”	the factoring arrangement implemented by CSC International Investments by its entering into of the Accounts Receivables Transfer Contract and the Factoring Contracts and its execution and delivery of other relevant documents;
“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“lost Accounts Receivable”	any Accounts Receivable falls into any of the following situations during the existence of the Factoring Contracts: (a) any failure of CSC International Investments/Zibo Haijia to perform the Basic Transaction Contracts which causes the Debtor to refuse to pay the Accounts Receivable; or (b) any relevant Accounts Receivable does not exist due to accounting error;
“PRC”	People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	CSC International Investments’ entering into the Accounts Receivables Transfer Contract and the Factoring Contracts and the transaction contemplated thereunder;
“unqualified Accounts Receivable”	any Accounts Receivable which fails to meet the eligibility criteria for accounts receivable under the Factoring Contracts, or any Accounts Receivable for which any of the representations and warranties made by CSC International Investments is untrue, incomplete or inaccurate, on the execution date and the effective date of the Factoring Contracts, and the transfer date of the Accounts Receivables;

“Zibo Haijia” 淄博海嘉建设有限公司(Zibo Haijia Construction Company Limited*), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of CSC International Investments; 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 RMB0.82 = 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, 17 December 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; Mr. Chen Xiaofeng as Non-executive Director; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.