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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 27 December 2022, 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 Account Receivables Transfer Contract with ZHCCL; and (2) entered into a Factoring Contract with CCCF, in respect of transfer of the Account Receivables to CCCF for granting of account receivable factoring service in an aggregate principal sum of RMB250,000,000 (equivalent to approximately HK\$277,777,777.78) at a discount rate of 93.675% to CSC International Investments for a term of not exceeding two years from the drawdown date under the Factoring Contract.

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 29 November 2022.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated 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 29 November 2022 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 all the applicable percentage ratios in respect of the Aggregate Transactions exceed 0.1% but are 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 27 December 2022, CSC International Investments entered into the Factoring Arrangement, pursuant to which, on the same date, CSC International Investments (1) entered into an Account Receivables Transfer Contract with ZHCCL; and (2) entered into Factoring Contract with CCCF.

ACCOUNT RECEIVABLES TRANSFER CONTRACT

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

Date

27 December 2022

Parties

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

Subject Matter

Pursuant to the Account Receivables Transfer Contract, ZHCCL agrees to sell to CSC International Investments and CSC International Investments agrees to acquire from ZHCCL the Account Receivables.

Account Receivables to be Acquired

A sum of RMB250,000,000 (equivalent to approximately HK\$277,777,777.78) to be received by ZHCCL from the Debtor under Zibo High-tech Zone Zhulong River Comprehensive Treatment Ecological Construction Project Investment and Construction Contract 《淄博高新區豬龍河綜合治理生態建設工程投資建設合同》 (“Basic Transaction Contract”).

Consideration and Payment Terms

The consideration of the Account Receivables to be paid by CSC International Investments to ZHCCL under the Account Receivables Transfer Contract is RMB234,187,500 (equivalent to approximately HK\$260,208,333.33), which is calculated in accordance with the below formula:

Book value of the Account Receivables x discount rate of 93.675%

ZHCCL shall complete the transfer of the Account Receivables to CSC International Investments on the date of execution of the Account Receivables Transfer Contract. CSC International Investments shall pay the consideration of the Account Receivables in one lump sum to ZHCCL by bank transfer on the date CSC International Investments received the consideration from CCCF under the Factoring Contract.

Basis of Determination of the Consideration

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

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

FACTORING CONTRACT

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

Date

27 December 2022

Parties

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

Subject Matter

Pursuant to the Factoring Contract, CSC International Investments agrees to sell to CCCF and CCCF agrees to acquire from CSC International Investments the Account Receivables (inclusive of all the rights and claims arising from the Account Receivables acquired by CSC International Investments under the Account Receivables Transfer Contract) by granting an account receivable factoring service in an aggregate principal sum of RMB250,000,000 (equivalent to approximately HK\$277,777,777.78) at a discount rate of 93.675% to CSC International Investments for a term of not exceeding two years from the drawdown date under the Factoring Contract.

Account Receivables to be Disposed of

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

Consideration and Payment Terms

The consideration of the Account Receivables to be paid by CCCF to CSC International Investments under the Factoring Contract is RMB234,187,500 (equivalent to approximately HK\$260,208,333.33), which is the same consideration to be paid by CSC International Investments under the Account Receivables Transfer Contract.

Subject to the fulfilment of the conditions precedent set out below, CCCF shall pay the consideration of the Account Receivables in one lump sum to CSC International Investments by bank transfer on or about 30 December 2022.

Repayment: After the Account Receivables have been transferred to CCCF, the Debtor shall continue to pay the monies due under the Account Receivables to ZHCCL, which shall then transfer a sum of RMB150,000,000 (equivalent to approximately HK\$166,666,666.67) received to CCCF five business days prior to 30 September 2023, and a sum of RMB100,000,000 (equivalent to approximately HK\$111,111,111.11) received to CCCF five business days prior to 30 September 2024.

Redemption: After the Account Receivables have been transferred to CCCF, if CCCF finds any unqualified Account Receivables or lost Account Receivables, it has the right to request CSC International Investments to redeem the unqualified Account Receivables and/or lost Account Receivables and fulfill the corresponding payment obligations. The redemption price shall be the difference between the amount of the relevant Account 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 Account Receivables from CCCF at fair value and fulfill the corresponding payment obligations if any of the following events occurs:

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

Conditions Precedent

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

- (1) The Factoring Contract has come into effect and there has been no breach of the Factoring Contract and the Basic Transaction Contract, and CSC International Investments has cooperated with CCCF to process the Account 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 the Account Receivables;
- (2) CCCF has received from CSC International Investments an account receivable assignment list in such form and substance as required under the Factoring Contract;

- (3) CCCF has received from the Debtor confirmation and notification documents in relation to the Account Receivables in such form and substance as required under the Factoring Contract;
- (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 Account Receivables, and such authorization, approval or consent continues to have full effect;
- (5) On the execution date and the effective date of the Factoring Contract, and the transfer date of the Account Receivables:
 - (a) The execution and performance of the Factoring Contract by 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 Contract;
 - (c) There are no administrative actions or administrative decisions that inflict substantial damage on the Factoring Contract or substantially increase the cost of CCCF's performance of the Factoring Contract; and
 - (d) There are no known threats to CSC International Investments that prohibits the execution and performance of the Factoring Contract 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 Contract are true, accurate and complete, and there is no breach of any representation, warranty, promise, condition or obligation under the Factoring Contract, 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 Contract and the transfer date of the Account 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 or performing the Factoring Contract.

Basis of Determination of the Consideration

The consideration of the Account Receivables payable under the Factoring Contract was determined on arm's length negotiations between CSC International Investments and CCCF with reference to, among other things, the book value of the Account Receivables, the term of the Factoring Contract 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. Chen Xiaofeng, being non-executive director of the Company and the managing director and chief financial officer 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.

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.

ZHCCL 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 29 November 2022.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated 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 29 November 2022 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 all the applicable percentage ratios in respect of the Aggregate Transactions exceed 0.1% but are 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:

“Account Receivable(s)”	the account receivable(s) of ZHCCL to be acquired by CSC International Investments under the Account Receivables Transfer Contract for onward disposal to CCCF under the Factoring Contract, and has the meaning ascribed to it under subsection headed “Account Receivables to be Acquired” of the section headed “Account Receivables Transfer Contract” in this announcement;
“Account Receivables Transfer Contract”	the contract entered into between CSC International Investments and ZHCCL on 27 December 2022 for acquiring the Account Receivables by CSC International Investments from ZHCCL;
“Aggregate Transactions”	the Transaction together with the connected transaction as stipulated in the announcement of the Company dated 29 November 2022;
“connected person(s)”, “connected transaction(s)”, “controlling shareholder”, “holding company”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;

“Basic Transaction Contract”	has the meaning ascribed to it under subsection headed “Account Receivables to be Acquired” of the section headed “Account Receivables Transfer Contract” 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 (中國海外集團有限公司), 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 limited liability corporation organised and existing under the laws of the PRC and the ultimate holding company of each of CSCECL, COHL 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 and holding company of COHL;
“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”	淄博魯創城鎮化建設發展有限公司 (Zibo Luchuang Urbanization Construction Development Company Limited*), a company incorporated in the PRC with limited liability and an original debtor to pay the Account Receivables to ZHCCL under the Basic Transaction Contract.
“Director(s)”	the director(s) of the Company;
“Factoring Contract”	the contract executed by CSC International Investments and CCCF on 27 December 2022 for the disposal of the Account Receivables from CSC International Investments to CCCF and the granting of account 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 Account Receivables Transfer Contract and the Factoring Contract 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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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 Account Receivable”	any Account Receivable falls into any of the following situations during the existence of the Factoring Contract: (a) any failure of CSC International Investments/ZHCCL to perform the Basic Transaction Contract which causes the Debtor to refuse to pay the Account Receivable; or (b) any relevant Account 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 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”	CSC International Investments’ entering into the Account Receivables Transfer Contract and the Factoring Contract and the transaction contemplated thereunder;
“unqualified Account Receivable”	any Account Receivable which fails to meet the eligibility criteria for account receivable under the Factoring Contract, or any Account 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 Contract, and the transfer date of the Account Receivables;
“ZHCCL”	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 RMB0.90 = 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, 27 December 2022

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