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中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

(incorporated in Hong Kong with limited liability)

(Stock Code: 81)



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 YANCHENG CITY, JIANGSU, THE PRC

On 6 March 2020, SCOI (a wholly-owned subsidiary of CSC), COGOP (a wholly-owned subsidiary of COGO) and Yancheng Chengnan entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Yancheng JV for the purpose of investing into and developing the Yancheng Project; and (b) regulate their respective rights and obligations in Yancheng JV.

As at the date of this joint announcement, CSCEC is the ultimate holding company of COHL which, in turn, is the controlling shareholder of both CSC and COGO by virtue of being interested in approximately 64.66% of the issued share capital of CSC and approximately 38.32% of the issued share capital of COGO. Hence, members of the CSC Group are connected persons of COGO and members of the COGO Group are connected persons of CSC under Chapter 14A of the Listing Rules. Accordingly, the Transaction constitutes a connected transaction for each of CSC and COGO.

As the applicable percentage ratios calculated for both CSC and COGO in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for both CSC and COGO.

INTRODUCTION

On 6 March 2020, SCOI, COGOP and Yancheng Chengnan entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Yancheng JV for the purpose of investing into and developing the Yancheng Project; and (b) regulate their respective rights and obligations in Yancheng JV.

COOPERATION AGREEMENT

Date

6 March 2020

Parties

- (a) SCOI, a wholly-owned subsidiary of CSC;
- (b) COGOP, a wholly-owned subsidiary of COGO; and
- (c) Yancheng Chengnan, a Yancheng City municipal government-controlled entity.

Formation of Yancheng JV

SCOI, COGOP and Yancheng Chengnan shall hold 55%, 35% and 10% equity interests in Yancheng JV respectively. Yancheng JV will be accounted for as a subsidiary of CSC and an associate of COGO.

SCOI, COGOP and Yancheng Chengnan agreed to the following major terms concerning Yancheng JV in the Cooperation Agreement:

Total commitment : Project Capital of Yancheng JV

Yancheng JV shall have a project capital of RMB650,900,000 (equivalent to approximately HK\$723,222,222) (inclusive of the registered capital of Yancheng JV of RMB20,000,000 (equivalent to approximately HK\$22,222,222) and the contribution for the purchase price of land use rights of the Land with respect to the Yancheng Project in the sum of RMB592,049,000 (equivalent to approximately HK\$657,832,222), which, pursuant to the Cooperation Agreement, shall be contributed by the equity interest holders of Yancheng JV in proportion to their respective equity interests in Yancheng JV as follows:

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| SCOI | RMB357,995,000 (equivalent to approximately HK\$397,772,222) |
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|-------|--|
| COGOP | RMB227,815,000 (equivalent to approximately HK\$253,127,778) |
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Yancheng Chengnan RMB65,090,000 (equivalent to approximately HK\$72,322,222)

The respective contributions to the project capital of Yancheng JV are determined after arm's length negotiations between the parties with reference to the proposed total capital requirements of the Yancheng Project and the parties' respective interests in Yancheng JV and are expected to be funded through CSC's and COGO's respective internal resources.

Board composition and others : The board of directors of Yancheng JV shall comprise seven directors; four of whom shall be appointed by SCOI; two of whom shall be appointed by COGOP; and one of whom shall be appointed by Yancheng Chengnan.

Yancheng JV shall have two supervisors and each of SCOI and COGOP shall appoint one supervisor.

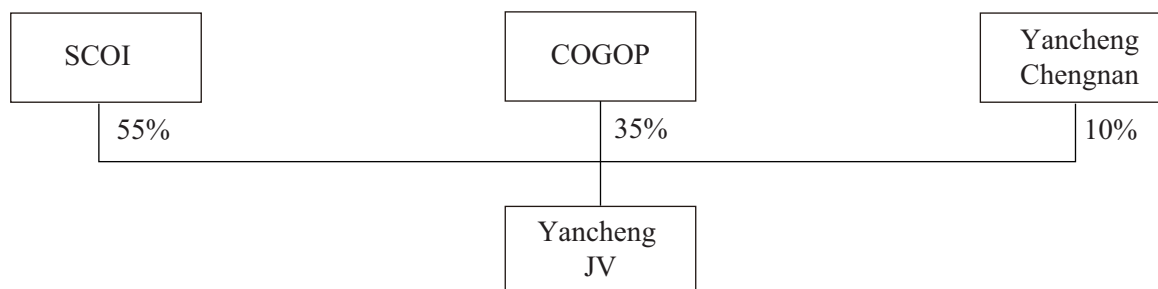
COGOP shall be entitled to appoint one general manager and SCOI shall be entitled to appoint one chief financial officer. Besides, each of COGOP and Yancheng Chengnan shall have the right to appoint one financial staff.

Profit/loss sharing : The profits/losses after taxation in respect of Yancheng JV shall be shared by SCOI, COGOP and Yancheng Chengnan in proportion to their respective equity interests in Yancheng JV.

Future financing : Any additional funding of the Yancheng Project shall be arranged by Yancheng JV with banks.

OWNERSHIP STRUCTURE OF YANCHENG JV

The chart below shows the ownership structure of Yancheng JV upon its establishment:



INFORMATION ON YANCHENG JV AND YANCHENG PROJECT

Yancheng JV is a joint venture company to be formed by SCOI, COGOP and Yancheng Chengnan for the purpose of investing into and developing the Yancheng Project.

The Yancheng Project is the project relating to the development and construction of government resettlement housing on the land at Genghuo, Gaoxin District, Yannan, Yancheng City, Jiangsu, the PRC (中國江蘇鹽城市鹽南高新區耿夥安置房政府定購項目). The land involved in the Yancheng Project is approximately 33,652 square metres, and will be developed into urban residential properties (the “**Land**”).

REASONS FOR AND BENEFITS OF THE TRANSACTION

The COGO Group has substantial experience in real estate development. The Transaction provides the CSC Group with the opportunity to participate in a development project in the PRC with the COGO Group, and brings synergy effect between the parties. The CSC Directors believe that the joint venture arrangement will benefit the CSC Group by leveraging the substantial experience of the COGO Group.

Taking into account the CSC Group’s extensive experience and expertise in construction work, the COGO Directors consider that the joint venture arrangement would allow the COGO Group to leverage on the substantial experience of the CSC Group in building construction and site formation and hence, expediting the development of the Yancheng Project; and cost effectiveness and quality control in respect of the construction work on the Land can also be achieved. Further, the COGO Directors also believe that the development of Yancheng Project into government resettlement housing and urban residential building would not only reduce the marketing pressure and assure the sales simultaneously, but also allow COGO to break into the market of resettlement housing. Furthermore, the Transaction will broaden the asset and earnings base of COGO and further strengthen COGO’s position as a premier property developer in the third tier cities in the PRC.

The CSC Directors (including the independent non-executive CSC Directors) consider that the Transaction is in the ordinary and usual course of business of the CSC 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 CSC and its shareholders as a whole. None of the CSC Directors has a material interest in the Transaction and no CSC Director is required to abstain from voting on the board resolution(s) approving the Transaction. However, Mr. Yan Jianguo, who is the Chairman and a Non-Executive Director of CSC, Non-Executive Director of COGO and the Chairman and President of COHL, has voluntarily abstained from voting on the board resolution(s) of CSC approving the Transaction.

The COGO Directors (including the independent non-executive COGO Directors) consider that the Transaction is in the ordinary and usual course of business of the COGO 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 COGO and its shareholders as a whole. None of the COGO Directors has a material interest in the Transaction and no COGO Director is required to abstain from voting on the board resolution(s) approving the Transaction. However, Mr. Yan Jianguo, who is the Chairman and a Non-Executive Director of CSC, Non-Executive Director of COGO and the Chairman and President of COHL, has voluntarily abstained from voting on the board resolution(s) of COGO approving the Transaction.

GENERAL

SCOI is a wholly-owned subsidiary of CSC and is principally engaged in infrastructure projects investment, industrial investment, investment planning and consulting. The CSC Group is principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business.

COGOP is a 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.

The 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.

Yancheng Chengnan is a company established by and wholly-owned by the local municipal government of Yancheng City to develop the Yancheng Project. To the best of the knowledge, information and belief of the CSC Directors after having made all reasonable enquiries, as at the date of this joint announcement, Yancheng Chengnan and its ultimate beneficial owner(s) are third parties independent of CSC and its connected persons. To the best of the knowledge, information and belief of the COGO Directors after having made all reasonable enquiries, as at the date of this joint announcement, Yancheng Chengnan and its ultimate beneficial owner(s) are third parties independent of COGO and its connected persons.

LISTING RULES IMPLICATIONS

SCOI is a wholly-owned subsidiary of CSC while COGOP is a wholly-owned subsidiary of COGO. As at the date of this joint announcement, CSCEC is the ultimate holding company of COHL which, in turn, is the controlling shareholder of both CSC and COGO by virtue of being interested in approximately 64.66% of the issued share capital of CSC and approximately 38.32% of the issued share capital of COGO. Hence, members of the CSC Group are connected persons of COGO and members of the COGO Group are connected persons of CSC under Chapter 14A of the Listing Rules. Accordingly, the Transaction constitutes a connected transaction for each of CSC and COGO.

As the applicable percentage ratios calculated for both CSC and COGO in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for both CSC and COGO.

DEFINITIONS

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

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| “associate”, “connected person(s)”, “percentage ratios”, “subsidiary(ies)” | each has the meaning ascribed to it in the Listing Rules; |
| “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 Board” | the board of directors of COGO; |
| “COGO Directors” | the directors of COGO; |
| “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 a wholly-owned subsidiary of COGO; |

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| “COHL” | China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of both CSC and COGO; |
| “Cooperation Agreement” | the cooperation agreement between SCOI, COGOP and Yancheng Chengnan dated 6 March 2020 in relation to the formation of Yancheng JV for the purpose of investing into and developing the Yancheng Project; |
| “CSC” | 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); |
| “CSC Board” | the board of directors of CSC; |
| “CSC Directors” | the directors of CSC; |
| “CSC Group” | CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time; |
| “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; |
| “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 YANCHENG JV AND YANCHENG PROJECT” in this joint announcement; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |

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| “PRC” | People’s Republic of China, and for the purpose of this joint announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “SCOI” | 深圳市中海投資有限公司 (Shenzhen China Overseas Investment Company Limited*, a limited liability company established in the PRC and a wholly-owned subsidiary of CSC; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Transaction” | the entering into of the Cooperation Agreement and the transactions contemplated thereunder; |
| “Yancheng Chengnan” | 鹽城市城南房地產開發有限責任公司 (Yancheng Chengnan Real Estate Development Company Limited*), which is a limited liability company established in the PRC and wholly-owned by the local municipal government of Yancheng City to develop the Yancheng Project; |
| “Yancheng JV” | 鹽城海建置業有限公司 (Yancheng Haijian Real Estate Company Limited*, being a joint venture company to be established in the PRC as a limited liability company pursuant to the Cooperation Agreement; |
| “Yancheng Project” | the project relating to the development and construction of government resettlement housing on the Land at Genghuo, Gaoxin District, Yannan, Yancheng City, Jiangsu, the PRC (中國江蘇鹽城市鹽南高新區耿夥安置房政府定購項目), details of which are set out in the section headed “INFORMATION ON YANCHENG JV AND YANCHENG PROJECT” in this joint announcement; |
| “%” | per cent. |

Unless otherwise specified in this joint 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 joint 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 OVERSEAS GRAND
OCEANS GROUP LIMITED**
Zhuang Yong
Chairman and Executive Director

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

Hong Kong, 6 March 2020

The CSC Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the COGO Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those relating to the COGO Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement (other than those relating to the COGO Group), the omission of which would make any statement in this joint announcement misleading.

The COGO Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the CSC Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those relating to the CSC Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement (other than those relating to the CSC Group), the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the CSC 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.

As at the date of this joint announcement, the COGO Board comprises eight directors, of which three are executive directors, namely Mr. Zhuang Yong, Mr. Yang Lin and Mr. Paul Wang Man Kwan; two non-executive directors, namely Mr. Yan Jianguo and Mr. Billy Yung Kwok Kee, and three independent non-executive directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Dantes Lo Yiu Ching.