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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 TRANSACTION

Disposal of 60% equity interest in 中海港務(萊州)有限公司 (China Shipping Port (Laizhou) Co., Ltd.*)

On 6 August 2020 (after trading hours), the Purchaser and the Sellers entered into an Equity Transaction Contract pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Sale Equity Interest for cash consideration of RMB1,182,034,740 (equivalent to approximately HK\$1,309,008,571).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 6 August 2020 (after trading hours), the Purchaser and the Sellers entered into an Equity Transaction Contract pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Sale Equity Interest for cash consideration of RMB1,182,034,740 (equivalent to approximately HK\$1,309,008,571). Following Completion, the Company will cease to hold any interest in the Target Company.

EQUITY TRANSACTION CONTRACT

The principal terms of the Equity Transaction Contract are as follows:

Date

6 August 2020

Parties

- (a) Sellers; and
- (b) Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

Subject matter of the Disposal

Pursuant to the Equity Transaction Contract, the Sellers agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest.

Guarantee Payment

Prior to the signing of the Equity Transaction Contract, the Purchaser had, in accordance with the requirements of the Sellers and China Beijing Equity Exchange, made a guarantee payment of RMB236.41 million (equivalent to approximately HK\$261.80 million) to a designated account of China Beijing Equity Exchange in order to guarantee its credit status and ability to perform the transaction contemplated under the Equity Transaction Contract.

Consideration

RMB1,182,034,740 (equivalent to approximately HK\$1,309,008,571)

This transaction was listed on China Beijing Equity Exchange and the Purchaser filed an application for the transaction and was finally determined as the transferee. According to the public listing procedure, the Consideration of the Sale Equity Interest was determined to be RMB1,182,034,740 (equivalent to approximately HK\$1,309,008,571). As at 30 June 2019, being the reference valuation date for the transaction, the book value of the Sale Equity Interest was approximately RMB697.88 million (equivalent to approximately HK\$772.84 million).

Within 15 business days from the signing of the Equity Transaction Contract, the Purchaser shall pay the remaining amount of the Consideration (excluding the Guarantee Payment), being RMB945.62 million (equivalent to approximately HK\$1,047.21 million) to the designated account of the China Beijing Equity Exchange. Within 2 business days from the date of Completion, China Beijing Equity Exchange will transfer the received Consideration (after deduction of withholding tax) to the Sellers' designated account. The Purchaser shall be liable for 0.05% of the Consideration for each day of overdue payment until the Consideration is settled in full in the manner set out under the Equity Transaction Contract. If the payment of the Consideration is overdue for more than 60 days, the Sellers shall have the right to rescind the Equity Transaction Contract and request indemnification from the Purchaser.

Completion

Completion will take place after the satisfaction of the parties' respective obligations under the Equity Transaction Contract and upon the completion of the registration of the equity transfer and change of directors and supervisors of the Target Company with the relevant PRC authorities and the issuance of the new business licence of the Target Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In the context of the integration of port resources in various coastal areas across the country with provinces as a unit, Shandong Port Group Co., Ltd. was established in 2019 and 16 large and medium-sized ports in Shandong province were integrated. In such circumstances, the Directors believe that the competitive advantage of the Group's single port asset is weakened. The Disposal can enable the Group to exit port business; fully optimize and strengthen its core businesses; and increase its overall competitiveness. Based on the reasons above, the Directors consider that the terms of the Equity Transaction Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Group and the Sellers

The Group is principally engaged in building construction, civil engineering works, electrical and mechanical works, infrastructure investment and project consultancy business.

COPICL is a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, which is interested in 59.27% of the equity capital of the Target Company. Its principal activity is investment holding.

COLCL is a limited company established in the PRC and a wholly-owned subsidiary of the Company, which is interested in 0.73% of the equity capital of the Target Company. It is principally engaged in warehousing, transport, import and export business.

Information on the Purchaser

The Purchaser is a limited company established in the PRC, which is mainly engaged in cargo handling, storage, processing, tally, transit agency, distribution and water and land passengers and cargo transportation, shipping agent, voyage repair, port engineering, machinery repair, industrial production, commercial trade and tourism services. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information on the Target Company

The Target Company is a limited company established in the PRC and is principally engaged in port business at Laizhou Port. Prior to Completion, the Target Company is accounted for as a joint venture of the Company. Upon Completion, the Company will cease to hold any interest in the Target Company.

As at 30 June 2019, being the reference valuation date for the transaction, the book value of the Sale Equity Interest was approximately RMB697.88 million (equivalent to approximately HK\$772.84 million).

Set out below are the net profits (both before and after taxation) of the Target Company, extracted from the audited financial statements of the Target Company for the years ended 31 December 2019 and 2018 respectively, which were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC:

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|---|--|--|
| Profit of the Target Company before taxation | RMB140.71 million | RMB163.66 million |
| Profit of the Target Company after taxation | RMB105.24 million | RMB121.13 million |

The Company is expected to have a gain (before deducting the relevant taxes and expenses) arising from the Disposal of approximately RMB484.15 million (equivalent to approximately HK\$536.17 million) which is calculated based on the difference between the Consideration and the book value of the Sale Equity Interest.

USE OF SALE PROCEEDS

All the sale proceeds will be used as general working capital.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Board” | the board of Directors; |
| “COLCL” | 深圳市中海港口物流有限公司 (China Overseas Logistics Co. Ltd.*), a limited company established in the PRC and a wholly-owned subsidiary of the Company, which is interested in 0.73% of the equity capital of the Target Company; |
| “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 Disposal as contemplated under the Equity Transaction Contract; |
| “connected person(s)”, “percentage ratios”, “subsidiary(ies)” | each has the meaning ascribed to it in the Listing Rules; |

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| “Consideration” | the consideration to be paid by the Purchaser to the Sellers in respect of the Sale Equity Interest pursuant to the Equity Transaction Contract; |
| “COPICL” | 中國海外港口投資有限公司 (China Overseas Ports Investment Company Limited), a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, which is interested in 59.27% of the equity capital of the Target Company; |
| “Directors” | the directors of the Company; |
| “Disposal” | the disposal of the Sale Equity Interest by the Sellers pursuant to the Equity Transaction Contract; |
| “Equity Transaction Contract” | the equity transaction contract as supplemented by a supplemental agreement, both dated 6 August 2020 and entered into between the Purchaser and the Sellers in relation to the Disposal; |
| “Group” | the Company and its subsidiaries from time to time; |
| “Guarantee Payment” | the guarantee payment of RMB236.41 million (equivalent to approximately HK\$261.80 million) made by the Purchaser prior to the signing of the Equity Transaction Contract in order to guarantee its credit status and ability to perform the transaction contemplated under the Equity Transaction Contract; |
| “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; |
| “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; |

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|------------------------|---|
| “Purchaser” | 煙台港集團有限公司, a limited company established in the PRC; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Sale Equity Interest” | the 60% equity capital of the Target Company as owned by the Sellers; |
| “Sellers” | COPICL and COLCL; |
| “Shareholders” | holders of the shares of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Target Company” | 中海港務(萊州)有限公司 (China Shipping Port (Laizhou) Co., Ltd.*), a limited company established in the PRC which is accounted for as a 60% joint venture of the Company; 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 RMB0.903 = 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, 6 August 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.