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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)

PROPOSED ISSUANCE OF US\$500,000,000 4.00% SUBORDINATED GUARANTEED PERPETUAL CAPITAL SECURITIES

Reference is made to the announcement of the Company dated 22 November 2019 in relation to the Proposed Issuance. Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as those defined in that announcement.

The Board is pleased to announce that on 25 November 2019, the Company and the Issuer entered into the Subscription Agreement with the Managers in connection with the Issuance. The Securities are expected to be issued on or about 3 December 2019.

The net proceeds of the Issuance, after deducting the fees and other expenses in connection with the Issuance, will be approximately US\$497,000,000, which are intended to be used by the Company to repay and/or refinance the existing indebtedness of the Group and for general corporate purposes.

The Securities will not be registered under the U.S. Securities Act and, except pursuant to certain exemptions, may not be offered or sold within the United States. The Securities will be offered outside the United States in reliance on Regulation S under the U.S. Securities Act.

The Issuer intends to apply to the Stock Exchange for listing of, and permission to deal in, the Securities by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) only and apply to Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the “MOX”) for listing of, and permission to deal in, the Securities by way of debt issues to professional investors (as defined in the Company Bond Issuance and Exchange Management Guideline of the Monetary Authority of Macao) only. Approvals of the listing of the Securities on the Stock Exchange and the MOX are not to be taken as an indication of the merits of the Issuer, the Company, the Group or the Securities.

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To the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, the Managers are independent third parties and are not connected persons (as defined in the Listing Rules) of the Company.

PRINCIPAL TERMS OF THE SECURITIES

Securities Offered

Subject to certain conditions to completion, the Issuer will issue US\$500,000,000 aggregate principal amount of 4.00% subordinated guaranteed perpetual capital securities on the Issue Date.

Issue Price

99.794%

Ranking

The Securities will constitute direct, unsecured and subordinated obligations of the Issuer which will rank *pari passu* and without any preference among themselves and with any Parity Securities of the Issuer. The rights and claims of the Securityholders in respect of the Securities are subordinated as provided in the Terms and Conditions.

The Guarantee will constitute a direct, unsecured and subordinated obligation of the Company which will rank *pari passu* with any Parity Securities of the Company. The rights and claims of the Securityholders in respect of the Guarantee are subordinated as provided in the Terms and Conditions.

Distribution

Subject to the Terms and Conditions, the Securities confer a right to receive distributions (each a “**Distribution**”) from the Issue Date at the Distribution Rate (as defined below). The Distributions will be payable semi-annually in arrear in equal instalments on 3 June and 3 December of each year (each, a “**Distribution Payment Date**”). The Issuer may elect to defer payments of Distribution in accordance with the Terms and Conditions.

Rate of Distribution

Subject to any increase pursuant to the Terms and Conditions, the rate of Distribution (“**Distribution Rate**”) applicable to the Securities will be:

- (i) in respect of the period from, and including, the Issue Date to, but excluding, the First Call Date, 4.00% per annum; and
- (ii) in respect of the period (A) from, and including, the First Call Date to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

Upon the occurrence of a Change of Control Event, a Breach of Covenants Event or a Relevant Indebtedness Default Event, the Distribution Rate will increase by 3.00% per annum, unless an irrevocable notice to redeem the Securities has been given to Securityholders by the Issuer pursuant to the Terms and Conditions or in the case of a Breach of Covenants Event or a Relevant Indebtedness Default Event, such event is remedied within the timing prescribed in the Terms and Conditions.

Redemption

The Securities are perpetual securities and have no fixed redemption date.

The Securities may be redeemed at the option of the Issuer under certain circumstances in accordance with, and at the redemption amount provided in, the Terms and Conditions, including but not limited to:

- (i) the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving irrevocable prior notice to the Trustee, the Principal Paying Agent and the Securityholders on the First Call Date or any Distribution Payment Date after the First Call Date in accordance with, and at the redemption amount provided in, the Terms and Conditions;
- (ii) the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving irrevocable prior notice to the Trustee, the Principal Paying Agent and the Securityholders, in the event of certain changes affecting taxes of any Relevant Jurisdiction, in accordance with, and at the redemption amount provided in, the Terms and Conditions;
- (iii) the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving irrevocable prior notice to the Trustee, the Principal Paying Agent and the Securityholders, if, as a result of any changes or amendments to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants or any other generally accepted accounting standards that may be adopted by the Company for the purposes of preparing its consolidated financial statements, the Securities must not or must no longer be recorded as “equity” of the Company under such standards, in accordance with, and at the redemption amount provided in, the Terms and Conditions;
- (iv) the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving irrevocable prior notice to the Trustee, the Principal Paying Agent and the Securityholders, at any time upon the occurrence of a Change of Control Event, a Breach of Covenants Event or a Relevant Indebtedness Default Event, in accordance with, and at the redemption amount provided in, the Terms and Conditions; and
- (v) the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving irrevocable prior notice to the Trustee, the Principal Paying Agent and the Securityholders, if, prior to the date fixed for redemption, at least 80% in principal amount of the Securities issued has already been cancelled, in accordance with, and at the redemption amount provided in, the Terms and Conditions.

USE OF PROCEEDS

The net proceeds of the Issuance, after deducting the fees and other expenses in connection with the Issuance, will be approximately US\$497,000,000, which are intended to be used by the Company to repay and/or refinance the existing indebtedness of the Group and for general corporate purposes.

APPLICATION FOR LISTING

The Issuer intends to apply to the Stock Exchange for listing of, and permission to deal in, the Securities by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) only and apply to Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the “MOX”) for listing of, and permission to deal in, the Securities by way of debt issues to professional investors (as defined in the Company Bond Issuance and Exchange Management Guideline of the Monetary Authority of Macao) only. Approvals of the listing of the Securities on the Stock Exchange and the MOX are not to be taken as an indication of the merits of the Issuer, the Company, the Group or the Securities.

RATING

The Securities are rated “Baa3” by Moody’s Investors Services, Inc.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Breach of Covenants Event”	the occurrence of (a) a non-compliance and/or non-performance by the Issuer and/or the Company of certain obligations and covenants as set out in the Terms and Conditions and (b) as requested in writing by the Securityholders of at least 25% in aggregate principal amount of the Securities outstanding, the Trustee gives notice in writing to the Issuer that the Distribution Rate will be adjusted in accordance with the Terms and Conditions subject to certain exceptions

“Change of Control Event”	occurs when: (a) the Company ceases to directly or indirectly hold or own 100% of the issued share capital of the Issuer, or (b) COHL ceases to directly or indirectly Control the Company, except for any ceasing of direct or indirect Control which is regained by COHL within 14 days or such longer period as permitted under the Listing Rules or by the Stock Exchange after the date of the cessation of Control as a result of any top-up and placing exercise carried out by the Company of its share capital, or (c) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person or persons, acting together, except where the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or the successor entity
“COHL”	China Overseas Holdings Limited, the controlling shareholder (as defined in the Listing Rules) of the Company
“Company”	China State Construction International Holdings Limited (Stock Code: 3311), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Control”	(a) the ownership or control of more than 50% of the voting rights of the issued share capital of the Company or (b) the right to appoint and/or remove the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“First Call Date”	3 December 2024
“Group”	the Company, the Issuer and their respective subsidiaries as a whole

“Guarantee”	the unconditional and irrevocable guarantee by the Company of the due payment in full of all sums expressed to be payable by the Issuer under the Trust Deed and the Securities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indebtedness for Borrowed Money”	means any indebtedness for borrowed money (whether being principal, premium, interest or other amounts and includes any notes, bonds, debentures, debenture stock, loan stock or other securities)
“Issuance”	the issuance of the Securities by the Issuer pursuant to the Terms and Conditions
“Issue Date”	3 December 2019
“Issuer”	China State Construction Finance (Cayman) III Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Managers”	Haitong International Securities Company Limited, China International Capital Corporation Hong Kong Securities Limited, DBS Bank Ltd., Mizuho Securities Asia Limited, BNP PARIBAS, Credit Suisse (Hong Kong) Limited, Mirae Asset Securities (HK) Limited and Industrial and Commercial Bank of China (Asia) Limited
“Parity Securities”	(a) in respect of the Issuer, any instrument or security issued, entered into or guaranteed by the Issuer, which ranks or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> to the Securities; and (b) in respect of the Company, any instrument or security issued, entered into or guaranteed by the Company, which ranks or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> to the Guarantee
“Principal Paying Agent”	Deutsche Bank AG, Hong Kong Branch

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Relevant Indebtedness Default Event”	the occurrence of one or more of the following events: (a) any Indebtedness for Borrowed Money of the Issuer, the Company or any of the Company’s other subsidiaries becomes due and payable prior to its stated maturity by reason of any actual default, event of default or potential event of default (howsoever described); or (b) any such Indebtedness for Borrowed Money is not paid when due or, as the case may be, within any originally applicable grace period; or (c) the Issuer, the Company or any of their respective subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such Indebtedness for Borrowed Money, provided that the aggregate amount of such Indebtedness for Borrowed Money, guarantees and indemnities in respect of which one or more of the events mentioned above have occurred equals or exceeds US\$20,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the US\$ as quoted by any leading bank on the relevant day), details of which are set out in the Terms and Conditions
“Relevant Jurisdiction(s)”	the Cayman Islands, the PRC or any political subdivision or any authority therein or thereof having power to tax to which the Issuer or the Company becomes subject in respect of payments made by it of any sums due in respect of the Securities or the Guarantee (as applicable)
“Relevant Reset Distribution Rate”	a rate of distribution expressed as a percentage per annum equal to the sum of (a) the initial spread of 2.41%, (b) the treasury rate, and (c) a margin of 3.00% per annum as set out in the Terms and Conditions
“Reset Date”	the First Call Date and each day falling every five calendar years after the First Call Date

“Securities”	the US\$ denominated subordinated guaranteed perpetual capital securities proposed to be issued by the Issuer and unconditionally and irrevocably guaranteed by the Company
“Securityholder(s)”	the person(s) in whose name a Security is registered in the relevant register (or, in the case of a joint holding, the first name thereof)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 25 November 2019 entered into between the Issuer, the Company and the Managers in relation to the Issuance
“Terms and Conditions”	the terms and conditions of the Securities
“Trust Deed”	the trust deed to be dated on or about 3 December 2019 to be entered into between the Issuer, the Company and the Trustee, as amended and/or supplemented from time to time
“Trustee”	DB Trustees (Hong Kong) Limited
“United States”	the United States of America
“US\$”	United States dollars
“%”	per cent.

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

Hong Kong, 26 November 2019

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.