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中國建築股份有限公司  
CHINA STATE CONSTRUCTION ENGRG.CORP.LTD

## Announcement on Investment Change of Shanghai Historic Preservation and Urban Renewal Project

The Board of Directors of the Company and each member of the Board of Directors guarantee that the contents of the public announcement contain no false or misleading statements or major omission, and they are jointly and severally liable for the truthfulness, accuracy and completeness of the said contents.

### Important Notice:

- The ratio of shareholders' capital contribution to Shanghai China Overseas Haiting Real Estate Co., Ltd., one of the Project companies, is changed from one of 98% by China Overseas Land & Investment (Shanghai) Co., Ltd., a subsidiary of China State Construction Engineering Corporation Limited, and 2% by Shanghai Zhongcheng Enterprise Group Real Estate Co., Ltd., to one of 2% by China Overseas Land & Investment (Shanghai) Co., Ltd. and 98% by Shanghai Yongye Enterprise (Group) Co., Ltd.
- Risk warning: The Project is located in the core urban area of Shanghai with a long development cycle. Risks arising from subsequent housing expropriation, industry policy adjustments by the local government, and changes in real estate market may affect the estimated returns of the Project.

### I. Overview of the investment change

#### (I) Overview of the original investment

On July 28, 2020, the 41st meeting of the Second Board of Directors of China State Construction Engineering Corporation Limited (hereinafter referred to as the "Company") deliberated on and approved the *Proposal on the Project of Historic Preservation and Urban Renewal in Blocks 67-71, Jianguo East Road, Huangpu District, Shanghai of China Overseas Holdings Limited*. The Company's subsidiary China Overseas Land & Investment (Shanghai) Co., Ltd. (hereinafter referred to as China Overseas [Shanghai] Company) and Shanghai Zhongcheng Enterprise Group Real Estate Co., Ltd. (hereinafter referred to as Zhongcheng Group) signed a contract to jointly undertake the Project of Historic Preservation and Urban Renewal in Blocks 67-71, Jianguo East Road, Huangpu District, Shanghai (hereinafter referred to as the Project). The two parties have jointly established Shanghai China Overseas Haihua Real Estate Co., Ltd. (hereinafter referred to as Haihua Company) and Shanghai China Overseas Haiting Real Estate Co., Ltd. (hereinafter referred to as Haiting Company) at a capital contribution ratio of 98% to 2%. Those two Project companies are responsible for housing expropriation and subsequent development work. Haihua Company is responsible for the development and construction of No. 69 and No. 70

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blocks, and Haiting Company is responsible for the development and construction of No. 67, No. 68 and No. 71 blocks. The Project has an overall development period of about 6 years, and an estimated total investment of about RMB 59 billion. The sources of funds for this Project include self-owned funds, shareholder loans, bank development loans, and reinvestment of sales proceeds. For details, please refer to the Announcement on Investing in the Historic Preservation and Urban Renewal Project in Shanghai (Announcement No.: Interim 2020-052) issued by the Company on July 29, 2020.

## **(II) Investment change**

### **1. Registered capital and shareholding ratio of Haiting Company**

Considering the industry regulatory policies and the adjustment of the Project's actual development cycle, after negotiating with the Project partner Shanghai Yongye Enterprise (Group) Co., Ltd. (hereinafter referred to as Yongye Group), it is proposed to change the ratio of shareholders' capital contribution to Haiting Company, one of the Project companies, from one of 98% by the China Overseas (Shanghai) Company to 2% by Zhongcheng Group, to one of 2% by China Overseas (Shanghai) Company to 98% by Yongye Group, in a bid to promote the progress and the overall cooperative development of the Project, and give full play to the advantages of the Project partners. The 2% capital contribution to Haiting Company by Zhongcheng Group has been transferred to Yongye Group. Yongye Group will increase its capital contribution to Haiting Company to adjust its shareholding ratio in Haiting Company.

Yongye Group, the Project partner after the investment change, is the parent company of Zhongcheng Group, the original Project partner. Yongye Group is a wholly state-owned company under the State-owned Assets Supervision and Administration Commission of Huangpu District, Shanghai, with Dai Jinliang as its legal representative, and a registered capital of RMB 3 billion. Its main business includes old house renovation, real estate development and operations, property management, relocation, demolition, construction, and etc.

### **2. Change in the planned investment amount of the Project**

Due to additional land transfer fee incurred by the increase in the planned residential floor area, the estimated total investment of the Project increases by RMB 500 million from the original RMB 59 billion to RMB 59.5 billion. The Company's actual capital contribution to this Project is correspondingly reduced with the reduced capital contribution to Haiting Company.

### **3. Development cycle**

According to the actual progress in the Project development, the estimated overall development period of this Project is changed from the original 6 years to about 6.5 years.

## **(III) Deliberation by the Board of Directors and Approval Process**

On March 7, 2022, the 14th meeting of the Third Board of Directors of the Company deliberated on and approved the *Proposal on the Investment Change of China Overseas Holdings Limited for the Project of Historic Preservation and Urban Renewal in Blocks 67-71, Jianguo East Road, Huangpu District, Shanghai*. This proposal does not need to be submitted to the General Meeting for deliberation and approval.

**(IV) This investment change does not constitute a related party transaction nor a major asset restructuring.**

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## **II. The impact of this investment change on the Company**

This Project is in line with the Company's development strategy, and highly exemplary as a key livelihood project in Shanghai, conducive to enhancing the Company's brand value. This change helps give full play to the advantages of the Project partners and promote the overall cooperative development, without incurring a significant impact on the Company.

## **III. Risk analysis**

The Project is located in the core urban area of Shanghai with a long development cycle. Risks arising from subsequent housing expropriation, industry policy adjustments by the local government, and changes in real estate market may affect the expected returns of the Project.

The Company will pay close attention to and study the national macro-economy and industry trends, adopt active development planning and business strategies, steadily advance the Project approval, housing expropriation and other relevant work, and conduct risk assessments and adjust response strategies in a timely manner based on the actual situation.

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited  
March 7, 2022