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**CONTINUING CONNECTED TRANSACTIONS  
WITH  
中國建築股份有限公司  
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)**

**NEW FE-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT**

Reference is made to the announcement dated 11 June 2012 and the circular dated 19 June 2012 of Far East in relation to, among other things, the Previous FE-CSCECL Sub-construction Engagement Agreement entered into between Far East and CSCECL which will expire on 30 June 2015.

On 28 October 2014, CSCECL and Far East entered into the New FE-CSCECL Sub-construction Engagement Agreement, whereby (i) CSCECL and Far East agreed to terminate the Previous FE-CSCECL Sub-construction Engagement Agreement upon the taking effect of the New FE-CSCECL Sub-construction Engagement Agreement; and (ii) the CSCECL Group may engage the Far East Group as its subcontractor for provision of Exterior Facade Works to the CSCECL Group's construction works for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 subject to the CSCECL Works Cap.

CSCECL is the intermediate holding company of CSC, of which Far East is a non-wholly owned subsidiary. Accordingly, members of the CSCECL Group are connected persons of Far East. The transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group on the one hand and members of the Far East Group on the other hand, constitute continuing connected transactions for Far East under Chapter 14A of the Listing Rules.

Far East is a non-wholly owned subsidiary of CSC, which is indirectly interested in approximately 74.06% of the issued share capital of Far East. Accordingly, the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group and members of the Far East Group constitute continuing connected transactions for CSC under Chapter 14A of the Listing Rules.

For CSC, since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) are greater than 0.1% but less than 5%, the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirement.

For Far East, since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) exceed 5%, the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the Far East EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the Far East EGM.

An independent board committee of Far East comprising all the independent non-executive directors of Far East has been formed to advise the Far East's Independent Shareholders in respect of the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement. An independent financial adviser will be appointed to advise the independent board committee of Far East and the Far East's Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement together with, the recommendations of the independent board committee of Far East, a letter from the independent financial adviser to the independent board committee of Far East and the Far East's Independent Shareholders, and a notice convening the Far East EGM is expected to be despatched to the shareholders of Far East on or before 18 November 2014 in accordance with the Listing Rules.

## **TERMINATION OF THE PREVIOUS FE-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT**

Reference is made to the announcement dated 11 June 2012 and the circular dated 19 June 2012 of Far East in relation to the Previous FE-CSCECL Sub-construction Engagement Agreement entered into between CSCECL and Far East which will expire on 30 June 2015.

On 28 October 2014, CSCECL and Far East entered into the New FE-CSCECL Sub-construction Engagement Agreement under which CSCECL and Far East agreed to, among others, terminate the Previous FE-CSCECL Sub-construction Engagement Agreement upon the taking effect of the New FE-CSCECL Sub-construction Engagement Agreement.

In the event that the New FE-CSCECL Sub-construction Engagement Agreement does not become effective, the Previous FE-CSCECL Sub-construction Engagement Agreement will remain in full force and binding on CSCECL and Far East.

The directors of Far East confirm that neither CSCECL nor Far East has to pay the other party any compensation as a result of the termination of the Previous FE-CSCECL Sub-construction Engagement Agreement.

The directors of Far East also confirm that the termination of the Previous FE-CSCECL Sub-construction Engagement Agreement was occasioned by impending expiry of the term of such agreement and that the termination of the Previous FE-CSCECL Sub-construction Engagement Agreement will not cause any material adverse impact on the Far East Group due to the entering into of the New CSCECL Sub-construction Engagement Agreement.

## **NEW FE-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT**

### **Date**

28 October 2014

### **Parties**

1. CSCECL; and
2. Far East.

## **Provision of Exterior Facade Works**

Far East expects that the CSCECL Group will continue to engage the Far East Group as subcontractor of the CSCECL Group for provision of Exterior Facade Works to the CSCECL Group's construction works from time to time. In this connection, on 28 October 2014, CSCECL and Far East entered into the New FE-CSCECL Sub-construction Engagement Agreement for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 whereby the parties agreed that:

- (a) any member of the Far East Group may act as subcontractor of the CSCECL Group for provision of Exterior Facade Works to the CSCECL Group's construction works in accordance with the applicable subcontracting procedures of the CSCECL Group from time to time;
- (b) the parties may from time to time enter into further specific contracts, which set out the detailed terms in relation to the engagement of the member of the Far East Group to act as subcontractor of the CSCECL Group for provision of Exterior Facade Works to the CSCECL Group's construction works, provided that the total contract sum that may be awarded by the CSCECL Group to the Far East Group under the New FE-CSCECL Sub-construction Engagement Agreement for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed HK\$800 million (i.e. the CSCECL Works Cap). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the fees payable by the CSCECL Group to the Far East Group will be settled pursuant to the payment terms set out in the specific contracts.

### *Pricing basis of the Far East Group's tenders submitted to the CSCECL Group*

As a general principle, the prices and terms of the contracts with respect to the Exterior Facade Works shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those provided to the independent third party customers of the Far East Group.

The Far East Group will normally need to go through a tender or similar process before being selected and appointed as subcontractor of the CSCECL Group.

The prices and terms of the Far East Group's tenders submitted to the CSCECL Group for the CSCECL Group's construction works are subject to a standard and systematic tender submission procedure maintained by the Far East Group, which applies to tenders submitted to both connected persons and independent third parties, in order to ensure that the prices and terms of the proposed tenders submitted by the Far East Group to the CSCECL Group are no more favourable than those submitted to independent third parties.

In preparing and assessing the tender documents, the Far East Group will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectations and the possible risk factors associated with the project. The Far East Group will then perform site inspection, formulate a tentative construction program and conduct quantitative costs analysis and risk assessment.

Where a member of the Far East Group participates in a tender with all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the tender procedure(s) of the member(s) of the CSCECL Group on the condition that the bidder also satisfies all other essential requirements (including but not limited to relevant experience, capability, historical relationship and track records) as set out in the bid invitation.

Where a member of the Far East Group is nominated as subcontractor designated by the ultimate employer, consideration to such member of the Far East Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer.

#### *Calculation of the CSCECL Works Cap*

The CSCECL Works Cap is calculated with reference to the following factors:

- (a) estimated total contract sum of new construction projects of the CSCECL Group in the three-year period commencing from 1 January 2015 and ending on 31 December 2017, with reference to the CSCECL Group's future growth and expansion for such period; and
- (b) the growth of the construction markets in the PRC in the three-year period commencing from 1 January 2015 and ending on 31 December 2017 estimated by the directors of Far East.

The Far East Group has not been engaged by the CSCECL Group to provide any Exterior Facade Works in the period between 16 July 2012 to 30 September 2014.

#### **Condition Precedent**

The transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) are conditional upon the passing of the resolution by the Far East's Independent Shareholders at the Far East EGM approving the New FE-CSCECL Sub-construction Engagement Agreement and the transactions contemplated thereunder.

## **REASONS FOR THE TRANSACTIONS**

The CSCECL Group is a contractor mainly participating in the PRC construction market. The CSC Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy services. The Far East Group mainly engages in the contracting and engineering business, including design, engineering, manufacture, installation, maintenance, project consultancy and management services. Currently, the major products of the Far East Group are exterior facade systems primarily made of fabricated aluminium cladding, stainless steel and glass.

Far East has expertise in Exterior Facade Works. The directors of both CSC and Far East consider that the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement will allow Far East to maximise the profits and bring synergy effect to both CSCECL and Far East; thereby facilitating the expansion of Far East's businesses.

The directors of CSC (including the independent non-executive directors of CSC) consider that the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Far East Group, and the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) are fair and reasonable and in the interests of CSC and the shareholders of CSC as a whole.

The directors of Far East (other than the independent non-executive directors of Far East whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Far East Group, and the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) are fair and reasonable and in the interests of Far East and the shareholders of Far East as a whole.

## **OTHERS**

References are made to:

- (i) an engagement agreement entered into between CSCECL and CSC on the same date as the New FE-CSCECL Sub-construction Engagement Agreement, details of which are set out in the announcement of CSC dated 28 October 2014;
- (ii) a “Build-Transfer” construction agreement entered into between COHL and CSC on the same date as the New FE-CSCECL Sub-construction Engagement Agreement, details of which are set out in the announcement of CSC dated 28 October 2014.

For clarification purposes, any engagement of the Far East Group pursuant to the New FE-CSCECL Sub-construction Engagement Agreement will not be subject to the provisions of each of the abovementioned agreements and the maximum total contract sum that may be awarded under each of the abovementioned agreements for each year is separate and distinct from the CSCECL Works Cap.

## **LISTING RULES IMPLICATION**

CSCECL is the intermediate holding company of CSC, of which Far East is a non-wholly owned subsidiary. Accordingly, members of the CSCECL Group are connected persons of Far East. The transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group on the one hand and members of the Far East Group on the other hand, constitute continuing connected transactions for Far East under Chapter 14A of the Listing Rules.

Far East is a non-wholly owned subsidiary of CSC, which is indirectly interested in approximately 74.06% of the issued share capital of Far East. Accordingly, the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group and members of Far East Group constitute continuing connected transactions for CSC under Chapter 14A of the Listing Rules.

For CSC, since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) are greater than 0.1% but less than 5%, the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirement. No director of CSC has a material interest in the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement.

For Far East, since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) exceed 5%, the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the Far East EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the Far East EGM.

An independent board committee of Far East comprising all the independent non-executive directors of Far East has been formed to advise the Far East's Independent Shareholders in respect of the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement. An independent financial adviser will be appointed to advise the independent board committee of Far East and the Far East's Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement together with, the recommendations of the independent board committee of Far East, a letter from the independent financial adviser to the independent board committee of Far East and the Far East's Independent Shareholders, and a notice convening the Far East EGM is expected to be despatched to the shareholders of Far East on or before 18 November 2014 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.



## DEFINITIONS

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

“associate(s)”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of a company;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, is a wholly owned subsidiary of CSCECL;
“COLI”	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);
“COLI Group”	COLI and its subsidiaries from time to time;
“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), is a non-wholly owned subsidiary of CSCECL;
“CSC Group”	CSC and its subsidiaries from time to time;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of 中國建築工程總公司 (China State Construction Engineering Corporation);
“CSCECL Group”	CSCECL and its subsidiaries (excluding the CSC Group and the COLI Group) from time to time;

“CSCECL Works Cap”	the maximum total contract sum of the contracts for provision of Exterior Facade Works that may be awarded by the CSCECL Group to the Far East Group (as subcontractor of the CSCECL Group) for each year under the New FE-CSCECL Sub-construction Engagement Agreement;
“Exterior Facade Works”	contracting service, supply, project consultancy service and project management service in relation to exterior facade works;
“Far East”	Far East Global Group 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: 830), is a non-wholly owned subsidiary of CSC;
“Far East EGM”	the extraordinary general meeting of Far East to be held to consider and approve, among other things, the New FE-CSCECL Sub-construction Engagement Agreement and the transactions contemplated thereunder;
“Far East Group”	Far East and its subsidiaries from time to time;
“Far East’s Independent Shareholders”	shareholder(s) of Far East, other than CSCECL and its associates;
“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;
“Macau”	the Macao Special Administrative Region of the PRC;
“New FE-CSCECL Sub-construction Engagement Agreement”	the engagement agreement entered into between CSCECL and Far East on 28 October 2014 in respect of the engagement of members of the Far East Group by members of the CSCECL Group as subcontractor of the CSCECL Group for provision of Exterior Facade Works to the CSCECL Group’s construction works from time to time;

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Previous FE-CSCECL Sub-construction Engagement Agreement”	the engagement agreement entered into between CSCECL and Far East on 11 June 2012 in respect of the engagement of members of the Far East Group by members of the CSCECL Group as subcontractor of the CSCECL Group for provision of Exterior Facade Works to the CSCECL Group’s construction works from time to time;
“Shareholder(s)”	shareholder(s) of a company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent..

By Order of the Board  
**China State Construction  
International Holdings Limited**  
**Zhou Yong**  
*Chairman and Chief Executive Officer*

By Order of the Board  
**Far East Global Group Limited**  
**Zhou Yong**  
*Chairman and Non-executive Director*

Hong Kong, 28 October 2014

*As at the date of this announcement, the Board of CSC comprises Mr. Zhou Yong (Chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew and Mr. Wu Mingqing as Executive Directors; Mr. Li Jian as Non-executive Director; and Dr. Raymond Ho Chung Tai, 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 announcement, the Board of Far East comprises Mr. Zhou Yong as Chairman and Non-executive Director; Mr. Zhang Yifeng (Vice Chairman and Chief Executive Officer), Mr. Zhu Yijian (Vice Chairman), Mr. Wang Hai (Associate Chief Executive Officer), Mr. Chan Sim Wang and Mr. Qin Jidong as Executive Directors; and Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna as Independent Non-executive Directors.*