

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)



遠東環球集團有限公司
FAR EAST GLOBAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 830)

**CONTINUING CONNECTED TRANSACTIONS
WITH
中建五局第三建設有限公司
(3RD CONSTRUCTION CO., LTD OF CHINA CONSTRUCTION
5TH ENGINEERING BUREAU)**

URBAN PLANNING MANAGEMENT AND CONSULTATION SERVICE AGREEMENT

On 30 December 2016, CSCEC 5th Bureau and Far East entered into the Urban Planning Management and Consultation Service Agreement, whereby CSCEC 5th Bureau may engage Far East Subsidiary for provision of the Urban Planning Management and Consultation Service during the term commencing from 30 December 2016 and ending on 31 December 2018 subject to the CSCFB Service Cap.

CSCEC 5th Bureau is a subsidiary of CSCECL. CSCECL is an intermediate holding company of CSC, of which Far East is a non-wholly owned subsidiary. Accordingly, CSCEC 5th Bureau is a connected person of Far East. The transactions contemplated under the Urban Planning Management and Consultation Service Agreement between CSCEC 5th Bureau on the one hand and Far East Subsidiary 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. The CSC Group is not a party to the Urban Planning Management and Consultation Service Agreement or the transactions contemplated thereunder but because Far East is its subsidiary, the transactions contemplated under the Urban Planning Management and Consultation Service Agreement between CSCEC 5th Bureau on the one hand and Far East Subsidiary on the other hand constitute continuing connected transactions for CSC under Chapter 14A of the Listing Rules.

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 to the Far East Group during the term of the Urban Planning Management and Consultation Service Agreement (i.e. the CSCFB Service Cap) are greater than 0.1% but less than 5%, the transactions contemplated under the Urban Planning Management and Consultation Service Agreement are subject to the annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirement 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 to the Far East Group during the term of the Urban Planning Management and Consultation Service Agreement (i.e. the CSCFB Service Cap) are greater than 0.1% but less than 5%, the transactions contemplated under the Urban Planning Management and Consultation Service Agreement are subject to the annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 30 December 2016, CSCEC 5th Bureau and Far East entered into the Urban Planning Management and Consultation Service Agreement, whereby CSCEC 5th Bureau may engage Far East Subsidiary for provision of the Urban Planning Management and Consultation Service during the term commencing from 30 December 2016 and ending on 31 December 2018 subject to the CSCFB Service Cap.

URBAN PLANNING MANAGEMENT AND CONSULTATION SERVICE AGREEMENT

Date

30 December 2016

Parties

1. CSCEC 5th Bureau; and
2. Far East.

Provision of the Urban Planning Management and Consultation Service

CSCEC 5th Bureau is a large-scaled contractor based in the PRC which is principally engaged in the undertaking of construction and engineering works and investment activities and it has a number of Urban Planning Projects in the PRC. On 30 December 2016, CSCEC 5th Bureau and Far East entered into the Urban Planning Management and Consultation Service Agreement, whereby CSCEC 5th Bureau may engage Far East Subsidiary for provision of the Urban Planning Management and Consultation Service during the term commencing from 30 December 2016 and ending on 31 December 2018 subject to the CSCFB Service Cap. Pursuant to the Urban Planning Management and Consultation Service Agreement, the parties agreed that:

- (a) CSCEC 5th Bureau may engage Far East Subsidiary for provision of the Urban Planning Management and Consultation Service to CSCEC 5th Bureau in respect of the Urban Planning Projects from time to time. The scope of such service shall include drawing review, quality management, project progress management, information management, organisation and coordination, record management, safety production and construction management, and provision of training and guidance;
- (b) they may from time to time enter into further specific contracts. Such specific contracts shall set out the specific service fees and charging basis of the Urban Planning Management and Consultation Service which shall be determined according to the actual transactions of the Urban Planning Projects. The terms of such specific contracts will be negotiated on an arm's length basis between the parties;
- (c) the service fees charged by Far East Subsidiary shall be an amount ranging from 2% to 5% of the contract sum of CSCEC 5th Bureau's head agreements with the ultimate employer of the Urban Planning Projects, provided that the total contract sum that may be awarded by CSCEC 5th Bureau to the Far East Group under the Urban Planning Management and Consultation Service Agreement for the period from 30 December 2016 to 31 December 2016 and each of two financial years ending 31 December 2017 and 31 December 2018 shall not exceed HK\$80 million, HK\$100 million and HK\$100 million, respectively (i.e. the CSCFB Service Cap); and

- (d) CSCEC 5th Bureau shall pay the corresponding proportion of service fees to Far East Subsidiary based on the progress payment made by the ultimate employer of the Urban Planning Projects under the head agreements between CSCEC 5th Bureau and the ultimate employer, and such service fees shall be payable by CSCEC 5th Bureau to Far East Subsidiary within 10 business days after CSCEC 5th Bureau having received each progress payment.

Pricing basis of the Urban Planning Management and Consultation Service

As a general principle, the prices and terms of the contracts with respect to the Urban Planning Management and Consultation Service 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 the same or comparable management and consultation service arrangements provided to the independent third party customers of the Far East Group.

The fees for the Urban Planning Management and Consultation Service will be based on the prevailing market prices and ranging from 2% to 5% of the contract sum of CSCEC 5th Bureau's head agreements with the ultimate employer for the Urban Planning Projects, which will be determined with reference to the scope and complexity of the Urban Planning Management and Consultation Service, the location, size and development status of the Urban Planning Projects and the costs and expenses for providing the Urban Planning Management and Consultation Service.

Calculation of the CSCFB Service Cap

The CSCFB Service Cap is calculated with reference to the following factors:

- (a) estimated total contract sum of the Urban Planning Projects for the period commencing from 30 December 2016 and ending on 31 December 2018, with reference to (i) the past contract sum of similar urban planning projects awarded to CSCEC 5th Bureau; and (ii) the future growth and expansion projected by CSCEC 5th Bureau for such period; and
- (b) the growth of the construction and urban planning markets in the PRC for the period commencing from 30 December 2016 and ending on 31 December 2018 estimated by the directors of Far East, which is based on the positive outlook of the development of urbanization and construction industry with growth in construction activities leading to an increase in the urban planning management and consultation works available for the Far East Group in the forthcoming years.

There were no previous transaction in relation to the provision of the Urban Planning Management and Consultation Service by the Far East Group to CSCEC 5th Bureau. Notwithstanding the foregoing, due to the nature of the Urban Planning Management and Consultation Service where each potential urban planning project of CSCEC 5th Bureau may carry a substantial contract sum, the directors of both CSC and Far East are of the view that CSCFB Service Cap is fair and reasonable. Immediately after the signing of the Urban Planning Management and Consultation Service Agreement, CSCEC 5th Bureau engages Far East Subsidiary for provision of the Urban Planning Management and Consultation Service with a service fee of approximately HK\$60,000,000, pursuant to the terms of and in the manner provided for in the Urban Planning Management and Consultation Service Agreement.

REASONS FOR THE TRANSACTIONS

CSCEC 5th Bureau is a large-scaled contractor based in the PRC which is principally engaged in the undertaking of construction and engineering works and investment activities. The CSC Group are principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business. 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 project management and consultation service in relation to urban planning, design, operation and management in the PRC. The directors of both CSC and Far East consider that the transactions contemplated under the Urban Planning Management and Consultation Service Agreement will allow Far East to expand its revenue generating sources and thereby generate stable income and maximise its profit.

In view of the above potential benefits to Far East, the directors of Far East (including the independent non-executive directors of Far East) consider that the transactions contemplated under the Urban Planning Management and Consultation Service Agreement are expected to be entered into in the ordinary and usual course of business of the Far East Group, and the Urban Planning Management and Consultation Service Agreement (together with the CSCFB Service 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 Urban Planning Management and Consultation Service Agreement (together with the CSCFB Service Cap) are fair and reasonable and in the interests of Far East and the shareholders of Far East as a whole.

The CSC Group is not a party to the transactions contemplated under the Urban Planning Management and Consultation Service Agreement. However, the directors of CSC are required to consider such transactions as they are continuing connected transactions of its subsidiary, Far East. In view of the above potential benefits to Far East, the directors of CSC (including the independent non-executive directors of CSC) consider that the transactions contemplated under the Urban Planning Management and Consultation Service Agreement are expected to be entered into in the ordinary and usual course of business of the Far East Group, and the Urban Planning Management and Consultation Service Agreement (together with the CSCFB Service 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 Urban Planning Management and Consultation Service Agreement (together with the CSCFB Service Cap) are fair and reasonable and in the interests of CSC and the shareholders of CSC as a whole.

LISTING RULES IMPLICATION

CSCEC 5th Bureau is a subsidiary of CSCECL. CSCECL is an intermediate holding company of CSC, of which Far East is a non-wholly owned subsidiary. Accordingly, CSCEC 5th Bureau is a connected person of Far East. The transactions contemplated under the Urban Planning Management and Consultation Service Agreement between CSCEC 5th Bureau on the one hand and Far East Subsidiary 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. The CSC Group is not a party to the Urban Planning Management and Consultation Service Agreement or the transactions contemplated thereunder but because Far East is its subsidiary, the transactions contemplated under the Urban Planning Management and Consultation Service Agreement between CSCEC 5th Bureau on the one hand and Far East Subsidiary on the other hand constitute continuing connected transactions for CSC under Chapter 14A of the Listing Rules.

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 to the Far East Group during the term of the Urban Planning Management and Consultation Service Agreement (i.e. the CSCFB Service Cap) are greater than 0.1% but less than 5%, the transactions contemplated under the Urban Planning Management and Consultation Service Agreement are subject to the annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the directors of Far East has any material interest in the transactions contemplated under the Urban Planning Management and Consultation Service Agreement, none of them is required to abstain from voting on the resolutions passed by the board of directors of Far East to approve the Urban Planning Management and Consultation Service Agreement.

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 to the Far East Group during the term of the Urban Planning Management and Consultation Service Agreement (i.e. the CSCFB Service Cap) are greater than 0.1% but less than 5%, the transactions contemplated under the Urban Planning Management and Consultation Service Agreement are subject to the annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the directors of CSC has any material interest in the transactions contemplated under the Urban Planning Management and Consultation Service Agreement, none of them is required to abstain from voting on the resolutions passed by the board of directors of CSC to approve the Urban Planning Management and Consultation Service Agreement.

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;
“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;
“CSCEC 5th Bureau”	中建五局第三建设有限公司 (3rd Construction Co., Ltd of China Construction 5th Engineering Bureau), a limited liability company established in the PRC and a subsidiary of CSCECL;

“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);
“CSCFB Service Cap”	the maximum total contract sum of the contracts for provision of the Urban Planning Management and Consultation Service that may be awarded by CSCEC 5th Bureau to the Far East Group for each period under the Urban Planning Management and Consultation Service Agreement;
“CSC Group”	CSC and its subsidiaries (excluding the Far East Group) from time to time;
“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 Group”	Far East and its subsidiaries from time to time;
“Far East Subsidiary”	any wholly-owned subsidiary designated by Far East for provision of the Urban Planning Management and Consultation Service under the Urban Planning Management and Consultation Service Agreement;
“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;
“PRC”	the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Urban Planning Management and Consultation Service”	project management and consultation service in relation to urban planning, design, operation and management;
“Urban Planning Management and Consultation Service Agreement”	the service agreement entered into between CSCEC 5th Bureau and Far East on 30 December 2016 in respect of the engagement of Far East Subsidiary by CSCEC 5th Bureau for provision of the Urban Planning Management and Consultation Service to CSCEC 5th Bureau from time to time;
“Urban Planning Projects”	urban planning and operation projects located in the PRC undertaken by CSCEC 5th Bureau; and
“%”	per cent..

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

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

Hong Kong, 30 December 2016

As at the date of this announcement, the board of directors 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; 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 directors of Far East comprises Mr. Zhou Yong as Chairman and Non-executive Director; Mr. Zhu Yijian (Vice Chairman and Chief Executive Officer), Mr. Luo Haichuan, Mr. Wang Hai, 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.