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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)



中國建築興業集團有限公司

CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 830)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO CONNECTION SERVICES

Reference is made to the joint announcement of CSC and CSCD dated 30 December 2019 in relation to the Previous Framework Agreement entered into between COLI and CSCD which will expire on 31 December 2022.

The directors of CSCD expect that the COLI Group will continue to engage the CSCD Group for the provision of the Connection Services from time to time. As such, on 25 October 2022, COLI and CSCD entered into the New Framework Agreement to renew the Previous Framework Agreement. Pursuant to the New Framework Agreement, the COLI Group may engage the CSCD Group for the provision of the Connection Services from time to time for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 subject to the New Engagement Cap.

As at the date of this joint announcement, COHL is a controlling shareholder of COLI, CSC and CSCD by virtue of being interested in approximately 56.09% of the number of shares of COLI in issue and approximately 64.81% of the issued share capital of CSC, which, in turn, is interested in approximately 70.78% of the issued share capital of CSCD. Accordingly, members of the COLI Group are connected persons of CSCD and CSC. The transactions contemplated under the New Framework Agreement between members of the COLI Group on the one hand and members of the CSCD Group on the other hand, constitute continuing connected transactions for CSCD under Chapter 14A of the Listing Rules. Although CSC is not a party to the transactions contemplated under the New Framework Agreement, the transactions constitute continuing connected transactions for CSC under Chapter 14A of the Listing Rules since CSCD is its subsidiary.

For CSCD, since all the applicable percentage ratios in respect of the maximum total contract sum that may be awarded by the COLI Group for each year under the New Framework Agreement (that is, the New Engagement Cap) are more than 0.1% but less than 5%, the transactions contemplated under the New Framework Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For CSC, since one of the applicable percentage ratios in respect of the maximum total contract sum that may be awarded for each year under the New Framework Agreement (that is, the New Engagement Cap) is more than 0.1% but less than 5%, the transactions contemplated under the New Framework Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the joint announcement of CSC and CSCD dated 30 December 2019 in relation to the Previous Framework Agreement entered into between COLI and CSCD which will expire on 31 December 2022.

The directors of CSCD expect that the COLI Group will continue to engage the CSCD Group for the provision of the Connection Services from time to time. As such, on 25 October 2022, COLI and CSCD entered into the New Framework Agreement to renew the Previous Framework Agreement. Pursuant to the New Framework Agreement, the COLI Group may engage the CSCD Group for the provision of the Connection Services from time to time for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 subject to the New Engagement Cap.

THE NEW FRAMEWORK AGREEMENT

Date

25 October 2022

Parties

- (a) COLI; and
- (b) CSCD.

Term

The New Framework Agreement has a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive).

Subject matter

Under the New Framework Agreement, the parties agreed, among other things, that:

- (a) the CSCD Group may provide heating pipes connection services for the Heating Pipes Project(s) that involve the connection of sets of heating pipes, which allow the provision of heat from thermal plants to the Heating Pipes Project(s) (that is, the Connection Services);
- (b) the parties may from time to time enter into further implementation agreements, which set out the detailed terms in relation to the Connection Services. The terms under the implementation agreements will be negotiated on an arm's length basis between the parties;
- (c) the total contract sum which may be awarded to the CSCD Group by the COLI Group under the New Framework Agreement for each of the three years ending 31 December 2025 shall not exceed HK\$50 million (that is, the New Engagement Cap); and
- (d) the fees payable by the COLI Group to the CSCD Group will be settled pursuant to the payment terms set out in the specific contracts (including the implementation agreements).

Pricing basis

As a general principle, the prices and terms of the contracts with respect to the Connection Services shall be determined based on negotiations on arm's length basis between the parties, and at prices and on terms no more favourable to the COLI Group than those provided to an independent third party.

The fees for the Connection Services will be determined by the CSCD Group with reference to the pricing standard published by the Shenyang local authorities, the prevailing market price of similar heating services offered by other comparable service providers in the vicinity of the Heating Pipes Project(s), the coverage of heating services, the location, size and development status of the Heating Pipes Project(s), heat capacity and the cost of heating pipes connection.

A business review committee, comprising senior management of the relevant member of the CSCD Group, will review and compare the previous contract prices and terms for similar services provided to both connected persons and independent third parties to ensure that the prices and terms offered to the COLI Group are no more favourable to the COLI Group than those offered to independent third parties. The Finance Department of CSCD will ensure that the transactions contemplated under the New Framework Agreement will be conducted in accordance with the terms of the New Framework Agreement and the New Engagement Cap will not be exceeded. The Finance Department of CSCD will also prepare biannual reports which contain a summary of the connected transactions conducted under the New Framework Agreement during the period under review and such reports will be submitted to the audit committee and the Board of CSCD for review.

Calculation of the New Engagement Cap

The Previous Engagement Cap under the Previous Framework Agreement for each of the three years ending 31 December 2022 shall not exceed HK\$70 million. The New Engagement Cap is calculated with reference to the following factors:

- (a) future projection of the Heating Pipes Project(s) of the COLI Group in the period commencing from 1 January 2023 and ending on 31 December 2025 and the CSCD Group's connection services capacity for such period; and
- (b) the estimated total contract sum of the Connection Services that may be awarded by the COLI Group to the CSCD Group, which is estimated by the directors of CSCD based on the total contract sum awarded to Shenyang Huanggu Company, an indirect wholly-owned subsidiary of CSCD, by the COLI Group for the year ended 31 December 2020 amounted to approximately HK\$30 million, for the year ended 31 December 2021 amounted to nil and for the period between 1 January 2022 and 25 October 2022 amounted to approximately HK\$25 million.

Reasons for and benefits of the entering into of the New Framework Agreement

The COLI Group has a number of Heating Pipes Projects and locations of some of such projects are within the coverage areas where the CSCD Group is capable of providing heating pipes connection services. The directors of CSCD consider that the transactions contemplated under the New Framework Agreement will provide an additional source of income to the CSCD Group from the provision of the Connection Services. In addition, given the satisfactory co-operation between the COLI Group and the CSCD Group pursuant to the Previous Framework Agreement, the continuation of the long-standing and established business relationship will facilitate the expansion of the CSCD Group's businesses.

The directors of CSCD (including the independent non-executive directors of CSCD) consider that the transactions contemplated under the New Framework Agreement are expected to be entered into in the ordinary and usual course of business of the CSCD Group, and the New Framework Agreement (together with the New Engagement 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 Framework Agreement (together with the New Engagement Cap) are fair and reasonable and in the interests of CSCD and its shareholders as a whole.

The directors of CSC (including the independent non-executive directors of CSC) consider that the transactions contemplated under the New Framework Agreement are expected to be entered into in the ordinary and usual course of business of the CSC Group, and the New Framework Agreement (together with the New Engagement 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 Framework Agreement (together with the New Engagement Cap) are fair and reasonable and in the interests of CSC and its shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this joint announcement, COHL is a controlling shareholder of COLI, CSC and CSCD by virtue of being interested in approximately 56.09% of the number of shares of COLI in issue and approximately 64.81% of the issued share capital of CSC, which, in turn, is interested in approximately 70.78% of the issued share capital of CSCD. Accordingly, members of the COLI Group are connected persons of CSCD and CSC. The transactions contemplated under the New Framework Agreement between members of the COLI Group on the one hand and members of the CSCD Group on the other hand, constitute continuing connected transactions for CSCD under Chapter 14A of the Listing Rules. Although CSC is not a party to the transactions contemplated under the New Framework Agreement, the transactions constitute continuing connected transactions for CSC under Chapter 14A of the Listing Rules since CSCD is its subsidiary.

For CSCD, since all the applicable percentage ratios in respect of the maximum total contract sum that may be awarded by the COLI Group for each year under the New Framework Agreement (that is, the New Engagement Cap) are more than 0.1% but less than 5%, the transactions contemplated under the New Framework Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. None of the directors of CSCD has any material interest in the New Framework Agreement or the transactions contemplated thereunder and no director of CSCD is required to abstain from voting on the Board resolution(s) of CSCD approving the entering into of the New Framework Agreement and the transactions contemplated thereunder (including the New Engagement Cap). However, Mr. Zhang Haipeng, being the chairman and non-executive director of CSCD, executive director of CSC and a director of COHL, has voluntarily abstained from voting on the Board resolution(s) of CSCD approving the entering into of the New Framework Agreement and the transactions contemplated thereunder (including the New Engagement Cap).

For CSC, since one of the applicable percentage ratios in respect of the maximum total contract sum that may be awarded for each year under the New Framework Agreement (that is, the New Engagement Cap) is more than 0.1% but less than 5%, the transactions contemplated under the New Framework Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. None of the directors of CSC has any material interest in the New Framework Agreement or the transactions contemplated thereunder and no director of CSC is required to abstain from voting on the Board resolution(s) of CSC approving the entering into of the New Framework Agreement and the transactions contemplated thereunder (including the New Engagement Cap). However, Mr. Yan Jianguo, being the chairman and non-executive director of CSC, the chairman and executive director of COLI and the chairman and president of COHL, Mr. Chen Xiaofeng, being a non-executive director of CSC and the managing director and chief financial officer of COHL, and Mr. Zhang Haipeng, being an executive director of CSC, the chairman and non-executive director of CSCD and a director of COHL, have voluntarily abstained from voting on the Board resolution(s) of CSC approving the entering into of the New Framework Agreement and the transactions contemplated thereunder (including the New Engagement Cap).

Shareholders of CSC and CSCD should note that the New Engagement Cap represents the best estimates by the respective directors of CSC and CSCD of the amount(s) of the relevant transaction(s) based on the information currently available. The New Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the financial or potential financial performance of each of the CSC Group and the CSCD Group. The COLI Group may or may not engage the CSCD Group to provide the Connection Services up to the level of the New Engagement Cap.

INFORMATION OF THE PARTIES

The CSCD Group is principally engaged in general contracting business, facade contracting business (including design, engineering, manufacture and installation of curtain wall system) and operating management business.

The COLI Group is principally engaged in the business of property development and investment, and other operations.

The CSC Group is principally engaged in construction business, infrastructure investments and prefabricated constructions.

CSCEC is the ultimate holding company of each of COLI, CSC and CSCD. CSCEC, together with its subsidiaries (excluding those listed on any stock exchange), is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

DEFINITIONS

In this joint announcement, the following expressions shall have the meanings set out below unless the context otherwise requires:

“Board”	the board of directors of a company
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability
“COLI”	China Overseas Land & Investment Limited, 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 (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies), if any) from time to time

<p>“connected persons”, “continuing connected transaction(s)”, “controlling shareholder”, “percentage ratios” and “subsidiary(ies)”</p>	<p>each has the meaning ascribed to it under the Listing Rules</p>
<p>“Connection Services”</p>	<p>heating pipes connection services for the Heating Pipes Project(s) that involve the connection of sets of heating pipes, which allow the provision of heat from thermal plants to the Heating Pipes Project(s), by the CSCD Group to the COLI Group as a service provider from time to time pursuant to the New Framework Agreement</p>
<p>“CSC”</p>	<p>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)</p>
<p>“CSC Group”</p>	<p>CSC and its subsidiaries (excluding the CSCD Group) from time to time</p>
<p>“CSCD”</p>	<p>China State Construction Development 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: 830)</p>
<p>“CSCD Group”</p>	<p>CSCD and its subsidiaries from time to time</p>
<p>“CSCEC”</p>	<p>中國建築集團有限公司 (China State Construction Engineering Corporation*), a state-owned corporation organised and existing under the laws of the PRC and the ultimate holding company of each of COLI, CSC and CSCD</p>
<p>“Heating Pipes Project(s)”</p>	<p>real estate project(s), which is (are) located in the PRC, developed by the COLI Group</p>
<p>“HK\$”</p>	<p>Hong Kong dollars, the lawful currency of Hong Kong</p>
<p>“Hong Kong”</p>	<p>the Hong Kong Special Administrative Region of the PRC</p>
<p>“Listing Rules”</p>	<p>The Rules Governing the Listing of Securities on the Stock Exchange</p>
<p>“New Engagement Cap”</p>	<p>the maximum total contract sum of the contracts in respect of the Connection Services that may be awarded by the COLI Group to the CSCD Group for each of the three years ending 31 December 2025 under the New Framework Agreement</p>

“New Framework Agreement”	the framework agreement entered into between COLI and CSCD on 25 October 2022 in respect of the engagement of members of the CSCD Group by members of the COLI Group for the provision of the Connection Services for a term of three years ending 31 December 2025
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Previous Framework Agreement”	the framework agreement entered into between COLI and CSCD on 30 December 2019 in respect of the engagement of members of the CSCD Group by members of the COLI Group for the provision of heating pipes connection services for the Heating Pipes Project(s) that involve the connection of sets of heating pipes, which allow the provision of heat from thermal plants to the Heating Pipes Project(s), from time to time for a term of three years ending 31 December 2022
“Previous Engagement Cap”	the maximum total contract sum of the contracts in respect of the heating pipes connection services for the Heating Pipes Project(s) that involve the connection of sets of heating pipes, which allow the provision of heat from thermal plants to the Heating Pipes Project(s), by the CSCD Group to the COLI Group as a service provider, that may be awarded by the COLI Group to the CSCD Group for each of the three years ending 31 December 2022 under the Previous Framework Agreement
“Shenyang Huanggu Company”	瀋陽皇姑熱電有限公司 (Shenyang Huanggu Thermoelectricity Company Limited*), a limited liability company established in the PRC which is indirectly and wholly owned by CSCD
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *for identification purposes only*

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

By order of the Board
**China State Construction Development
Holdings Limited**
Zhang Haipeng
Chairman and Non-executive Director

Hong Kong, 25 October 2022

As at the date of this joint announcement, the Board of CSC comprises Mr. Yan Jianguo as Chairman and non-executive director; Mr. Chen Xiaofeng as non-executive director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Zhou Hancheng and Mr. Hung Cheung Shew as executive directors; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming, Mr. Lee Shing See and Ms. Wong Wai Ching as independent non-executive directors.

As at the date of this joint announcement, the Board of CSCD comprises Mr. Zhang Haipeng as Chairman and non-executive director; Mr. Wu Mingqing (Vice Chairman and Chief Executive Officer), Mr. Wang Hai and Mr. Wong Man Cheung as executive directors; Mr. Huang Jiang as non-executive director; and Mr. Zhou Jinsong, Ms. Chan Man Ki Maggie and Mr. Zhang Xinyu as independent non-executive directors.