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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 WITH
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED
IN RELATION TO THE NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT**

References are made to (i) the announcement of the Company dated 19 October 2020 and (ii) the circular of the Company dated 20 November 2020 in relation to, among other things, the Previous CSCD-CSC Operational Services Agreement entered into between CSC and the Company which will expire on 31 December 2023.

The Directors expect that the CSC Group will continue to (i) provide mechanical and electrical engineering works for the Group's construction works; (ii) lease machineries to the Group; (iii) provide insurance services to the Group and issue surety bonds for the Group's construction works; and (iv) supply materials to the Group. In this connection, on 20 October 2023, CSC and the Company entered into the New CSCD-CSC Operational Services Agreement to renew the Previous CSCD-CSC Operational Services Agreement for a further term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive). Pursuant to the New CSCD-CSC Operational Services Agreement, (1) the Group may engage the CSC Group as subcontractor of the Group for provision of mechanical and electrical engineering works for the Group's construction works subject to the Mechanical and Electrical Engineering Works Caps; (2) the Group may lease machineries from the CSC Group for the Group's construction works subject to the Machineries Leasing Caps; (3) the Group may engage the CSC Group to provide insurance services to the Group and issue surety bonds for the Group's construction works subject to the Insurance Services and Surety Bonds Caps; and (4) the CSC Group may supply materials to the Group subject to the Supply of Materials Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSC is a controlling shareholder of the Company. Accordingly, members of the CSC Group are connected persons of the Company. The CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios in respect of the CSC Works Caps exceed 5%, the CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement (together with the CSC Works Caps). Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New CSCD-CSC Operational Services Agreement and the CSC Works Transactions contemplated thereunder (together with the CSC Works Caps).

A circular containing, among other things, further particulars of the CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement together with, the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM, is expected to be despatched to the Shareholders on or before 30 November 2023 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

BACKGROUND

References are made to (i) the announcement of the Company dated 19 October 2020 and (ii) the circular of the Company dated 20 November 2020 in relation to, among other things, the Previous CSCD-CSC Operational Services Agreement entered into between CSC and the Company which will expire on 31 December 2023.

The Directors expect that the CSC Group will continue to (i) provide mechanical and electrical engineering works for the Group’s construction works; (ii) lease machineries to the Group; (iii) provide insurance services to the Group and issue surety bonds for the Group’s construction works; and (iv) supply materials to the Group. In this connection, on 20 October 2023, CSC and the Company entered into the New CSCD-CSC Operational Services Agreement to renew the Previous CSCD-CSC Operational Services Agreement for a further term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive). Pursuant to the New CSCD-CSC Operational Services Agreement, (1) the Group may engage the CSC Group as subcontractor of the Group for provision of mechanical and electrical engineering works for the Group’s construction works; (2) the Group may lease machineries from the CSC Group for the Group’s construction works; (3) the Group may engage the CSC Group to provide insurance services to the Group and issue surety bonds for the Group’s construction works; and (4) the CSC Group may supply materials to the Group.

NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT

Date

20 October 2023

Parties

1. CSC; and
2. the Company.

(1) Mechanical and Electrical Engineering Works Transactions

Under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive):

- (a) any member of the CSC Group may act as subcontractor of the Group for provision of mechanical and electrical engineering works for the Group’s construction works in accordance with the applicable subcontracting procedures of the Group from time to time (the “**Mechanical and Electrical Engineering Works Transactions**”);
- (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 CSC Group to act as subcontractor of the Group for provision of mechanical and electrical engineering works for the Group’s construction works, provided that the total contract sum that may be awarded by the Group to the CSC Group under the New CSCD-CSC

Operational Services Agreement for each of the three financial years ending 31 December 2026 shall not exceed HK\$550 million (i.e. the Mechanical and Electrical Engineering Works Caps). 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 Group to the CSC Group will be settled pursuant to the payment terms set out in the specific contracts.

Pricing basis of the contracts awarded by the Group to the CSC Group

As a general principle, the prices and terms of the contracts with respect to the Mechanical and Electrical Engineering Works Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than those provided by independent third party subcontractors of the Group.

Where the CSC Group is nominated as subcontractor of the Group by the ultimate employer, consideration to the CSC Group will be determined by the independent professional quantity surveyor appointed by the ultimate employer.

Where the Group has the right to select its contractors, the Group will conduct a vetting process to shortlist at least three contractors from a list of pre-approved contractors to be invited to tender, and the winning bid of which will be the one with the lowest tender amount in accordance with the Group's internal tender procedures on the condition that the bidder also satisfies all other essential requirements (including but not limited to relevant experience, capability and historical relationship and track records) as set out in the tender invitation.

The Group maintains a list of pre-approved contractors (which is subject to periodic review and update by its management to ensure contractors' quality standards). Contractors on the list include those with or without prior working relationship with the Group. Contractors with prior working relationship with the Group will be subject to suitability assessment following completion of every project of the Group. Contractors can only be retained on the list if they meet the minimum criteria for retention in the suitability assessment, otherwise they will be removed from the list. Contractors without prior working relationship with the Group will be subject to qualification evaluation and review to ascertain if they are suitable for inclusion in the list. The Group will take into account factors including contractors' financial stability, size and scale, relevant experience, professional qualification, reputation and past performance on similar projects.

Historical transaction amounts

The table below sets out the actual total contract sum for provision of mechanical and electrical engineering works by the CSC Group for the Group's construction works for the two years ended 31 December 2022 and the six months ended 30 June 2023:

	For the year ended		For the
	31 December		six months
	2021	2022	ended 30 June
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Actual total contract sum for provision of mechanical and electrical engineering works by the CSC Group	Nil	Nil	Nil

Calculation of the Mechanical and Electrical Engineering Works Caps

The Mechanical and Electrical Engineering Works Cap:

- (a) for the financial year ending 31 December 2024 is determined with reference to the potential residential/commercial construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$6.5 billion that the Group may tender for in the fourth quarter of 2023 and in 2024 and where, upon successful tender, contracts for the provision of mechanical and electrical engineering works may be tendered by, and awarded to, prospective subcontractors of the Group in 2024;
- (b) for the financial year ending 31 December 2025 is determined with reference to the potential commercial construction project available from a property developer in Hong Kong with an estimated contract sum of HK\$4.2 billion that may be available for tender by the Group in the fourth quarter of 2024 and where, upon successful tender, contracts for the provision of mechanical and electrical engineering works may be tendered by, and awarded to, prospective subcontractors of the Group in 2025; and
- (c) for the financial year ending 31 December 2026 is determined with reference to the potential residential construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$3.3 billion that may be available for tender by the Group in the fourth quarter of 2025 and where, upon successful tender, contracts for the provision of mechanical and electrical engineering works may be tendered by, and awarded to, prospective subcontractors of the Group in 2026.

The CSC Group was not engaged by the Group to provide any mechanical and electrical engineering works in the two financial years ended 31 December 2022 and in the period from 1 January 2023 to 30 June 2023 as the CSC Group had not been nominated by the ultimate employer as subcontractor of the Group.

Notwithstanding that the CSC was not engaged by the Group to provide any mechanical and electrical engineering works in the two financial years ended 31 December 2022 and in the period from 1 January 2023 to 30 June 2023, the Mechanical and Electrical Engineering Works Caps are fair and reasonable due to the fact that (i) mechanical and electrical engineering works will be a furtherance to the Group's business; (ii) it would provide the Group the flexibility but not the obligation to engage the CSC Group for mechanical and electrical engineering works; and (iii) it would avoid undue delay in the mechanical and electrical engineering works which the Group wishes to engage the CSC Group.

(2) **Machineries Leasing Transactions**

Under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive):

- (a) the Group may lease machineries from any member of the CSC Group for the Group's construction works in accordance with the applicable vendor selection procedures of the Group from time to time (the "**Machineries Leasing Transactions**");
- (b) the parties may from time to time enter into further specific contracts which set out the detailed terms in relation to the leasing of machineries from the CSC Group to the Group for the Group's construction works, provided that the total rent for the leasing of machineries under the New CSCD-CSC Operational Services Agreement for each of the three financial years ending 31 December 2026 shall not exceed HK\$40 million (i.e. the Machineries Leasing Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the rent for the machineries will be paid by the Group to the CSC Group pursuant to the terms set out in the specific contracts.

Pricing basis of the contracts awarded by the Group to the CSC Group

As a general principle, the prices and terms of the contracts with respect to the Machineries Leasing Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than those offered by independent third party vendors of the Group.

The Group will obtain at least three quotations from a list of pre-approved vendors (which is subject to periodic review and update by its management to ensure vendors' machineries and equipment are in good operational conditions). For the selection of a vendor, the lowest quotation will be selected on the condition that the vendor also satisfies all other essential requirements (including but not limited to the specification and condition of the machinery and equipment).

Vendors on the list include those with or without prior working relationship with the Group. Vendors with prior working relationship with the Group will be subject to suitability assessment following completion of every project of the Group. Vendors can only be retained on the list if they meet the minimum criteria for retention in the suitability assessment, otherwise they will be removed from the list. Vendors without prior working relationship with the Group will be subject to qualification evaluation and review to ascertain if they are suitable for inclusion in the list. The Group will take into account factors including vendors' financial stability, size and scale, machinery and equipment specification and condition, price, reputation and past performance on similar projects. Vendors who submit quotations to the Group are selected from vendors on the list of pre-approved vendors.

Historical transaction amounts

The table below sets out the total rent paid by the Group for the leasing of machineries from the CSC Group for the two years ended 31 December 2022 and the six months ended 30 June 2023:

	For the year ended		For the
	31 December		six months
	2021	2022	ended 30 June
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Total rent paid by the Group for the leasing of machineries	5.7	0.5	7.2

Calculation of the Machineries Leasing Caps

The Machineries Leasing Cap:

- (a) for the financial year ending 31 December 2024 is determined with reference to (i) the historical transaction amounts for the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the potential residential/commercial construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$6.5 billion that the Group may tender for in the fourth quarter of 2023 and in 2024 and where, upon successful tender, the construction works that require the leasing of machineries will be carried out by the Group in 2024;
- (b) for the financial year ending 31 December 2025 is determined with reference to the potential commercial construction project with an estimated contract sum of HK\$4.2 billion that may be available for tender by the Group in the fourth quarter of 2024 and where, upon successful tender, the construction works that require the leasing of machineries will be carried out by the Group in 2025; and
- (c) for the financial year ending 31 December 2026 is determined with reference to the potential residential/commercial construction projects with an estimated total contract sum of HK\$3.3 billion that may be available for tender by the Group in the fourth quarter of 2025 and where, upon successful tender, the construction works that require the leasing of machineries will be carried out by the Group in 2026.

(3) Insurance Services and Surety Bonds Transactions

Under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive):

- (a) any member of the CSC Group may provide insurance services to the Group and issue surety bonds for the Group's construction works in accordance with the applicable insurer selection procedures of the Group from time to time (the “**Insurance Services and Surety Bonds Transactions**”);
- (b) the parties may from time to time enter into further specific contracts which set out the detailed terms in relation to the provision of insurance services and the issuance of surety bonds, provided that the total premiums/fees for the provision of insurance services and the issuance of surety bonds under the New CSCD-CSC

Operational Services Agreement for each of the three financial years ending 31 December 2026 shall not exceed HK\$75 million (i.e. the Insurance Services and Surety Bonds Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and

- (c) the premiums/fees for the insurance services and surety bonds will be paid by the Group to the CSC Group pursuant to the payment terms set out in the specific contracts.

Pricing basis of the provision of insurance services and issuance of surety bonds by the CSC Group

As a general principle, the prices and terms of the contracts with respect to the Insurance Services and Surety Bonds Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than those offered by independent third party insurers of the Group.

The Group will obtain at least three quotations from independent insurers (directly or indirectly through insurance brokers) and the CSC Group. For the selection of the insurers, the lowest quotation will be selected on the condition that the insurer also satisfies other essential requirements (including but not limited to paying ability, financial strength, specialisation, historical relationship and record of claim refusal).

Historical transaction amounts

The table below sets out the total premiums/fees paid by the Group for provision of insurance services and issuance of surety bonds by the CSC Group for the two years ended 31 December 2022 and the six months ended 30 June 2023:

	For the year ended		For the
	31 December		six months
	2021	2022	ended 30 June
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Total premiums/fees paid by the Group for provision of insurance services and issuance of surety bonds by the CSC Group	20	1.2	4.2

Calculation of the Insurance Services and Surety Bonds Caps

The Insurance Services and Surety Bonds Cap:

- (a) for the financial year ending 31 December 2024 is determined with reference to (i) the historical transaction amounts for the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the potential residential/commercial construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$6.5 billion that the Group may tender for in the fourth quarter of 2023 and in 2024 and where, upon successful tender, the construction works that require the insurance coverage and/or surety bonds will be carried out by the Group in 2024;
- (b) for the financial year ending 31 December 2025 is determined with reference to the potential commercial construction project with an estimated contract sum of HK\$4.2 billion that may be available for tender by the Group in the fourth quarter of 2024 and where, upon successful tender, the construction works that require insurance coverage and/or surety bonds will be carried out by the Group in 2025; and
- (c) for the financial year ending 31 December 2026 is determined with reference to the potential residential construction projects with an estimated total contract sum of HK\$3.3 billion that may be available for tender by the Group in the fourth quarter of 2025 and where, upon successful tender, the construction works that require insurance coverage and/or surety bonds will be carried out by the Group in 2026.

(4) Supply of Materials Transactions

Under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive):

- (a) any member of the CSC Group may supply materials (including but not limited to building materials and construction management products) to the Group for the Group's construction works in accordance with the applicable supplier selection procedures of the Group from time to time (the "**Supply of Materials Transactions**");

- (b) the parties may from time to time enter into further specific contracts which set out the detailed terms in relation to the supply of materials, provided that the total sum for the supply of materials under the New CSCD-CSC Operational Services Agreement for each of the three financial years ending 31 December 2026 shall not exceed HK\$270 million (i.e. the Supply of Materials Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the amount for the supply of materials will be paid by the Group to the CSC Group pursuant to the payment terms set out in the specific contracts.

Pricing basis of the supply of materials to the Group by the CSC Group

As a general principle, the prices and terms of the contracts with respect to the Supply of Materials Transactions shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than those offered by independent third party suppliers of the Group.

The Group will obtain at least three quotations from a list of pre-approved suppliers (which is subject to periodic review and update by its management to ensure a portfolio of best-in-class suppliers is available for use). Suppliers on the list include those with or without prior working relationship with the Group. Suppliers with prior working relationship with the Group will be subject to suitability assessment following completion of every project of the Group. Suppliers can only be retained on the list if they meet the minimum criteria for retention in the suitability assessment, otherwise they will be removed from the list. Suppliers without prior working relationship with the Group will be subject to qualification evaluation and review to ascertain if they are suitable for inclusion in the list. The Group will take into account factors including suppliers' financial stability, size and scale, products offered and specification, production capacity and facility, professional qualification, reputation and past performance on similar projects. Only suppliers who are on the list will be invited to submit quotations to the Group.

For the selection of a supplier, the lowest quotation will be selected on the condition that the supplier also satisfies all other essential requirements (including but not limited to relevant experience, qualities and specifications of materials and track records).

Historical transaction amounts

The table below sets out the total amount paid by the Group for the materials supplied by the CSC Group for the two years ended 31 December 2022 and the six months ended 30 June 2023:

	For the year ended		For the
	31 December		six months
	2021	2022	ended 30 June
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Total amount paid by the Group for the materials supplied by the CSC Group	12	13	0.3

Calculation of the Supply of Materials Caps

The Supply of Materials Cap:

- (a) for the financial year ending 31 December 2024 is determined with reference to (i) the historical transaction amounts for the two years ended 31 December 2022 and the six months ended 30 June 2023; and (ii) the potential residential/commercial construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$6.5 billion that the Group may tender for in the fourth quarter of 2023 and in 2024 and where, upon successful tender, the construction works that require the supply of materials will be carried out by the Group in 2024;
- (b) for the financial year ending 31 December 2025 is determined with reference to the potential commercial construction project with an estimated contract sum of HK\$4.2 billion that may be available for tender by the Group in the fourth quarter of 2024 and where, upon successful tender, the construction works that require the supply of materials will be carried out by the Group in 2025; and
- (c) for the financial year ending 31 December 2026 is determined with reference to the potential residential construction projects with an estimated total contract sum of HK\$3.3 billion that may be available for tender by the Group in the fourth quarter of 2025 and where, upon successful tender, the construction works that require the supply of materials will be carried out by the Group in 2026.

Condition Precedent

The CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement (together with the CSC Works Caps) are conditional upon the passing of the resolution by the Independent Shareholders at the EGM approving the New CSCD-CSC Operational Services Agreement and the CSC Works Transactions contemplated thereunder (together with the CSC Works Caps).

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT

The CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, as well as the CSC Group.

The expertise of the CSC Group in building construction and its solid financial standing have demonstrated itself as professional and reliable contractor and supplier to its customers and the continuation of the longstanding and established business relationship with the CSC Group will allow the Group to secure a more diverse base of contractors and suppliers, such that the Group can earn competitive advantages and maximise profits by ensuring its contractors/suppliers offer more competitive pricing and services, reducing the risk of delay in project delivery, and boosting the performance of the contractors/suppliers to meet complex and demanding business needs, thereby bringing synergistic effect to both CSC Group and the Group, and facilitating the expansion of the Group's businesses.

The Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement are expected to be entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement (together with the CSC Works Caps) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES TO THE NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT

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

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

CSCEC is the ultimate holding company of each of CSC and the Company. 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSC is a controlling shareholder of the Company. Accordingly, members of the CSC Group are connected persons of the Company. The CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios in respect of the CSC Works Caps exceed 5%, the CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement (together with the CSC Works Caps). Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New CSCD-CSC Operational Services Agreement and the CSC Works Transactions contemplated thereunder (together with the CSC Works Caps).

A circular containing, among other things, further particulars of the CSC Works Transactions contemplated under the New CSCD-CSC Operational Services Agreement together with, the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM, is expected to be despatched to the Shareholders on or before 30 November 2023 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“30%-controlled companies”, “associate(s)”, “connected persons”, “continuing connected transactions”, “controlling shareholder”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	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)
“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), a controlling shareholder of the Company
“CSC Group”	CSC and its subsidiaries (excluding the Group) and 30%-controlled companies from time to time
“CSC Works Caps”	collectively, the Mechanical and Electrical Engineering Works Caps, Machineries Leasing Caps, Insurance Services and Surety Bonds Caps and Supply of Materials Caps
“CSC Works Transactions”	collectively, the Mechanical and Electrical Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services and Surety Bonds Transactions and Supply of Materials Transactions
“CSCEC”	中國建築集團有限公司(China State Construction Engineering Corporation*), a limited liability company organised and existing under the laws of the PRC and the ultimate holding company of each of CSC and the Company

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New CSCD-CSC Operational Services Agreement and the CSC Works Transactions contemplated thereunder (together with the CSC Works Caps)
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the New CSCD-CSC Operational Services Agreement and the CSC Works Transactions contemplated thereunder
“Independent Financial Adviser”	Altus Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New CSCD-CSC Operational Services Agreement and the CSC Works Transactions contemplated thereunder
“Independent Shareholder(s)”	holder(s) of the share(s) of the Company (excluding CSC and its associates)
“Insurance Services and Surety Bonds Cap(s)”	the maximum aggregate value of the premiums/fees of the contracts for provision of insurance services to the Group and issuance of surety bonds for the Group’s construction works by the CSC Group in each year under the New CSCD-CSC Operational Services Agreement
“Insurance Services and Surety Bonds Transactions”	the engagement of the CSC Group to provide insurance services to the Group and issue surety bonds for the Group’s construction works as described under the section headed “New CSCD-CSC Operational Services Agreement – (3) Insurance Services and Surety Bonds Transactions” in this announcement

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Machineries Leasing Cap(s)”	the maximum aggregate value of rent in respect of the leasing of machineries from the CSC Group to the Group in each year under the New CSCD-CSC Operational Services Agreement
“Machineries Leasing Transactions”	the leasing of machineries from the CSC Group to the Group for the Group’s construction works as described under the section headed “New CSCD-CSC Operational Services Agreement – (2) Machineries Leasing Transactions” in this announcement
“Mechanical and Electrical Engineering Works Cap(s)”	the maximum aggregate value of the contract sum of the contracts for provision of mechanical and electrical engineering works that may be awarded by the Group to the CSC Group (as subcontractor of the Group) in each year under the New CSCD-CSC Operational Services Agreement
“Mechanical and Electrical Engineering Works Transactions”	the engagement by the Group of the CSC Group as subcontractor of the Group for provision of mechanical and electrical engineering works for the Group’s construction works as described under the section headed “New CSCD-CSC Operational Services Agreement – (1) Mechanical and Electrical Engineering Works Transactions” in this announcement
“New CSCD-CSC Operational Services Agreement”	the agreement entered into between CSC and the Company on 20 October 2023 in respect of the CSC Works Transactions
“PRC”	The People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Previous CSCD-CSC Operational Services Agreement”	the agreement entered into between CSC and the Company on 19 October 2020 in respect of (i) the provision of mechanical and electrical engineering works by the CSC Group to the Group for the Group’s construction works; (ii) the leasing of machineries from the CSC Group to the Group for the Group’s construction works; (iii) the provision of insurance services by the CSC Group to the Group and issuance of surety bonds for the Group’s construction works; and (iv) the supply of building materials by the CSC Group to the Group for the Group’s construction works, for the period commenced from 1 January 2021 and ending on 31 December 2023

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply of Materials Cap(s)”	the maximum aggregate value of the contract sum of the contracts for supply of materials by the CSC Group to the Group in each year under the New CSCD-CSC Operational Services Agreement
“Supply of Materials Transactions”	the supply of materials by the CSC Group to the Group for the Group’s construction works as described under the section headed “New CSCD-CSC Operational Services Agreement – (4) Supply of Materials Transactions” in this announcement
“%”	per cent

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

Hong Kong, 20 October 2023

* *For identification purpose only*

As at the date of this announcement, the Board comprises Mr. Zhang Haipeng as Chairman and non-executive Director; Mr. Wu Mingqing (Vice Chairman and Chief Executive Officer of the Company), 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.