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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)**

**CONTINUING CONNECTED TRANSACTIONS  
WITH CHINA OVERSEAS LAND & INVESTMENT LIMITED  
IN RELATION TO CONSTRUCTION WORKS**

Reference is made to the announcement jointly issued by the Company and COLI dated 6 October 2017, and the circular of the Company dated 6 November 2017, in relation to, among other things, the Previous Engagement Agreement entered into between the Company and COLI which will expire on 31 December 2020.

It is contemplated that the COLI Group will invite the Group to tender for more construction works of the COLI Group in the PRC, Hong Kong and Macau as construction contractor from time to time and the annual cap provided for in the Previous Engagement Agreement for the financial year ending on 31 December 2020 needs to be revised. As such, on 8 April 2020, the Company and COLI entered into the New Master Engagement Agreement to replace and supersede the Previous Engagement Agreement. Pursuant to the New Master Engagement Agreement, (i) the Group may tender for the COLI Group's construction works in the PRC, Hong Kong and Macau as construction contractor in accordance with the tendering procedures of the COLI Group from time to time for three financial years ending on 31 December 2022 subject to the COLI Works Annual Cap; and (ii) the COLI Group may engage the Group as construction contractor for the COLI Group's construction works in the PRC, Hong Kong and Macau upon the Group's successful tender.

As at the date of this announcement, CSCEC is the ultimate holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COLI by virtue of it being interested in approximately 64.66% of the issued share capital of the Company and approximately 55.99% of the issued share capital of COLI. Accordingly, members of the COLI Group are connected persons of the Group and members of the Group are connected persons of the COLI Group. The transactions contemplated under the New Master Engagement Agreement between members of the COLI Group on one hand and members of the Group on the other hand, constitute continuing connected transactions for both the Company and COLI under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded to the Group by the COLI Group for each financial year under the New Master Engagement Agreement (i.e. the COLI Works Annual Cap) exceed 5% for the Company, the transactions contemplated under the New Master Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company comprising all the independent non-executive directors of the Company has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the New Master Engagement Agreement. Honestum International has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this connection. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM.

A circular containing, among other things, further particulars of the transactions contemplated under the New Master Engagement Agreement together with, the recommendations of the independent board committee of the Company, a letter from the Independent Financial Adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM is expected to be despatched to the shareholders of the Company on or before 5 May 2020 in accordance with the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement jointly issued by the Company and COLI dated 6 October 2017, and the circular of the Company dated 6 November 2017, in relation to, among other things, the Previous Engagement Agreement entered into between the Company and COLI which will expire on 31 December 2020.

It is contemplated that the COLI Group will invite the Group to tender for more construction works of the COLI Group in the PRC, Hong Kong and Macau as construction contractor from time to time and the annual cap provided for in the Previous Engagement Agreement for the financial year ending on 31 December 2020 needs to be revised. As such, on 8 April 2020, the Company and COLI entered into the New Master Engagement Agreement to replace and supersede the Previous Engagement Agreement. Pursuant to the New Master Engagement Agreement, (i) the Group may tender for the COLI Group's construction works in the PRC, Hong Kong and Macau as construction contractor in accordance with the tendering procedures of the COLI Group from time to time for three financial years ending on 31 December 2022 subject to the COLI Works Annual Cap; and (ii) the COLI Group may engage the Group as construction contractor for the COLI Group's construction works in the PRC, Hong Kong and Macau upon the Group's successful tender.

## **THE NEW MASTER ENGAGEMENT AGREEMENT**

### **Date**

8 April 2020

### **Parties**

1. the Company; and
2. COLI.

### **Continuing Connected Transactions in relation to Construction Works**

The Company expects that the COLI Group will invite the Group to tender for more construction works of the COLI Group in the PRC, Hong Kong and Macau as construction contractor from time to time and the annual cap provided for in the Previous Engagement Agreement for the financial year ending on 31 December 2020 needs to be revised. As such, on 8 April 2020, the Company and COLI entered into

the New Master Engagement Agreement for three financial years ending on 31 December 2022 whereby the parties agreed, among other things, that:

- (a) the Group may tender for the COLI Group’s construction works in the PRC, Hong Kong and Macau as construction contractor in accordance with the tendering procedures of the COLI Group from time to time and on the same and normal terms as offered to other independent third party construction contractors;
- (b) if any contract is granted in favour of the Group as a result of the above tender, the Group may act as construction contractor for the COLI Group’s construction works in the PRC, Hong Kong and Macau based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the COLI Group to the Group shall not exceed the following COLI Works Annual Cap:

<b>For the financial year ending on 31 December 2020</b>	<b>For the financial year ending on 31 December 2021</b>	<b>For the financial year ending on 31 December 2022</b>
------------------------------------------------------------------	------------------------------------------------------------------	------------------------------------------------------------------

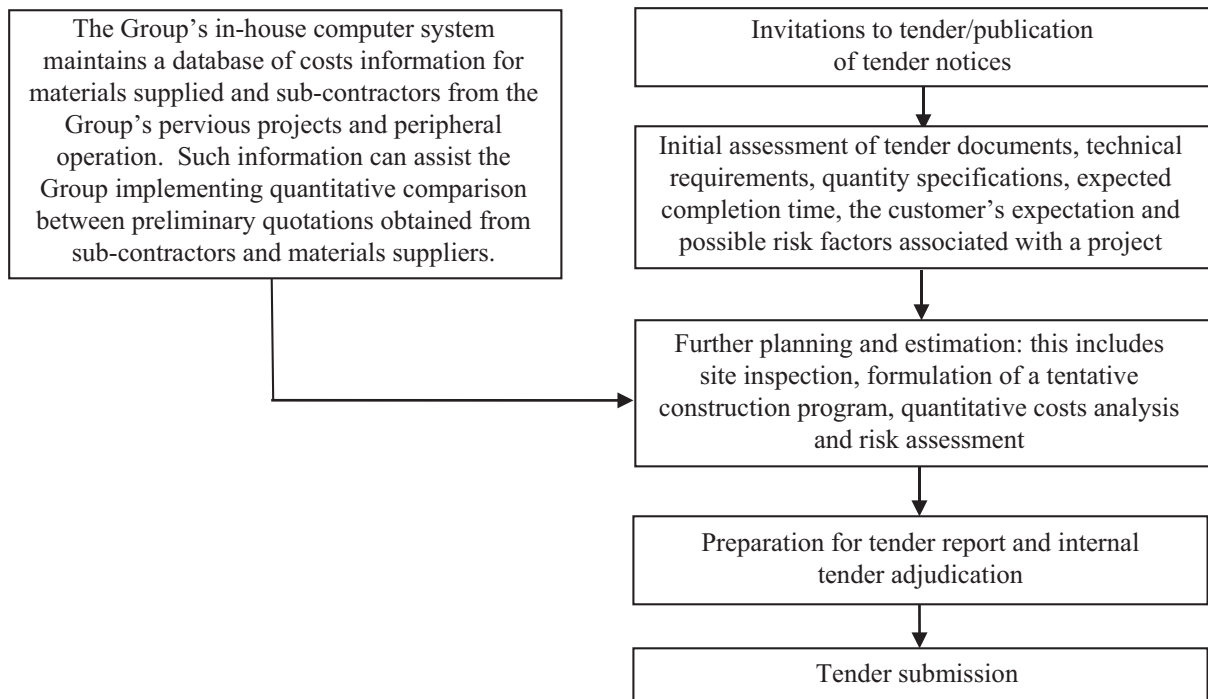
HK\$9,000 million	HK\$9,000 million	HK\$9,000 million
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- (c) the fees in respect of the construction works payable by the COLI Group to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific construction contracts.

*Pricing basis of the tenders submitted by the Group*

The price and terms of the tenders submitted by the Group to the COLI Group for the COLI Group’s construction works in the PRC, Hong Kong and Macau are subject to the standard and systematic tender submission procedures maintained by the Group, which apply for tenders submitted to both connected persons and independent third parties of the Group, in order to ensure that the price and terms of the proposed tender submitted by the Group to the COLI Group is no more favourable than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involve (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission. The procedures, as illustrated in the following diagram, will enable the Group to review the feasibility and profitability of the tender to be submitted and to decide the contents and pricing terms of the tender to be submitted.



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

In determining the pricing terms, the Group will review the costs information maintained by its in-house computer database for materials supplied and sub-contractors from the Group's previous projects and peripheral operation. The information will assist the Group to conduct quantitative comparison between quotations obtained from sub-contractors and on the costs of the materials.

If any contract is granted in favour of the Group as a result of the competitive tender, the relevant project owner of the COLI Group will issue a letter of award to the Group and the Group will act as construction contractor for the COLI Group's construction works in the PRC, Hong Kong and Macau based on the terms of the successful tender.

## *Calculation of the COLI Works Annual Cap*

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

- (a) total contract sum awarded by the COLI Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the COLI Group for the financial year ended 31 December 2017 of approximately HK\$2,912.99 million, for the financial year ended 31 December 2018 of approximately HK\$2,602.78 million and for the financial year ended 31 December 2019 of approximately HK\$2,896.90 million;
- (b) total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau for the financial year ended 31 December 2017 of approximately HK\$42,849.47 million, for the financial year ended 31 December 2018 of approximately HK\$66,192.17 million, and for the financial year ended 31 December 2019 of approximately HK\$71,929.25 million; and
- (c) the total estimated contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau that the Group expects to tender for during the period of three financial years ending on 31 December 2022, estimated with reference to the COLI Group's future growth and expansion in its land reserves and the Group's construction works capacity in the PRC, Hong Kong and Macau for such period.

The contract sums under the New Master Engagement Agreement will be satisfied by the COLI Group in cash from its general working capital. The New Master Engagement Agreement (together with the COLI Works Annual Cap) will replace and supersede the Previous Engagement Agreement (together with the annual cap thereunder) with effect from the satisfaction of the conditions precedent set out below.

### **Conditions Precedent**

The transactions contemplated under the New Master Engagement Agreement (together with the COLI Works Annual Cap) are conditional upon (i) the passing of the resolution by the Independent Shareholders at the EGM approving the New Master Engagement Agreement (together with the COLI Works Annual Cap) and the transactions contemplated thereunder, and (ii) the Company and COLI having complied with all requirements under the Listing Rules with respect to the New Master Engagement Agreement (together with the COLI Works Annual Cap) and the transactions contemplated thereunder.

In the event that the New Master Engagement Agreement does not become effective, the Previous Engagement Agreement (together with the annual cap thereunder) will remain in full force and binding on the Company and COLI.

## **Reasons for and Benefits of the Entering into of the New Master Engagement Agreement**

The directors of the Company consider that being able to participate in the construction works of the COLI Group in the PRC, Hong Kong and Macau as construction contractor upon successful tender allows the Group to strengthen and further develop its construction business and qualifications in the PRC, Hong Kong and Macau.

It is expected that the pipeline for new construction projects originated from the COLI Group would increase towards the second half of the financial year ending on 2020 and the number/total contract sum of construction projects which the COLI Group may invite the Group to put in tender would also increase from the level previously anticipated for the year.

The directors of the Company (other than the independent non-executive directors of the Company whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the transactions contemplated under the New Master Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Group, and the New Master Engagement Agreement (together with the COLI Works Annual 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 Master Engagement Agreement (together with the COLI Works Annual Cap) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

As at the date of this announcement, the Company is principally engaged in building construction, civil engineering works, electrical and mechanical works, infrastructure investment and project consultancy business.

COLI is principally engaged in the business of property development and investment, and treasury operations.

CSCECL is the holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COLI. CSCECL is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

CSCEC is the ultimate holding company of each of CSCECL, COHL, the Company and COLI. Its principal businesses are 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, CSCEC is the ultimate holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COLI by virtue of it being interested in approximately 64.66% of the issued share capital of the Company and approximately 55.99% of the issued share capital of COLI. Accordingly, members of the COLI Group are connected persons of the Group and members of the Group are connected persons of the COLI Group. The transactions contemplated under the New Master Engagement Agreement between members of the COLI Group on one hand and members of the Group on the other hand, constitute continuing connected transactions for both the Company and COLI under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded to the Group by the COLI Group for each financial year under the New Master Engagement Agreement (i.e. the COLI Works Annual Cap) exceed 5% for the Company, the transactions contemplated under the New Master Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company comprising all the independent non-executive directors of the Company has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the New Master Engagement Agreement. Honestum International has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this connection. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM. None of the directors of the Company has any material interest in the New Master Engagement Agreement and the transactions contemplated thereunder. However, Mr. Yan Jianguo, who is the Chairman and Non-executive director of the Company, the Chairman and President of COHL and the Chairman and Executive director of COLI, has voluntarily abstained from voting on the Board resolutions approving the entering into of the New Master Engagement Agreement (together with the COLI Works Annual Cap) and the transactions contemplated thereunder.



A circular containing, among other things, further particulars of the transactions contemplated under the New Master Engagement Agreement together with, the recommendations of the independent board committee of the Company, a letter from the Independent Financial Adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM is expected to be despatched to the shareholders of the Company on or before 5 May 2020 in accordance with the Listing Rules.

Shareholders of the Company should note that the COLI Works Annual Cap represents the best estimates by the directors of the Company of the amount of the relevant transaction based on the information currently available. The COLI Works Annual Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The COLI Group may or may not retain the Group to engage in construction works in the PRC, Hong Kong and Macau up to the level of the COLI Works Annual Cap, if at all, as the engagements are subject to tender procedures which are open to other independent third party construction contractors.

## **DEFINITIONS**

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

“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“COHL”	China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability, is a wholly owned subsidiary of CSCECL and the controlling shareholder of both the Company and COLI;
“COLI”	China Overseas Land & Investment Limited (中國海外發展有限公司), 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) from time to time;
“COLI Works Annual Cap”	the maximum total contract sum of the construction contracts that may be awarded by the COLI Group to the Group (as construction contractor of the COLI Group) for each financial year under the New Master Engagement Agreement;
“Company”	China State Construction International Holdings Limited (中國建築國際集團有限公司), 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);
“CSCEC”	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 CSCECL, COHL, the Company and COLI;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of CSCEC and holding company of COHL;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the New Master Engagement Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) 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 Financial Adviser” or “Honestum International”	Honestum International Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the independent board committee of the Company and the Independent Shareholders in respect of the New Master Engagement Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	shareholder(s) of the Company, other than COHL and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“New Master Engagement Agreement”	the engagement agreement entered into between the Company and COLI on 8 April 2020 in respect of the engagement of any members of the Group by any members of the COLI Group as construction contractor for COLI Group’s construction works in the PRC, Hong Kong and Macau from time to time for three financial years ending on 31 December 2022;
“PRC”	People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Previous Engagement Agreement”	the engagement agreement entered into between the Company and COLI on 6 October 2017 in respect of the engagement of the Group by the COLI Group as construction contractor for the COLI Group’s construction works in the PRC, Hong Kong and Macau for the period commencing from 1 January 2018 and ending on 31 December 2020;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited; and

“%”

per cent..

\* *English translation for identification purpose only.*

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

Hong Kong, 8 April 2020

*As at the date of this announcement, the Board comprises Mr. Yan Jianguo as Chairman and Non-executive Director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew as Executive Directors; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.*