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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 PROPERTY HOLDINGS LIMITED
IN RELATION TO PROPERTY MANAGEMENT SERVICES AND
VALUE-ADDED SERVICES**

On 28 April 2023, the Company and COPL entered into the New COPL Services Agreement for a term of three years commencing from 1 July 2023 and ending on 30 June 2026, whereby, subject to the COPL Services Caps, the COPL Group may participate from time to time in competitive tender in accordance with the tendering procedures of the Group to provide the Services for the Properties and the Work Sites.

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 COPL by virtue of it being interested in approximately 64.81% of the issued share capital of the Company and approximately 61.18% of the issued share capital of COPL respectively. Accordingly, members of the COPL Group are connected persons of the Group and the transactions contemplated under the New COPL Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the COPL Services Caps exceed 0.1% but less than 5% for the Company, the transactions contemplated under the New COPL Services Agreement (together with the COPL Services Caps) are subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 28 April 2020, the Company and COPL entered into the Previous COPL Services Agreement for a term commenced from 1 July 2020 and ending on 30 June 2023, whereby, subject to the annual caps provided in the Previous COPL Services Agreement, the COPL Group may participate from time to time in competitive tender in accordance with the tendering procedures of the Group to provide the Services for the Properties and the Work Sites.

The Directors expect that (i) the Group will continue to invite the COPL Group to participate from time to time in competitive tender in accordance with the tendering procedures of the Group to provide the Services for the Properties and the Work Sites; and (ii) the Group may invite the COPL Group to participate from time to time in competitive tender in accordance with the tendering procedures of the Group to provide other value-added services (including services in relation to gardening, interior fine finishing and vetting of building plans) for the Properties and the Work Sites.

As such, on 28 April 2023, the Company and COPL entered into the New COPL Services Agreement, whereby, subject to the COPL Services Caps, the COPL Group may participate from time to time in competitive tender in accordance with the tendering procedures of the Group to provide the Services to the Properties and the Work Sites for a term of three years commencing from 1 July 2023 and ending on 30 June 2026.

THE NEW COPL SERVICES AGREEMENT

Date

28 April 2023

Parties

1. the Company; and
2. COPL.

Duration

Subject to the fulfilment of the conditions precedent to the New COPL Services Agreement set out below, the New COPL Services Agreement will commence on 1 July 2023 and end on 30 June 2026 (both dates inclusive).

Terms

Pursuant to the New COPL Services Agreement, any member of the COPL Group may provide the Services for the Properties and the Work Sites upon the COPL Group's successful tender, subject to the COPL Services Caps.

The Group will go through standard and systematic tendering procedures maintained by the Group (details of which are set out in the paragraph headed "Pricing Basis" below) to select and appoint a service provider for the provision of the Services to the Group, which will ensure that the prices and terms of the tenders in respect of the Services awarded by the Group to the COPL Group are no more favourable than those awarded to independent third parties.

Conditions Precedent

The obligations under the New COPL Services Agreement are conditional upon the following conditions being satisfied on or before 30 June 2023 (or such other date as the parties may agree in writing):

- (a) the passing of the resolution by COPL's independent shareholders (i.e. COPL's shareholders other than CSCEC and its associates) at COPL's general meeting approving the New COPL Services Agreement (together with the COPL Services Caps) and the transactions contemplated thereunder, and
- (b) the Company and COPL having complied with all requirements under the Listing Rules with respect to the New COPL Services Agreement (together with the COPL Services Caps) and the transactions contemplated thereunder.

Historical Amounts/Estimated Transaction Amount

The historical transaction amounts paid to the COPL Group by the Group for each of the two financial years ended 31 December 2021 and 31 December 2022 and the estimated transaction amount paid to the COPL Group by the Group for the period from 1 January 2023 to 31 March 2023 under the Previous COPL Services Agreement are as follows:

For the financial year ended 31 December 2021	For the financial year ended 31 December 2022	For the period from 1 January 2023 to 31 March 2023
HK\$70,932,279	HK\$91,658,685	HK\$27,387,000

The COPL Services Caps

The COPL Services Caps for the term of the New COPL Services Agreement shall not exceed the following:

For the period from 1 July 2023 to 31 December 2023	For the financial year ending 31 December 2024	For the financial year ending 31 December 2025	For the period from 1 January 2026 to 30 June 2026
HK\$133,000,000	HK\$308,000,000	HK\$493,000,000	HK\$299,000,000

Basis of determination of the COPL Services Caps

The COPL Services Caps were determined with reference to the estimated maximum aggregate amounts paid to the COPL Group by the Group under the New COPL Services Agreement taking into account the historical transaction amounts, the expected demand for the Services with reference to the number of existing and new property projects of the Group, expected expansion of the business of providing the Services (including more Work Sites to be commenced in the second half of 2023 and beyond), estimated gross floor area of the Properties to be serviced by the COPL Group, estimated labour costs and estimated fee rates chargeable by the COPL Group for each square metre of the Properties and the Work Sites.

Payment Terms

In respect of the transactions contemplated under the New COPL Services Agreement, COPL Group charges property management fees on a monthly basis for property management services and on a per-transaction basis for value-added services and on such payment terms prescribed under the terms of the specific tender or contract.

Pricing Basis

As a general principle, the prices and terms of the contracts for the provision of the Services by the COPL Group under the New COPL Services Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm’s length basis, and at prices and on terms no more favourable than those granted to other service providers who are independent third parties.

The Group will need to go through standard and systematic tendering procedures maintained by the Group to select and appoint a service provider for the provision of Services to the Group, which applies to tenders submitted by both connected persons and independent third parties to ensure that the prices and terms of the tenders in respect of the Services awarded by the Group to the COPL Group are no more favourable than those awarded to independent third parties.

Tendering Procedure in the PRC for the Services

Below set out the Group’s tendering procedure for selecting and appointing a service provider for the provision of Services to the Group in the PRC (which is governed by the applicable PRC laws, regulations and local policies for property management service engagements in the PRC):

1. Formulation of list of approved service providers of the Services: The Group will establish its own list of approved service providers of the Services in the PRC (the “**List of Approved PRC Service Providers**”). The service providers will be subject to evaluation and review of their qualifications including but not limited to the service providers’ scale, financial ability, technical capability and track record in the Services rendered in the PRC. Suitable service providers will be included in the List of Approved PRC Service Providers after the above vetting process.
2. Drawing up of Invitation to Tender documents: The relevant PRC subsidiary of the Group is responsible for drawing up specifications and requirements for the invitation to tender (the “**Invitation to Tender**”), based on a typical Invitation to Tender template and the specific requirements for the project.
3. Filing of Invitation to Tender with the Relevant Local Authority: Before publishing the Invitation to Tender publicly or sending the Invitation to Tender to the relevant service providers, the Invitation to Tender and all other relevant documents are required to be submitted and filed with the Relevant Local Authority in advance.
4. Issue of open and restricted tender: The Invitation to Tender is required to be published by way of a public notice in the press or media for an open tender or sent to no less than three selected service providers from the List of Approved PRC Service Providers for a restricted tender.
5. Pre-qualification: Bidders will be required to provide pre-qualification documents to the Group for vetting before they submit the formal tender documents.

6. Preparation of tender: Bidders will prepare the tender documents in accordance with the timetable stipulated in the Invitation to Tender, taking into account the specifications and requirements as set out in the Invitation to Tender, and physical due diligence of the Group's property or work site.
7. Tender submission: The tender documents submitted by the bidders are required to contain information on the proposed pricing, proposal and plan for the relevant Services, and other corporate information as specified in the Invitation to Tender.
8. Tender evaluation: The tender evaluation process and the composition of the tender evaluation committee of the Group (the "**Tender Evaluation Committee**") will comply with the relevant requirements under the applicable PRC laws and regulations. The Tender Evaluation Committee will comprise an odd number of five or more members and at least two-thirds of the members will be experts selected on a random basis from a list of experts compiled by the Relevant Local Authority.
9. Award: The Tender Evaluation Committee will evaluate the tenders based on the specification and requirements of the Invitation to Tender with the view to ranking the top three recommended bidders. The Group will confirm the successful bidder and proceed to arrange for necessary notification.
10. Contract signing and filing: The contract of the relevant Services so awarded is expected to be signed within 30 days of the award, and will take effect after filing with the Relevant Local Authority.

Tendering Procedure in Hong Kong, Macau and other locations for the Services

Below set out the tendering procedure for selecting and appointing a service provider for the provision of Services to the Group in Hong Kong, Macau and other locations:

1. Formulation of list of approved service providers of the Services: The Group will establish its own list of approved service providers of the Services in Hong Kong, Macau and other locations (the "**List of Approved Non-PRC Service Providers**"). The service providers will be subject to evaluation and review of their qualifications including but not limited to the service providers' scale, financial ability, technical capability and track record in the Services rendered in Hong Kong, Macau and other locations. Suitable service providers will be included in the List of Approved Non-PRC Service Providers after the above vetting process.

2. Preparation of tender documents: The relevant subsidiary of the Group is responsible for drawing up specifications and requirements for the Invitation to Tender, based on a typical Invitation to Tender template and the specific requirements for the project.
3. Invitation to Tender: Only the service providers as set out in the List of Approved Non-PRC Service Providers will be invited to submit tenders. The Invitation to Tender will be sent to no less than three service providers.
4. Tender submission: The tender documents with the tender amount, proposal and plan for the relevant Services, and other corporate information as specified in the Invitation to Tender shall be submitted in a sealed envelope on or before the tender closing date as specified in the Invitation to Tender.
5. Tender evaluation and award: The tenders will be opened in the presence of the person in charge and line manager of the regional office of the Group. The selection of tenders is determined by the decision-making body in a meeting where the contents of the tenders, the tenderers' capability and the tender amount offered will be given full consideration. Once the final decision is made, a letter of award will be issued to the successful tenderer.

The above tendering procedures and the steps involved may be simplified and streamlined depending on the size of the project and the amount of the expected contract amount involved.

Reasons for and Benefits of the Entering into of the New COPL Services Agreement

The Group owns and/or holds residential communities, commercial properties and other properties in the PRC, Hong Kong, Macau and other locations and owns and/or holds work sites in the PRC, Hong Kong and Macau that may require the Services.

The COPL Group is one of the leading property management companies in the PRC with operations also covering Hong Kong and Macau and is principally engaged in the provision of property management services and value-added services, and car parking spaces trading business.

The engagement of the COPL Group as service provider of the Services upon successful tender allows the Group to secure a more diverse base of service providers of the Services.

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

INFORMATION OF THE PARTIES

As at the date of this announcement, the Group is principally engaged in construction business, infrastructure investments and prefabricated constructions.

The COPL Group is principally engaged in the provision of property management services and value-added services, and car parking spaces trading business.

CSCECL is the holding company of COHL which, in turn, is the controlling shareholder of both the Company and COPL. 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 COPL, and 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, CSCEC is the ultimate holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COPL by virtue of it being interested in approximately 64.81% of the issued share capital of the Company and approximately 61.18% of the issued share capital of COPL respectively. Accordingly, members of the COPL Group are connected persons of the Group and the transactions contemplated under the New COPL Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the COPL Services Caps exceed 0.1% but less than 5% for the Company, the transactions contemplated under the New COPL Services Agreement (together with the COPL Services Caps) are subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the New COPL Services Agreement. However, Mr. Zhang Haipeng, being the chairman and executive director of the Company and a director of COHL, Mr. Yan Jianguo, being non-executive director of the Company and the chairman and president of COHL, and Mr. Chen Xiaofeng, being non-executive director of the Company and the managing director and chief financial officer of COHL, have voluntarily abstained from voting on the Board resolutions approving the entering into of the New COPL Services Agreement (together with the COPL Services Caps) and the transactions contemplated thereunder.

Shareholders of the Company should note that the COPL Services Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The COPL Services Caps bear no direct relationship to, nor should be taken to have any direct bearing to, the Group's financial or potential financial performance. The Group may or may not retain the COPL Group to provide the Services in the PRC, Hong Kong, Macau and other locations up to the level of the COPL Services Caps, if at all, as the engagements are subject to the tendering procedures of the Group which are open to other independent service providers.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, “holding company”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“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 COPL;

“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);
“COPL”	China Overseas Property Holdings Limited (中海物業集團有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669);
“COPL Group”	COPL and its subsidiaries from time to time;
“COPL Services Caps”	the maximum total amounts payable for the Services by the Group to the COPL Group for the years/periods under the New COPL Services Agreement;
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a limited liability corporation organised and existing under the laws of PRC, and the ultimate holding company of each of CSCECL, COHL, the Company and COPL;
“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), being a non-wholly owned subsidiary of CSCEC and holding company of COHL;
“Director(s)”	the director(s) of the Company;
“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;

“Invitation to Tender”	has the meaning as defined under the section headed “THE NEW COPL SERVICES AGREEMENT — Pricing Basis — Tendering Procedures in the PRC for the Services” of this announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“List of Approved PRC Service Providers”	has the meaning as defined under the section headed “THE NEW COPL SERVICES AGREEMENT — Pricing Basis — Tendering Procedures in the PRC for the Services” of this announcement;
“List of Approved Non-PRC Service Providers”	has the meaning as defined under the section headed “THE NEW COPL SERVICES AGREEMENT — Pricing Basis — Tendering Procedures in Hong Kong, Macau and other locations for the Services” of this announcement;
“Macau”	the Macao Special Administrative Region of the PRC;
“Mainland China” or “PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“New COPL Services Agreement”	the framework agreement dated 28 April 2023 and entered into between the Company and COPL in respect of the provision of the Services from COPL Group to the Group in the PRC, Hong Kong, Macau and other locations from time to time for a term of three years commencing from 1 July 2023 and ending on 30 June 2026;
“Previous COPL Services Agreement”	a framework agreement dated 28 April 2020 and entered into between the Company and COPL in respect of the provision of property management, engineering and security services from COPL Group to the Group in the PRC, Hong Kong, Macau and other locations from time to time for a term commencing from 1 July 2020 and ending on 30 June 2023;

“Properties”	properties (including residential communities, commercial properties and other properties) owned and/or held by the Group in Mainland China, Hong Kong, Macau and other locations;
“Relevant Local Authority”	the relevant competent administration department of the PRC government;
“Services”	property management services and value-added services (including engineering, pre-delivery, move-in assistance, delivery inspection, engineering services quality monitoring and consulting services, as well as gardening, interior fine finishing and vetting of building plans);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tender Evaluation Committee”	has the meaning as defined under the section headed “THE NEW COPL SERVICES AGREEMENT — Pricing Basis — Tendering Procedures in the PRC for the Services” of this announcement;
“Work Sites”	work sites owned and/or held by the Group in Mainland China, Hong Kong and Macau;
“%”	per cent.

** English translation for identification purpose only.*

By Order of the Board
**China State Construction
International Holdings Limited**
Zhang Haipeng
Chairman and Executive Director

Hong Kong, 28 April 2023

As at the date of this announcement, the Board comprises Mr. Zhang Haipeng as Chairman and Executive Director; Mr. Yan Jianguo and Mr. Chen Xiaofeng as Non-executive Directors; Mr. Wang Xiaoguang (Chief Executive Officer) 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.