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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**

Reference is made to the announcement of the Company dated 11 October 2017 and the circular of the Company dated 1 November 2017 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 2020.

On 19 October 2020, CSC and the Company entered into the New CSCD-CSC Operational Services Agreement to renew the Previous CSCD-CSC Operational Services Agreement. Pursuant to the New CSCD-CSC Operational Services Agreement, for a term of three years commencing from 1 January 2021 and ending on 31 December 2023, (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 building materials to the Group subject to the Supply of Building Materials Caps.

As at the date of this announcement, CSC is indirectly interested in approximately 74.06% of the issued share capital and 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 between members of the CSC Group on the one hand and members of the Group on the other hand, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules 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.

An independent board committee of the Company 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). Red Sun Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company 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 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 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 on or before 24 November 2020 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

BACKGROUND

Reference is made to the announcement of the Company dated 11 October 2017 and the circular of the Company dated 1 November 2017 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 2020.

On 19 October 2020, CSC and the Company entered into the New CSCD-CSC Operational Services Agreement to renew the Previous CSCD-CSC Operational Services Agreement. Pursuant to the New CSCD-CSC Operational Services Agreement, for a term of three years commencing from 1 January 2021 and ending on 31 December 2023, (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 building materials to the Group.

NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT

Date

19 October 2020

Parties

1. CSC; and
2. the Company.

(1) **Mechanical and Electrical Engineering Works Transactions**

The Company expects that the Group will continue to engage the CSC Group as its subcontractor for provision of mechanical and electrical engineering works for the Group's construction works from time to time. Accordingly, under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2021 and ending on 31 December 2023:

- (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 2023 shall not exceed HK\$450 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 arm's length basis and at prices and on terms no more favourable to the CSC Group than those awarded to 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 contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. The Group will obtain at least three quotations from a list of pre-approved contractors (which is subject to periodic review and update by its management to ensure contractors' quality standards).

The Group has established its own list of pre-approved contractors. All contractors invited to submit quotations for the Group's projects are selected from contractors on the list of pre-approved contractors. 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.

For the selection of contractors to be invited for tenders, the suitability of a contractor is assessed with reference to the selection criteria including but not limited to the contractor's qualification grade, financial stability, technical capability, cooperation record, project management ability, quality of work and business management capability. Depending on the estimated value of the sub-construction contract, the Group will conduct a vetting process to shortlist at least three contractors to be invited to tender, following which the invitation for tender letters will be issued.

If the price and terms offered by the CSC Group are equal to or better than those offered by independent contractors, the Group may probably award the contract to the CSC Group.

For projects which involve consideration of a substantial amount, the CSC Group will participate in a tender with all bidders (including independent third parties in the market), 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 bid invitation.

Calculation of the Mechanical and Electrical Engineering Works Caps

The Mechanical and Electrical Engineering Works Cap:

- (a) for the financial year ending 31 December 2021 is determined with reference to the general contracting work contract in the amount of HK\$1,766 million being secured by the Group in the first half of 2020 and two potential private residential/commercial construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$2.8 billion that the Group may tender for in the second half of 2020 and where, upon successful tender, contracts for the provision of mechanical and engineering works may be tendered by, and awarded to, prospective subcontractors of the Group in 2021;

- (b) for the financial year ending 31 December 2022 is determined with reference to the current land reserves of the property developers in Hong Kong which the Group expects that four potential private residential/commercial construction projects with an estimated total contract sum of HK\$6.0 billion may be available for tender by the Group in 2021 and where, upon successful tender, contracts for the provision of mechanical and engineering works may be tendered by, and awarded to, prospective subcontractors of the Group in 2022; and
- (c) for the financial year ending 31 December 2023 is determined with reference to (i) the current land reserves of the property developers in Hong Kong which the Group expects that one potential commercial construction project with an estimated contract sum of HK\$1.2 billion may be available for tender by the Group in 2022 and where, upon successful tender, contract for the provision of mechanical and engineering works may be tendered by, and awarded to, prospective subcontractors of the Group in 2023; and (ii) the government's initiative to increase the housing land supply and the assessment of the annual average completion of about 18,800 private residential units from 2019 to 2023 as stated in the Chief Executive's 2019 Policy Address which the Group expects that the demand for private housing construction will remain steady.

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 2019 and in the period from 1 January 2020 to 30 June 2020 as the CSC Group had neither identified any suitable projects from the Group's construction works nor successfully been nominated by ultimate employers as nominated subcontractor through tenders submitted directly to the ultimate employers during the said period.

(2) **Machineries Leasing Transactions**

The Company expects that the Group will continue to lease machineries from the CSC Group for the Group's construction works from time to time. Accordingly, under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2021 and ending on 31 December 2023:

- (a) any member of the Group may lease machineries from the CSC Group for the Group's construction works 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 2023 shall not exceed HK\$25 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 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 leasing of machineries from 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 arm's length basis and at prices and on terms no more favourable to the CSC Group than those paid to 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). If the price and terms offered by the CSC Group are equal to or better than those offered by independent vendors, the Group may probably award the contract to the CSC Group.

The Group has established its own list of pre-approved vendors. All vendors who provide quotations for the Group's projects are selected from vendors on the list of pre-approved vendors. 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.

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).

Calculation of the Machineries Leasing Caps

The Machineries Leasing Cap:

- (a) for the financial year ending 31 December 2021 is determined with reference to (i) the total rents in relation to the leasing of machineries paid by the Group to the CSC Group of HK\$6,998,329 for the financial year ended 31 December 2018, HK\$6,042,996 for the financial year ended 31 December 2019 and HK\$1,443,118 for the six months ended 30 June 2020; and (ii) the general contracting work contract in the amount of HK\$1,766 million being secured by the Group in the first half of 2020 and two potential private residential/commercial construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$2.8 billion that the Group may tender for in the second half of 2020 and where, upon successful tender, the construction works that require the leasing of machineries will be carried out by the Group in 2021;

- (b) for the financial year ending 31 December 2022 is determined with reference to the current land reserves of the property developers in Hong Kong which the Group expects that four potential private residential/commercial construction projects with an estimated total contract sum of HK\$6.0 billion may be available for tender by the Group in 2021 and where, upon successful tender, the construction works that require the leasing of machineries will be carried out by the Group in 2022; and
- (c) for the financial year ending 31 December 2023 is determined with reference to (i) the current land reserves of the property developers in Hong Kong which the Group expects that one potential commercial construction project with an estimated contract sum of HK\$1.2 billion may be available for tender by the Group in 2022 and where, upon successful tender, the construction works that require the leasing of machineries will be carried out by the Group in 2023; and (ii) the government's initiative to increase the housing land supply and the assessment of the annual average completion of about 18,800 private residential units from 2019 to 2023 as stated in the Chief Executive's 2019 Policy Address which the Group expects that the demand for private housing construction will remain steady.

(3) Insurance Services and Surety Bonds Transactions

The Company expects that the Group will continue to engage the CSC Group to provide insurance services (including but not limited to Public Liability Employees' Compensation insurance and Contractors' All Risks insurance) to the Group and issue surety bonds for the Group's construction works from time to time. Accordingly, under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2021 and ending on 31 December 2023:

- (a) any member of the CSC Group may provide insurance services to the Group and issue surety bonds for the Group's construction works 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 engagement of the CSC Group to provide insurance services and issue surety bonds, provided that the total premiums/fees payable 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 2023 shall not exceed HK\$70 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 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 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 arm's length basis and at prices and on terms no more favourable to the CSC Group than those paid to 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. If the price and terms offered by the CSC Group are equal to or better than those offered by independent insurers 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), the Group may probably accept the quotation from the CSC Group.

Calculation of the Insurance Services and Surety Bonds Caps

The Insurance Services and Surety Bonds Cap:

- (a) for the financial year ending 31 December 2021 is determined with reference to (i) the total premiums/fees in relation to the provision of insurance services paid by the Group to the CSC Group of HK\$24,791,710 for the financial year ended 31 December 2018, HK\$13,083,998 for the financial year ended 31 December 2019 and HK\$7,197,844 for the six months ended 30 June 2020; and (ii) the general contracting work contract in the amount of HK\$1,766 million being secured by the Group in the first half of 2020 and two potential private residential/commercial construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$2.8 billion that the Group may tender for in the second half of 2020 and where, upon successful tender, the construction works that require insurance coverage and/or surety bonds will be carried out by the Group in 2021;
- (b) for the financial year ending 31 December 2022 is determined with reference to the current land reserves of the property developers in Hong Kong which the Group expects that four potential private residential/commercial construction projects with an estimated total contract sum of HK\$6.0 billion may be available for tender by the Group in 2021 and where, upon successful tender, the construction works that require insurance coverage and/or surety bonds will be carried out by the Group in 2022; and
- (c) for the financial year ending 31 December 2023 is determined with reference to (i) the current land reserves of the property developers in Hong Kong which the Group expects that one potential commercial construction project with an estimated contract sum of HK\$1.2 billion may be available for tender by the Group in 2022 and where, upon successful tender, the construction works that require insurance coverage and/or surety bonds will be carried out by the Group in 2023; and (ii) the government's initiative to increase the housing land supply and the assessment of the annual average completion of about 18,800 private residential units from 2019 to 2023 as stated in the Chief Executive's 2019 Policy Address which the Group expects that the demand for private housing construction will remain steady.

(4) Supply of Building Materials Transactions

The Company expects that the CSC Group will continue to supply building materials to the Group for the Group's construction works from time to time. Accordingly, under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that, for a term of three years commencing from 1 January 2021 and ending on 31 December 2023:

- (a) any member of the CSC Group may supply building materials to the Group for the Group's construction works from time to time (the "**Supply of Building 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 building materials by the CSC Group to the Group for the Group's construction works, provided that the total sum for the supply of building materials under the New CSCD-CSC Operational Services Agreement for each of the three financial years ending 31 December 2023 shall not exceed HK\$150 million (i.e. the Supply of Building Materials Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the amount 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 supply of building 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 Building Materials Transactions 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 to the CSC Group than those paid to 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).

The Group has established its own list of pre-approved suppliers. All suppliers provided quotations for the Group's projects are selected from suppliers on the list of pre-approved suppliers. 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.

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).

If the price and terms offered by the CSC Group are equal to or better than those offered by the independent suppliers on the condition that the supplier also satisfies all other essential requirements (including but not limited to relevant experience, product qualities and reliability, specifications, historical relationship and track records), the Group may probably award the contract to the CSC Group.

Calculation of the Supply of Building Materials Caps

The Supply of Building Materials Cap:

- (a) for the financial year ending 31 December 2021 is determined with reference to (i) the total sums in relation to the supply of building materials paid by the Group to the CSC Group of HK\$5,451,797 for the financial year ended 31 December 2018, HK\$5,613,971 for the financial year ended 31 December 2019 and HK\$3,318,114 for the six months ended 30 June 2020; and (ii) the general contracting work contract in the amount of HK\$1,766 million being secured by the Group in the first half of 2020 and two potential private residential/commercial construction projects available from property developers in Hong Kong with an estimated total contract sum of HK\$2.8 billion that the Group may tender for in the second half of 2020 and where, upon successful tender, the construction works that require the supply of building materials will be carried out by the Group in 2021;
- (b) for the financial year ending 31 December 2022 is determined with reference to the current land reserves of the property developers in Hong Kong which the Group expects that four potential private residential/commercial construction projects with an estimated total contract sum of HK\$6.0 billion may be available for tender by the Group in 2021 and where, upon successful tender, the construction works that require the supply of building materials will be carried out by the Group in 2022; and
- (c) for the financial year ending 31 December 2023 is determined with reference to (i) the current land reserves of the property developers in Hong Kong which the Group expects that one potential commercial construction project with an estimated contract sum of HK\$1.2 billion may be available for tender by the Group in 2022 and where, upon successful tender, the construction works that require the supply of building materials will be carried out by the Group in 2023; and (ii) the government's initiative to increase the housing land supply and the assessment of the annual average completion of about 18,800 private residential units from 2019 to 2023 as stated in the Chief Executive's 2019 Policy Address which the Group expects that the demand for private housing construction will remain steady.

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 transactions contemplated thereunder (together with the CSC Works Caps).

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF 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 CSC Group with profound experience in building construction and solid financial standing have demonstrated itself as professional and reliable contractor and supplier to its customers and the maintenance of a strategic business relationship with the CSC Group will allow the Group to secure a more diverse base of contractors and suppliers and by having diverse contractors/suppliers in the network, the Group can earn competitive advantages 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 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.

GENERAL

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 and the principal businesses of CSCEC are building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

LISTING RULES IMPLICATION

As at the date of this announcement, CSC is indirectly interested in approximately 74.06% of the issued share capital and 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 between members of the CSC Group on the one hand and members of the Group on the other hand, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules 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.

An independent board committee of the Company 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). Red Sun Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company 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 transactions contemplated thereunder (together with the CSC Works Caps). Voting at the EGM will be conducted by poll, and CSC and its associates will abstain from voting on the resolution to approve the New CSCD-CSC Operational Services Agreement and the 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 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 on or before 24 November 2020 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

Shareholders should note that the CSC Works Caps represent the best estimates by the Directors of the amount of the relevant transaction based on the information currently available. The CSC Works Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance.

DEFINITIONS

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

“30%-controlled companies”, “associates”, “connected persons”, “controlling shareholder” 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), is a non-wholly owned subsidiary of CSCEC and a controlling shareholder of the Company;

“CSC Group”	CSC, 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 Building 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 Building Materials Transactions;
“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 CSC and the Company;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the New CSCD-CSC Operational Services Agreement and the 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 Shareholders”	Shareholder(s), other than CSC and its associates;
“Insurance Services and Surety Bonds Cap(s)”	the maximum total premiums/fees for provision of insurance services to the Group and issuance of surety bonds for the Group’s construction works by the CSC Group for 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;
“Macau”	the Macao Special Administrative Region of the PRC;
“Machineries Leasing Cap(s)”	the maximum total rent for the leasing of machineries from the CSC Group to the Group for 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 total 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) for 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 19 October 2020 in respect of the CSC Works Transactions;
“PRC”	People’s Republic of China, and for the purpose of this announcement excludes Hong Kong, Macau and Taiwan;
“Previous CSCD-CSC Operational Services Agreement”	the agreement entered into between CSC and the Company on 11 October 2017 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 (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 2018 and ended on 31 December 2020;

“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 Building Materials Cap(s)”	the maximum total sum for the supply of building materials by the CSC Group to the Group for each year under the New CSCD-CSC Operational Services Agreement;
“Supply of Building Materials Transactions”	the supply of building 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 Building Materials Transactions” in this announcement; and
“%”	per cent.

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

Hong Kong, 19 October 2020

* *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) and Mr. Wang Hai as Executive Directors; Mr. Huang Jiang as Non-executive Director; and Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna as Independent Non-executive Directors.