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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)



遠東環球集團有限公司
FAR EAST GLOBAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 830)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING
CORPORATION LIMITED)**

NEW FE-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

Reference is made to the joint announcement of CSC and Far East dated 28 October 2014 and the circular of Far East dated 18 November 2014 in relation to, among other things, the Previous FE-CSCECL Sub-construction Engagement Agreement regarding the Exterior Facade Works entered into between CSCECL and Far East.

The Previous FE-CSCECL Sub-construction Engagement Agreement will expire on 31 December 2017. Far East expects that the CSCECL Group may continue to engage the Far East Group as its subcontractor for provision of the Exterior Facade Works. Also, to allow flexibility for provision of services in the future, CSCECL and Far East agreed to widen the scope of services to cover the provision of other construction works in addition to the Exterior Facade Works. In this connection, on 11 October 2017, CSCECL and Far East entered into the New FE-CSCECL Sub-construction Engagement Agreement to renew the Previous FE-CSCECL Sub-construction Engagement Agreement whereby the CSCECL Group may engage the Far East Group as its subcontractor for provision of contracting and engineering works, project consultancy service and project management service to the CSCECL Group's construction works for a term of three years commencing from 1 January 2018 and ending on 31 December 2020 subject to the CSCECL Works Cap.

CSCECL is an intermediate holding company of CSC, of which Far East is a non-wholly owned subsidiary. Accordingly, members of the CSCECL Group are connected persons of Far East. The CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group on the one hand and members of the Far East Group on the other hand, constitute continuing connected transactions for Far East under Chapter 14A of the Listing Rules.

Far East is a non-wholly owned subsidiary of CSC, which is indirectly interested in approximately 74.06% of the issued share capital of Far East as at the date of this announcement. Accordingly, the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group and members of the Far East Group constitute continuing connected transactions for CSC under Chapter 14A of the Listing Rules.

For CSC, since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) are greater than 0.1% but less than 5%, the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirement.

For Far East, since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) exceed 5%, the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the Far East EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the Far East EGM.

An independent board committee of Far East comprising all the independent non-executive directors of Far East has been formed to advise the Far East's Independent Shareholders in respect of the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement. Red Sun Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of Far East and the Far East's Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement together with, the recommendations of the independent board committee of Far East, a letter from the independent financial adviser to the independent board committee of Far East and the Far East's Independent Shareholders, and a notice convening the Far East EGM is expected to be despatched to the shareholders of Far East on or before 1 November 2017 in accordance with the Listing Rules.

BACKGROUND

Reference is made to the joint announcement of CSC and Far East dated 28 October 2014 and the circular of Far East dated 18 November 2014 in relation to, among other things, the Previous FE-CSCECL Sub-construction Engagement Agreement regarding the Exterior Facade Works entered into between CSCECL and Far East.

The Previous FE-CSCECL Sub-construction Engagement Agreement will expire on 31 December 2017. Far East expects that the CSCECL Group may continue to engage the Far East Group as its subcontractor for provision of the Exterior Facade Works. Also, to allow flexibility for provision of services in the future, CSCECL and Far East agreed to widen the scope of services to cover the provision of other construction works in addition to the Exterior Facade Works. In this connection, on 11 October 2017, CSCECL and Far East entered into the New FE-CSCECL Sub-construction Engagement Agreement to renew the Previous FE-CSCECL Sub-construction Engagement Agreement whereby the CSCECL Group may engage the Far East Group as its subcontractor for provision of contracting and engineering works, project consultancy service and project management service to the CSCECL Group's construction works.

NEW FE-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

Principal terms of the New FE-CSCECL Sub-construction Engagement Agreement are summarised as follows:

Date

11 October 2017

Parties

1. CSCECL; and
2. Far East.

CSCECL Works Transactions

Far East expects that the CSCECL Group will engage the Far East Group as its subcontractor for provision of contracting and engineering works, project consultancy service and project management service to the CSCECL Group's construction works from time to time. In this connection, on 11 October 2017, CSCECL and Far East entered into the New FE-CSCECL Sub-construction Engagement Agreement for a term of three years commencing from 1 January 2018 and ending on 31 December 2020 whereby the parties agreed that:

- (a) any member of the Far East Group may act as subcontractor of the CSCECL Group for provision of contracting and engineering works, project consultancy service and project management service to the CSCECL Group's construction works in accordance with the applicable subcontracting procedures of the CSCECL Group from time to time;
- (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 member of the Far East Group to act as subcontractor of the CSCECL Group for provision of contracting and engineering works, project consultancy service and project management service to the CSCECL Group's construction works, provided that the total contract sum that may be awarded by the CSCECL Group to the Far East Group under the New FE-CSCECL Sub-construction Engagement Agreement for each of the three financial years ending 31 December 2020 shall not exceed HK\$1,000 million (i.e. the CSCECL Works Cap). 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 CSCECL Group to the Far East Group will be settled pursuant to the payment terms set out in the specific contracts.

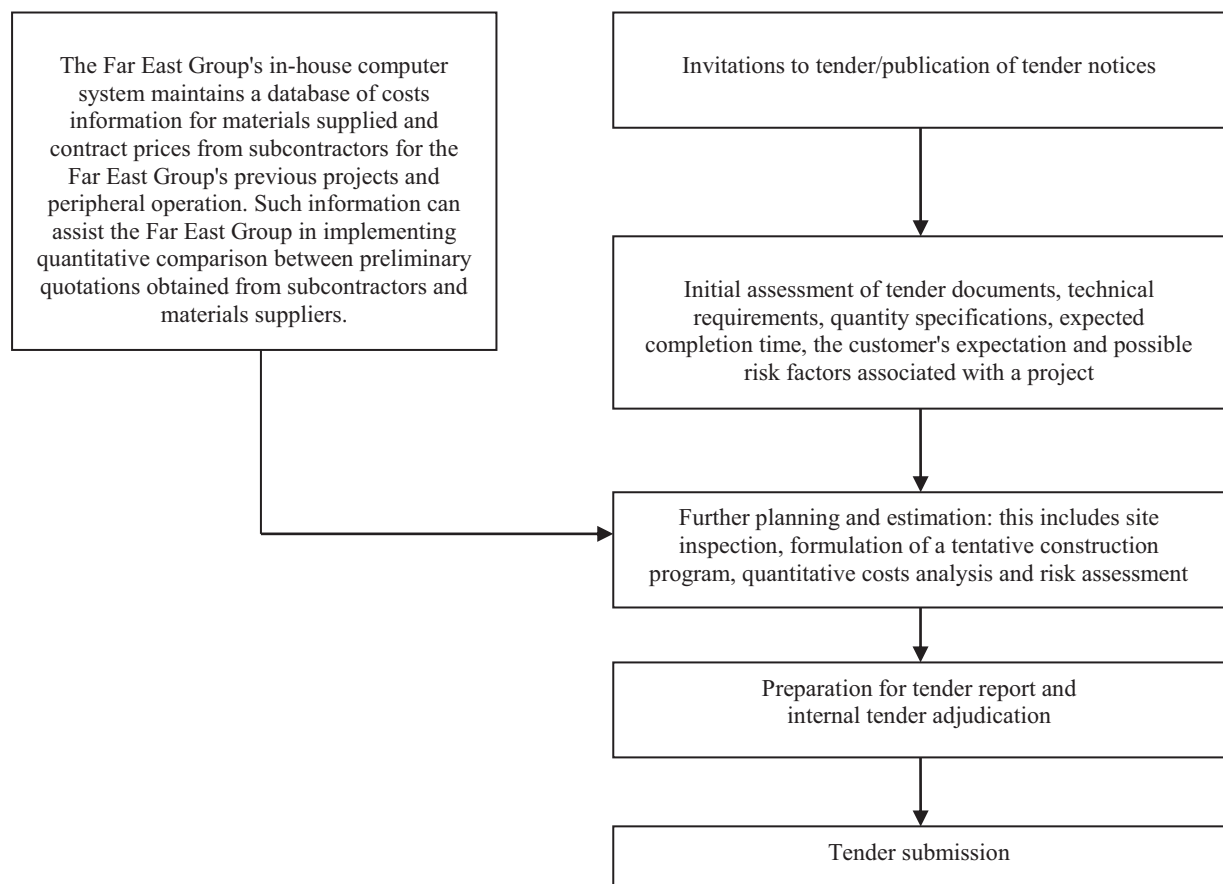
Pricing basis of the Far East Group's tenders submitted to the CSCECL Group

As a general principle, the prices and terms of the contracts 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 provided to the independent third party customers of the Far East Group.

As for the provision of contracting and engineering works, the Far East Group will normally need to go through a tender or similar process before being selected and appointed as subcontractor of the CSCECL Group.

The prices and terms of the Far East Group’s tenders submitted to the CSCECL Group for the CSCECL Group’s construction works are subject to a standard and systematic tender submission procedure maintained by the Far East Group, which applies to tenders submitted to both connected persons and independent third parties, in order to ensure that the prices and terms of the proposed tenders submitted by the Far East Group to the CSCECL Group are no more favourable than those submitted to independent third parties.

The standard and systematic tender submission procedure generally involves (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 procedure, as illustrated in the following diagram, will enable the Far East 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 Far East Group will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectations and the possible risk factors associated with the project. The Far East Group will then perform site inspection, formulate a tentative construction program, conduct quantitative costs analysis and risk assessment.

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

The Far East Group will also review and compare previous tender prices submitted to both connected persons and independent third parties, so as to ensure that the tender price to be submitted is no more favourable than those submitted to independent third parties.

Where a member of the Far East Group participates in a tender with all bidders (including independent third parties in the market), the Far East Group will follow the above standard and systematic tender submission procedure and the winning bid of which will be the one with the lowest tender amount in accordance with the tender procedure(s) of the member(s) of the CSCECL Group on the condition that the bidder also satisfies all other essential requirements (including but not limited to relevant experience, capability, historical relationship and track records) as set out in the bid invitation.

Where a member of the Far East Group submits tender directly to the ultimate employer, the Far East Group will follow the above standard and systematic tender submission procedure in preparing the terms and price of the tender, and if such member of the Far East Group is nominated as subcontractor by the ultimate employer, consideration to such member of the Far East Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer.

As for the provision of project management service and project consultancy service, the Far East Group is typically engaged to provide such services through direct appointment by the CSCECL Group. The price and terms of each service provided to the CSCECL Group shall be determined on a fair basis and on normal commercial

terms based on the scale, degree of difficulty of the project, geographical location and duration of the project, which shall also be in line with the basis for engagements by independent third parties to provide services for projects of similar size and nature.

The project management fees and project consultancy fees are determined based on a percentage ranging from 2% to 5% of the contract sum of the projects for which the member of the Far East Group is expected to be engaged to provide services. The quote to be offered will be reviewed and scrutinized by the senior management of the relevant member of the Far East Group with reference to the cost expected to be incurred for the services and the previous quotes offered to both connected persons and independent third parties to ensure that the fees for project management service and project consultancy service are no more favourable than those offered to independent third parties.

Calculation of the CSCECL Works Cap

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

- (a) the historical fees paid by the CSCECL Group to the Far East Group under the Previous FE-CSCECL Sub-construction Engagement Agreement in relation to the Exterior Facade Works for each of the two financial years ended 31 December 2016 of approximately HK\$318,658,000 and HK\$529,533,000, respectively;
- (b) estimated total contract sum of new construction projects of the CSCECL Group in the three-year period commencing from 1 January 2018 and ending on 31 December 2020, with reference to the CSCECL Group's future growth and expansion for such period which is estimated based on (i) the total amount of the tenders submitted to ultimate employers and/or the CSCECL Group for the Exterior Facade Works and other construction works; (ii) the amount of tenders planned to be submitted to or projects under negotiation with ultimate employers and/or the CSCECL Group; (iii) other potential general construction works available from ultimate employers and/or the CSCECL Group in the year of 2018 and the projected increase in general construction works for 2019 and 2020 given the positive outlook of the construction market; and
- (c) the growth of the construction markets in the PRC in the three-year period commencing from 1 January 2018 and ending on 31 December 2020 estimated by the directors of Far East, which is based on the positive outlook of the construction industry with growth in construction activities leading to an increase in the construction works available for the Far East Group to tender for in the forthcoming years.

The Far East Group has not been engaged by the CSCECL Group to provide any Exterior Facade Works in the period between 1 January 2017 to 30 September 2017 as the Far East Group has neither identified any suitable projects from the CSCECL Group's construction works nor successfully been nominated by ultimate employers as nominated subcontractor through tenders submitted directly to the ultimate employers during the period.

Condition Precedent

The CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) are conditional upon the passing of the resolution by the Far East's Independent Shareholders at the Far East EGM approving the New FE-CSCECL Sub-construction Engagement Agreement and the transactions contemplated thereunder.

REASONS FOR THE CSCECL WORKS TRANSACTIONS

The CSCECL Group is a contractor mainly participating in the PRC construction market. The CSC Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy services. The Far East Group mainly engages in the general contracting business and contracting and engineering business, including design, engineering, manufacture, installation, maintenance, project consultancy and management services. Currently, the major products of the Far East Group are exterior facade systems primarily made of fabricated aluminium cladding, stainless steel and glass.

Far East has expertise in the provision of contracting and engineering works, project consultancy service and project management service to construction works. The directors of both CSC and Far East consider that the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement will allow Far East to maximise the profits and bring synergy effect to both CSCECL and Far East, thereby facilitating the expansion of Far East's businesses.

The directors of CSC (including the independent non-executive directors of CSC) consider that the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Far East Group, and the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) are fair and reasonable and in the interests of CSC and the shareholders of CSC as a whole.

The directors of Far East (other than the independent non-executive directors of Far East whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Far East Group, and the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Cap) are fair and reasonable and in the interests of Far East and the shareholders of Far East as a whole.

LISTING RULES IMPLICATION

CSCECL is an intermediate holding company of CSC, of which Far East is a non-wholly owned subsidiary. Accordingly, members of the CSCECL Group are connected persons of Far East. The CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group on the one hand and members of the Far East Group on the other hand, constitute continuing connected transactions for Far East under Chapter 14A of the Listing Rules.

Far East is a non-wholly owned subsidiary of CSC, which is indirectly interested in approximately 74.06% of the issued share capital of Far East as at the date of this announcement. Accordingly, the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group and members of Far East Group constitute continuing connected transactions for CSC under Chapter 14A of the Listing Rules.

For CSC, since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) are greater than 0.1% but less than 5%, the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirement. No director of CSC has a material interest in the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement.

For Far East, since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New FE-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) exceed 5%, the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the Far East EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the Far East EGM.

An independent board committee of Far East comprising all the independent non-executive directors of Far East has been formed to advise the Far East's Independent Shareholders in respect of the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement. Red Sun Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of Far East and the Far East's Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the CSCECL Works Transactions contemplated under the New FE-CSCECL Sub-construction Engagement Agreement together with, the recommendations of the independent board committee of Far East, a letter from the independent financial adviser to the independent board committee of Far East and the Far East's Independent Shareholders, and a notice convening the Far East EGM is expected to be despatched to the shareholders of Far East on or before 1 November 2017 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of a company;

“COLI”	China Overseas Land & Investment Ltd., 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 from time to time;
“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 CSCECL;
“CSC Group”	CSC and its subsidiaries from time to time;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of 中國建築工程總公司 (China State Construction Engineering Corporation);
“CSCECL Group”	CSCECL and its subsidiaries (excluding the CSC Group and the COLI Group) from time to time;
“CSCECL Works Cap”	the maximum aggregate value of the contract sum of the construction sub-contracts, project management contracts and project consultancy contracts that may be awarded by the CSCECL Group to the Far East Group (as subcontractor of the CSCECL Group) for each year under the New FE-CSCECL Sub-construction Engagement Agreement;
“CSCECL Works Transactions”	the engagement by the CSCECL Group of the Far East Group as subcontractor for the CSCECL Group’s construction works as described under the sub-section headed “CSCECL Works Transactions” in this announcement;
“Exterior Facade Works”	contracting service, supply, project consultancy service and project management service in relation to exterior facade works;

“Far East”	Far East Global Group 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), is a non-wholly owned subsidiary of CSC;
“Far East EGM”	the extraordinary general meeting of Far East to be held to consider and approve, among other things, the New FE-CSCECL Sub-construction Engagement Agreement and the transactions contemplated thereunder;
“Far East Group”	Far East and its subsidiaries from time to time;
“Far East’s Independent Shareholders”	shareholder(s) of Far East, other than CSCECL and its associates;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“New FE-CSCECL Sub-construction Engagement Agreement”	the engagement agreement entered into between CSCECL and Far East on 11 October 2017 in respect of the CSCECL Works Transactions;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Previous FE-CSCECL Sub-construction Engagement Agreement”	the engagement agreement entered into between CSCECL and Far East on 28 October 2014 in respect of the engagement of members of the Far East Group by members of the CSCECL Group as subcontractor of the CSCECL Group for provision of Exterior Facade Works to the CSCECL Group’s construction works from time to time;
“Shareholder(s)”	shareholder(s) of a company from time to time;

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and
“%” per cent..

By Order of the Board
**China State Construction
International Holdings Limited**
Zhou Yong
Chairman and Chief Executive Officer

By Order of the Board
Far East Global Group Limited
Zhou Yong
Chairman and Non-executive Director

Hong Kong, 11 October 2017

As at the date of this announcement, the Board of CSC comprises Mr. Zhou Yong (Chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew, Mr. Wu Mingqing and Mr. Zhang Haipeng as Executive Directors; and Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.

As at the date of this announcement, the Board of Far East comprises Mr. Zhou Yong as Chairman and Non-executive Director; Mr. Zhu Yijian (Vice Chairman and Chief Executive Officer), Mr. Luo Haichuan, Mr. Wang Hai and Mr. Chan Sim Wang 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.