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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

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to the announcement dated 25 March 2022 and the circular dated 29 April 2022 of the Company in relation to, among other things, the Existing CSCD-CSC Sub-construction Engagement Agreement, which will expire on 30 June 2025.

In order to renew the arrangements under the Existing CSCD-CSC Sub-construction Engagement Agreement, on 21 March 2025, CSC and the Company entered into the New CSCD-CSC Sub-construction Engagement Agreement, whereby the CSC Group may engage the Group as subcontractor or service provider of the CSC Group for provision of contracting and engineering works, project consultancy service and project management service for the CSC Group's construction works for a term of three years commencing from 1 July 2025 and ending on 30 June 2028 (both dates inclusive) subject to the Proposed Annual Caps.

LISTING RULES IMPLICATIONS

CSC is indirectly interested in approximately 70.78% of the issued share capital of the Company and is a controlling shareholder of the Company. Accordingly, members of the CSC Group are connected persons of the Company. The Transactions contemplated under the New CSCD-CSC Sub-construction Engagement Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios as defined in the Listing Rules in respect of the Proposed Annual Caps exceed 5%, the Transactions contemplated under the New CSCD-CSC Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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 Transactions contemplated under the New CSCD-CSC Sub-construction Engagement Agreement. Altus 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.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New CSCD-CSC Sub-construction Engagement Agreement and the Transactions contemplated thereunder (together with the Proposed Annual Caps). Voting at the EGM will be conducted by poll and CSC 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 CSCD-CSC Sub-construction 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 on or before 9 May 2025 as the Company expects additional time will be required to prepare and finalise all information in the circular.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Background

References are made to the announcement dated 25 March 2022 and the circular dated 29 April 2022 of the Company in relation to, among other things, the Existing CSCD-CSC Sub-construction Engagement Agreement, which will expire on 30 June 2025.

In order to renew the arrangements under the Existing CSCD-CSC Sub-construction Engagement Agreement, on 21 March 2025, CSC and the Company entered into the New CSCD-CSC Sub-construction Engagement Agreement, whereby the CSC Group may engage the Group as subcontractor or service provider of the CSC Group for provision of contracting and engineering works, project consultancy service and project management service for the CSC Group's construction works for a term of three years commencing from 1 July 2025 and ending on 30 June 2028 (both dates inclusive) subject to the Proposed Annual Caps.

NEW CSCD-CSC SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

Principal terms of the New CSCD-CSC Sub-construction Engagement Agreement are summarised as follows:

Date

21 March 2025

Parties

1. CSC; and
2. the Company.

Transactions

The Company expects that the CSC Group will continue to engage the Group as its subcontractor or service provider for provision of contracting and engineering works, project consultancy service and project management service for the CSC Group's construction works from time to time. In this connection, on 21 March 2025, CSC and the Company entered into the New CSCD-CSC Sub-construction Engagement Agreement for a term of three years commencing from 1 July 2025 and ending on 30 June 2028 (both dates inclusive) whereby the parties agreed that:

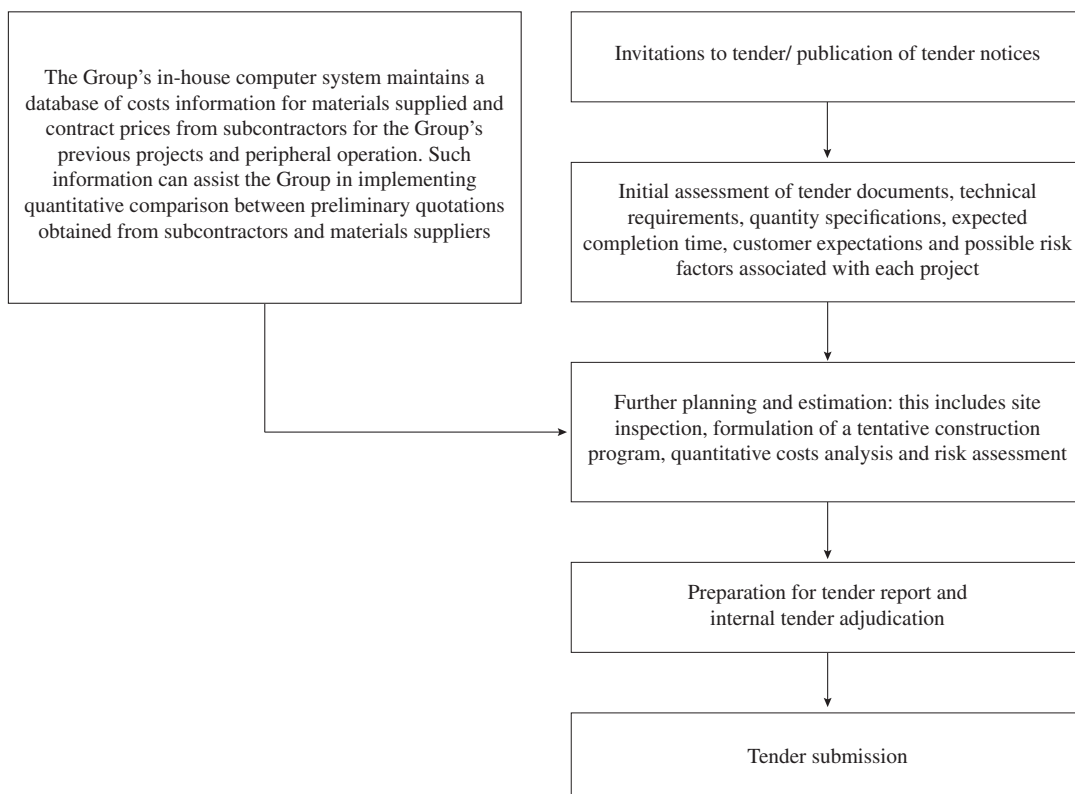
- (a) the Group may act as subcontractor or service provider of the CSC Group for provision of contracting and engineering works, project consultancy service and project management service for the CSC Group's construction works in accordance with the applicable subcontracting procedures of the CSC Group 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 Group to act as subcontractor or service provider of the CSC Group for provision of contracting and engineering works, project consultancy service and project management service for the CSC Group's construction works, provided that the total contract sum that may be awarded by the CSC Group to the Group under the New CSCD-CSC Sub-construction Engagement Agreement for each of the three years ending 30 June 2026, 30 June 2027 and 30 June 2028 shall not exceed HK\$7,000 million (i.e. the Proposed Annual 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 CSC Group to the Group will be settled pursuant to the payment terms set out in the specific contracts.

Pricing basis of the Group's tenders submitted to the CSC Group

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

The Group will normally need to go through a tender or similar process before being selected and appointed as subcontractor or service provider of the CSC Group for the provision of contracting and engineering works, project consultancy service and project management service. The prices and terms of the tenders submitted by the Group to the CSC Group for the CSC Group's construction works are subject to the Group's standard and systematic tender submission procedures, which apply 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 Group to the CSC Group are no more favourable to the CSC Group 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 procedure, 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, customer expectations and possible risk factors associated with each project. The Group will then perform site inspection, formulate a tentative construction program, conduct quantitative costs analysis and risk assessment.

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

The 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 to the CSC Group than those submitted to independent third parties.

Where the Group participates in a tender with all bidders (including independent third parties in the market), the Group will follow the above standard and systematic tender submission procedures and the winning bid of which will be the one with the lowest tender amount in accordance with the tender procedure(s) of the CSC 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 the Group submits tender directly to the ultimate employer, the Group will follow the above standard and systematic tender submission procedures in preparing the terms and price of the tender, and if the Group is nominated as subcontractor by the ultimate employer, consideration to the Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer.

Historical transaction amounts and annual caps

The table below sets out (i) the actual amounts of the Transactions, (ii) the Existing Annual Caps, and (iii) the Proposed Annual Caps:

	Actual amounts of the Transactions <i>(HK\$ million)</i> <i>(approximately)</i>	Existing Annual Caps <i>(HK\$ million)</i>	Proposed Annual Caps <i>(HK\$ million)</i>
For the period between 1 July 2022 and 31 December 2022	811	5,000	–
For the year ending 31 December 2023	3,967	7,000	–
For the year ending 31 December 2024	6,706	7,000	–
For the period between 1 January 2025 and 30 June 2025	Nil [#]	4,000	–
For the year ending 30 June 2026	–	–	7,000
For the year ending 30 June 2027	–	–	7,000
For the year ending 30 June 2028	–	–	7,000

[#] Up to 28 February 2025

Calculation of the Proposed Annual Caps

The Proposed Annual Caps are calculated with reference to the following factors:

- (a) the maximum total contract sums that might be awarded by the CSC Group to the Group in respect of the Transactions under the Existing CSCD-CSC Sub-construction Engagement Agreement, being (i) HK\$5,000 million for the period between 1 July 2022 and 31 December 2022; (ii) HK\$7,000 million for each of the two years ended 31 December 2023 and 31 December 2024, respectively; and (iii) HK\$4,000 million for the period between 1 January 2025 and 30 June 2025 (i.e. the Existing Annual Caps);

- (b) the historical total contract sums of contracting and engineering works, project consultancy service and project management service provided by the Group for the construction works of the CSC Group under the Existing CSCD-CSC Sub-construction Engagement Agreement of (i) approximately HK\$811 million for the period between 1 July 2022 and 31 December 2022; (ii) approximately HK\$3,967 million for the year ended 31 December 2023; and (iii) approximately HK\$6,706 million for the year ended 31 December 2024;
- (c) (i) for the year ending 30 June 2026, the estimated total contract sum of approximately HK\$7,000 million of new construction projects of the CSC Group is estimated based on (A) the total historical contract sums awarded; and (B) tenders in the amount of approximately HK\$7,000 million planned to be submitted to or projects under negotiation with the ultimate employers and/or the CSC Group; (ii) for the year ending 30 June 2027, the estimated total contract sum of approximately HK\$7,000 million of new construction projects of the CSC Group is estimated based on potential projects available from ultimate employers and/or the CSC Group in the amount of approximately HK\$7,000 million; (iii) for the year ending 30 June 2028, the estimated total contract sum of approximately HK\$7,000 million is estimated based on the assumption that the volume of tenders to be submitted will remain at a similar level as compared to that for the year ending 30 June 2027; and
- (d) the Company expects that the total contract sums of the Transactions under the New CSCD-CSC Sub-construction Engagement Agreement will remain stable over the next three years (i.e. the years ending 30 June 2026, 30 June 2027, and 30 June 2028), given that (i) the actual contract sum under the Existing CSCD-CSC Sub-construction Engagement Agreement reached HK\$6,706 million for the year ended 31 December 2024, which is just below the Existing Annual Cap for the said year; and (ii) while various economic downside risks still exist, the stable development of the construction market in Hong Kong and Macau will continue to bring project opportunities for the Group.

Condition Precedent

The Transactions contemplated under the New CSCD-CSC Sub-construction Engagement Agreement (together with the Proposed Annual Caps) are conditional upon the passing of the resolution by the Independent Shareholders at the EGM approving the New CSCD-CSC Sub-construction Engagement Agreement and the Transactions contemplated thereunder (together with the Proposed Annual Caps).

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE NEW CSCD-CSC SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

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

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

CSCEC is the ultimate holding company of each of CSC and the Company. CSCEC, together with its subsidiaries (excluding those listed on any stock exchange), is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

The Directors consider that the Transactions contemplated under the New CSCD-CSC Sub-construction Engagement Agreement will allow the Company to maximise profits and bring synergistic effect to both CSC and the Company, thereby facilitating the expansion of the Company'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 New CSCD-CSC Sub-construction Engagement Agreement (together with the Proposed Annual 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 CSCD-CSC Sub-construction Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Group and the terms (together with the Proposed Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

CSC is indirectly interested in approximately 70.78% of the issued share capital of the Company and is a controlling shareholder of the Company. Accordingly, members of the CSC Group are connected persons of the Company. The Transactions contemplated under the New CSCD-CSC Sub-construction Engagement Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios as defined in the Listing Rules in respect of the Proposed Annual Caps exceed 5%, the Transactions contemplated under the New CSCD-CSC Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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 Transactions contemplated under the New CSCD-CSC Sub-construction Engagement Agreement. Altus 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.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New CSCD-CSC Sub-construction Engagement Agreement and the Transactions contemplated thereunder (together with the Proposed Annual Caps). Voting at the EGM will be conducted by poll and CSC 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 CSCD-CSC Sub-construction 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 on or before 9 May 2025 as the Company expects additional time will be required to prepare and finalise all information in the circular.

Shareholders should note that the Proposed Annual Caps only represent the best estimates by the Directors of the amount of the relevant Transactions based on the information currently available. The Proposed Annual 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”, “continuing connected transactions”, “controlling shareholder”, “holding company” and “subsidiaries”	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 the 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)
“CSC Group”	CSC, its subsidiaries and 30%-controlled companies (excluding the Group) from time to time
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a limited liability company organised and existing under the laws of the PRC, and the ultimate holding company of each of CSC and the Company
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the New CSCD-CSC Sub-construction Engagement Agreement and the Transactions contemplated thereunder (together with the Proposed Annual Caps)

“Existing Annual Caps” and each an “Existing Annual Cap”	the existing annual cap(s) in respect of the Transactions contemplated under the Existing CSCD-CSC Sub-construction Engagement Agreement for the period between 1 July 2022 and 31 December 2022, each of the two years ended 31 December 2023 and 31 December 2024 and the period between 1 January 2025 and 30 June 2025
“Existing CSCD-CSC Sub-construction Engagement Agreement”	the engagement agreement entered into between CSC and the Company on 25 March 2022 in respect of the engagement by the CSC Group of the Group as subcontractor for provision of contracting and engineering works, project consultancy service and project management service for the CSC Group’s construction works from time to time
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“New CSCD-CSC Sub-construction Engagement Agreement”	the engagement agreement entered into between CSC and the Company on 21 March 2025 in respect of the Transactions
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Proposed Annual Caps” and each a “Proposed Annual Cap”	the proposed annual cap(s) for provision of contracting and engineering works, project consultancy service and project management service that may be awarded by the CSC Group to the Group (as subcontractor or service provider of the CSC Group) under the New CSCD-CSC Sub-construction Engagement Agreement for each of the three years ending 30 June 2026, 30 June 2027 and 30 June 2028

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the engagement by the CSC Group of the Group as subcontractor or service provider for the CSC Group’s construction works as described under the sub-section headed “Transactions” in this announcement
“%”	per cent.

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

Hong Kong, 21 March 2025

As at the date of this announcement, the Board comprises Mr. Zhang Haipeng as Chairman and Non-executive Director; Mr. Zhu Haiming (Chief Executive Officer) and Mr. Wong Man Cheung as Executive Directors; Mr. Huang Jiang as Non-executive Director; and Mr. Zhou Jinsong, Ms. Chan Man Ki Maggie and Mr. Zhang Xinyu as Independent Non-executive Directors.

* *for identification purpose only*