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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 GRAND OCEANS GROUP LIMITED
IN RELATION TO CONSTRUCTION WORKS**

On 24 April 2020, the Company and COGO entered into the Master Engagement Agreement whereby (i) the Group may tender for the COGO Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the COGO Group from time to time for a term of one year commencing from 1 July 2020 and ending on 30 June 2021 subject to the COGO Works Caps; and (ii) the COGO Group may engage the Group as construction contractor for the COGO Group's construction works in the PRC upon the Group's successful tender.

As at the date of this announcement, CSCEC is the ultimate holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COGO by virtue of it being interested in approximately 64.66% of the issued share capital of the Company and approximately 38.32% of the issued share capital of COGO. Accordingly, members of the COGO Group are connected persons of the Group and members of the Group are connected persons of the COGO Group. The transactions contemplated under the Master Engagement Agreement between members of the COGO Group on one hand and members of the Group on the other hand, constitute continuing connected transactions for both the Company and COGO under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sums of the construction contracts that may be awarded to the Group by the COGO Group for the one-year period commencing from 1 July 2020 and ending on 30 June 2021 under the Master Engagement Agreement (i.e. the COGO Works Caps) exceed 0.1% but less than 5% for the Company, the transactions contemplated under the Master Engagement Agreement 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 24 April 2020, the Company and COGO entered into the Master Engagement Agreement whereby (i) the Group may tender for the COGO Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the COGO Group from time to time for a term of one year commencing from 1 July 2020 and ending on 30 June 2021 subject to the COGO Works Caps; and (ii) the COGO Group may engage the Group as construction contractor for the COGO Group's construction works in the PRC upon the Group's successful tender.

THE MASTER ENGAGEMENT AGREEMENT

Date

24 April 2020

Parties

1. the Company; and
2. COGO.

Continuing Connected Transactions in relation to Construction Works

The Company expects that the COGO Group will invite the Group to tender for the COGO Group's construction works in the PRC as construction contractor from time to time. As such, on 24 April 2020, the Company and COGO entered into the Master Engagement Agreement for a term of one year commencing from 1 July 2020 and ending on 30 June 2021 whereby the parties agreed, among other things, that:

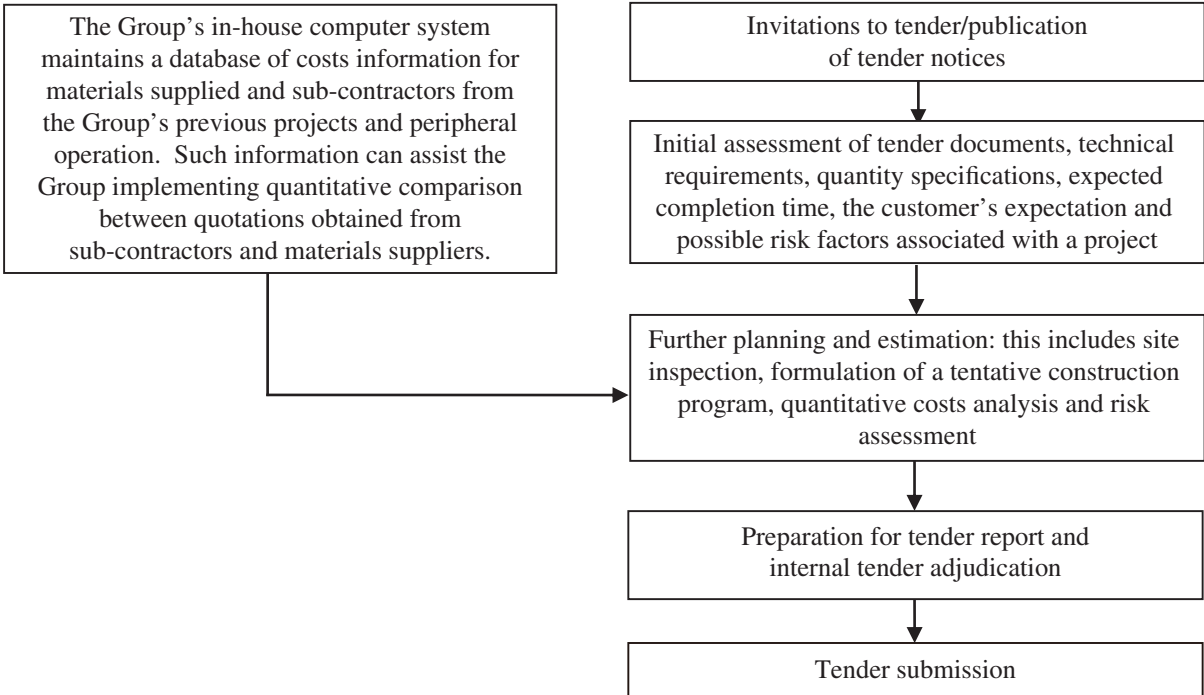
- (a) the Group may tender for the COGO Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the COGO Group from time to time and on the same and normal terms as offered to other independent third party construction contractors;
- (b) if any contract is granted in favour of the Group as a result of the above tender, the Group may act as construction contractor for the COGO Group's construction works in the PRC based on the terms of the successful tender provided that the maximum total contract sums of the construction contracts that may be awarded by the COGO Group to the Group shall not exceed (i) HK\$1,000 million for the period commencing from 1 July 2020 and ending on 31 December 2020; and (ii) HK\$500 million for the period commencing from 1 January 2021 and ending on 30 June 2021 (i.e. the COGO Works Caps); and

(c) the fees in respect of the construction works payable by the COGO Group to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific construction contracts.

Pricing basis of the tenders submitted by the Group

The price and terms of the tenders submitted by the Group to the COGO Group for the COGO Group’s construction works in the PRC are subject to the standard and systematic tender submission procedures maintained by the Group, which apply for tenders submitted to both connected persons and independent third parties of the Group, in order to ensure that the price and terms of the proposed tender submitted by the Group to the COGO Group (i) are no more favourable to the COGO Group than those submitted to independent third parties; and (ii) are no less favourable to the 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 procedures, as illustrated in the following diagram, will enable the Group to review the feasibility and profitability of the tender to be submitted and to decide the contents and pricing terms of the tender to be submitted.



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

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

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

Calculation of the COGO Works Caps

The Group and the COGO Group have not entered into any previous transactions in respect of the COGO Group's construction works in the PRC and therefore the COGO Works Caps are not calculated with reference to any historical transaction amount but calculated with reference to the following factors:

- (a) total contract sum of construction projects of the COGO Group in the PRC for the financial year ended 31 December 2017 of approximately RMB11,414.82 million (approximately HK\$12,543.76 million), for the financial year ended 31 December 2018 of approximately RMB14,344.31 million (approximately HK\$15,762.98 million), for the financial year ended 31 December 2019 of approximately RMB19,845.09 million (approximately HK\$21,807.79 million), and for the period from 1 January 2020 to 31 March 2020 of approximately RMB2,233.38 million (approximately HK\$2,454.26 million); and
- (b) the total estimated contract sum of construction projects of the COGO Group in the PRC that the Group expects to tender for during the one-year period commencing from 1 July 2020 and ending on 30 June 2021, estimated with reference to the COGO Group's future growth and expansion in its land reserves and the Group's construction works capacity in the PRC for such period.

The contract sums under the Master Engagement Agreement will be satisfied by the COGO Group in cash from its general working capital.

Conditions Precedent

The transactions contemplated under the Master Engagement Agreement (together with the COGO Works Caps) are conditional upon (i) the passing of the resolution by COGO's Independent Shareholders at COGO's general meeting approving the Master Engagement Agreement (together with the COGO Works Caps) and the transactions contemplated thereunder; and (ii) the Company and COGO having complied with all requirements under the Listing Rules with respect to the Master Engagement Agreement (together with the COGO Works Caps) and the transactions contemplated thereunder.

Reasons for and Benefits of the Entering into of the Master Engagement Agreement

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

The directors of the Company (including the independent non-executive directors of the Company) consider that the transactions contemplated under the Master Engagement Agreement are expected to be entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the Master Engagement Agreement (together with the COGO Works 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 Master Engagement Agreement (together with the COGO Works Caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the directors of the Company has a material interest in the transactions contemplated under the Master Engagement Agreement and no director of the Company is required to abstain from voting on the Board resolutions approving the entering into of the Master Engagement Agreement (together with the COGO Works Caps) and the transactions contemplated thereunder.

GENERAL

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

COGO is principally engaged in the business of property investment and development, property leasing and investment holding.

CSCECL is the holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COGO. 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 COGO. Its principal businesses are building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSCEC is the ultimate holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COGO by virtue of it being interested in approximately 64.66% of the issued share capital of the Company and approximately 38.32% of the issued share capital of COGO. Accordingly, members of the COGO Group are connected persons of the Group and members of the Group are connected persons of the COGO Group. The transactions contemplated under the Master Engagement Agreement between members of the COGO Group on one hand and members of the Group on the other hand, constitute continuing connected transactions for both the Company and COGO under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sums of the construction contracts that may be awarded to the Group by the COGO Group for the one-year period commencing from 1 July 2020 and ending on 30 June 2021 under the Master Engagement Agreement (i.e. the COGO Works Caps) exceed 0.1% but less than 5% for the Company, the transactions contemplated under the Master Engagement Agreement 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.

Shareholders of the Company should note that the COGO Works Caps represent the best estimates by the directors of the Company of the amount of the relevant transaction(s) based on the information currently available. The COGO 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. The COGO Group may or may not retain the Group to engage in construction works in the PRC up to the level of the COGO Works Caps, if at all, as the engagements are subject to the Group's tendering procedures which are open to other independent third party construction contractors.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“COGO”	China Overseas Grand Oceans Group Limited (中國海外宏洋集團有限公司), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 81);
“COGO Group”	COGO and its subsidiaries from time to time;
“COGO’s Independent Shareholders”	shareholder(s) of COGO, other than COHL and its associates;
“COGO Works Caps”	the maximum total contract sums of the construction contracts that may be awarded by the COGO Group to the Group (as construction contractor of the COGO Group) for the one-year period commencing from 1 July 2020 and ending on 30 June 2021 under the Master Engagement Agreement;
“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 COGO;

“Company”	China State Construction International Holdings Limited (中國建築國際集團有限公司), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CSCEC”	中國建築集團有限公司(China State Construction Engineering Corporation*), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of CSCECL, COHL, the Company and COGO;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of CSCEC and holding company of COHL;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“Master Engagement Agreement”	the engagement agreement entered into between the Company and COGO on 24 April 2020 in respect of the engagement of any members of the Group by any members of the COGO Group as construction contractor for the COGO Group’s construction works in the PRC from time to time for a term of one year commencing from 1 July 2020 and ending on 30 June 2021;

“PRC”	People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent..

** English translation for identification purpose only.*

For illustration purposes in this announcement, unless otherwise specified, the exchange rate of RMB1.00 = HK\$0.91 is adopted. The exchange rate does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, 24 April 2020

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