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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**

Reference is made to the announcement of the Company dated 24 April 2020 in relation to, among other things, the Previous Master Engagement Agreement entered into between the Company and COGO.

Under the Previous Master Engagement Agreement, (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 commenced from 1 July 2020 and ending on 30 June 2021 subject to the Previous 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.

On 19 November 2020, the Company and COGO entered into the New 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 three years commencing from 1 January 2021 and ending on 31 December 2023 subject to the New 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 New Master Engagement Agreement (together with the New COGO Works Caps) will replace and supersede all rights and obligations of the parties under the Previous Master Engagement Agreement (together with the Previous COGO Works Caps) starting from 1 January 2021 with effect from the date of the satisfaction of the conditions precedent set out herein.

As at the date of this announcement, COHL 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 New 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 each of the Company and COGO under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sums of the construction works that may be awarded to the Group by the COGO Group for the period commencing from 1 January 2021 and ending on 31 December 2023 under the New Master Engagement Agreement (i.e. the New COGO Works Caps) exceed 5%, the transactions contemplated under the New Master Engagement 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 of the Company has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the New Master Engagement Agreement. Honestum 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 Master Engagement Agreement (together with the New COGO Works Caps) and the transactions contemplated thereunder. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM. None of the directors of the Company has any material interest in the New Master Engagement Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further particulars of the transactions contemplated under the New Master 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 will be despatched to the shareholders of the Company on or before 21 December 2020 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

Shareholders of the Company should note that the New COGO Works Caps represent the best estimates by the directors of the Company of the amount of the relevant transaction based on the information currently available. The New 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 up to the New COGO Works Caps, if at all, as its engagement is subject to tender procedures which are open to other independent third parties.

BACKGROUND

Reference is made to the announcement of the Company dated 24 April 2020 in relation to, among other things, the Previous Master Engagement Agreement entered into between the Company and COGO.

Under the Previous Master Engagement Agreement, (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 commenced from 1 July 2020 and ending on 30 June 2021 subject to the Previous 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.

On 19 November 2020, the Company and COGO entered into the New 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 three years commencing from 1 January 2021 and ending on 31 December 2023 subject to the New 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 New Master Engagement Agreement (together with the New COGO Works Caps) will replace and supersede all rights and obligations of the parties under the Previous Master Engagement Agreement (together with the Previous COGO Works Caps) starting from 1 January 2021 with effect from the date of the satisfaction of the conditions precedent set out herein.

THE NEW MASTER ENGAGEMENT AGREEMENT

Date

19 November 2020

Parties

1. the Company; and
2. COGO.

Continuing Connected Transactions in relation to Construction Works

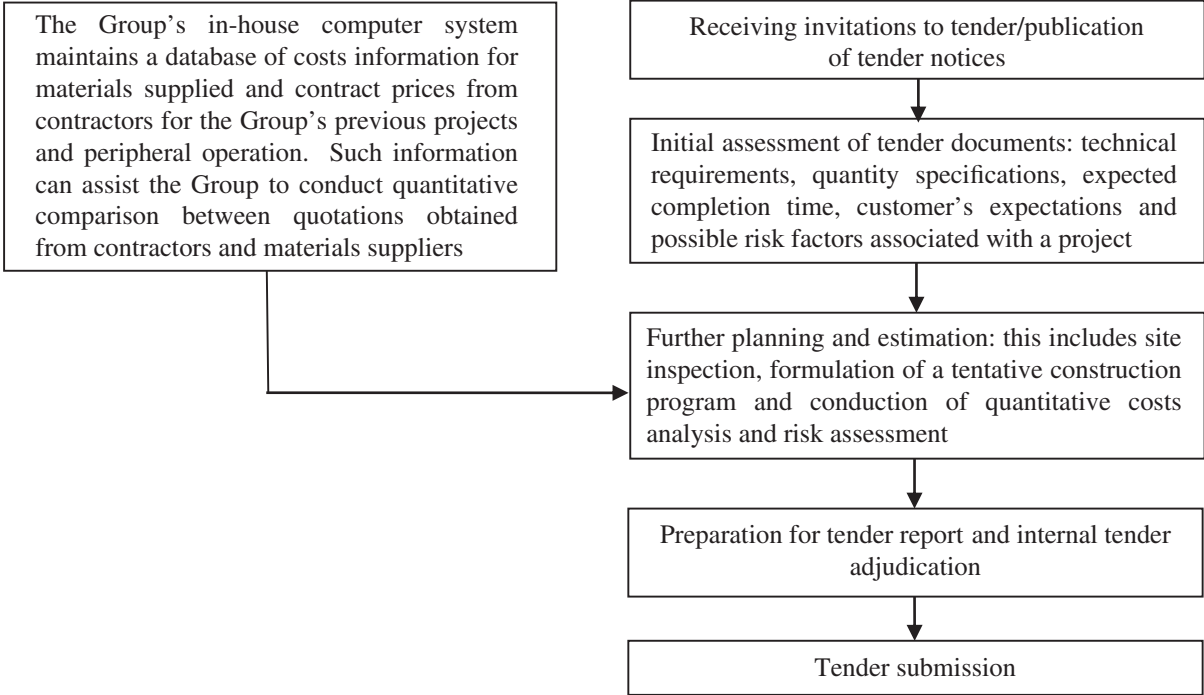
It is contemplated that the COGO Group will invite the Group to tender for more construction works of the COGO Group in the PRC as construction contractor and (A) the cap provided for in the Previous Master Engagement Agreement for the period commencing from 1 January 2021 and ending on 30 June 2021; and (B) the term of the Previous Master Engagement Agreement need to be revised. As such, on 19 November 2020, the Company and COGO entered into the New Master Engagement Agreement for a term of three years commencing from 1 January 2021 and ending on 31 December 2023 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 works that may be awarded by the COGO Group to the Group shall not exceed (i) RMB2,000 million for the year commencing from 1 January 2021 and ending on 31 December 2021; (ii) RMB2,500 million for the year commencing from 1 January 2022 and ending on 31 December 2022; and (iii) RMB3,000 million for the year commencing from 1 January 2023 and ending on 31 December 2023 (i.e. the New 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, in order to ensure that the price and terms of the proposed tenders submitted by the Group to the COGO Group are no more favourable to the COGO Group, and no less favourable to the Group, than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involve (i) receiving invitations to tender/publication of tender notices; (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 technical requirements, quantity specifications, expected completion time, customer’s expectations and possible risk factors associated with a project. The Group will then perform site inspection, formulate 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 contract prices from contractors for the Group's previous projects and peripheral operation. The information will assist the Group to conduct quantitative comparison between quotations obtained from contractors and materials suppliers. The Group will review details of the tender to be submitted for bidding including the price analysis of each item in the tender for both tenders to be submitted to connected persons and independent third parties, and compare them with previous tenders submitted to both connected persons and independent third parties, so as to ensure that the prices and terms of the tender to be submitted to the COGO Group are not more favourable to the COGO Group, and no less favourable to the Group, than those submitted to independent third parties.

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 relevant construction works of the COGO Group in the PRC based on the terms of the successful tender.

Calculation of the New COGO Works Caps

The New COGO Works Caps are calculated with reference to the following factors:

- (a) the maximum total contract sum that might be awarded by the COGO Group to the Group in respect of the construction works under the Previous Master Engagement Agreement should not exceed (i) HK\$1,000 million for the period commenced 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 Previous COGO Works Caps);
- (b) total contract sum of construction works of the COGO Group in the PRC awarded by the COGO Group to the Group as construction contractor under the Previous Master Engagement Agreement for the period from 1 July 2020 to 31 October 2020 of approximately RMB435.77 million (approximately HK\$512.67 million);
- (c) total contract sum of construction works of the COGO Group in the PRC for the financial year ended 31 December 2017 of approximately RMB11,414.82 million (approximately HK\$13,429.20 million), for the financial year ended 31 December 2018 of approximately RMB14,344.31 million (approximately HK\$16,875.66 million), for the financial year ended 31 December 2019 of approximately RMB19,845.09 million (approximately HK\$23,347.16 million), and for the period from 1 January 2020 to 31 October 2020 of approximately RMB17,660.54 million (approximately HK\$20,777.11 million); and

(d) the estimated total contract sum within the range of RMB3,000 million to RMB4,000 million of the COGO Group's construction works in the PRC for which the COGO Group will invite the Group to participate in competitive tenders from time to time for each of the three financial years ending on 31 December 2023, taking into account of the numbers and size of the potential new construction projects of the COGO Group in the PRC.

The contract sums under the New Master Engagement Agreement will be satisfied by the COGO Group in cash from its general working capital. The New Master Engagement Agreement (together with the New COGO Works Caps) will replace and supersede all rights and obligations of the parties under the Previous Master Engagement Agreement (together with the Previous COGO Works Caps) starting from 1 January 2021 with effect from the date of the satisfaction of the conditions precedent set out below.

In the event that the New Master Engagement Agreement does not become effective, the Previous Master Engagement Agreement (together with the Previous COGO Works Caps) will remain in full force and binding on the Company and COGO.

Conditions Precedent

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

Reasons for and Benefits of the Entering into of the New 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 (other than the independent non-executive directors of the Company whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the transactions contemplated under the New Master Engagement Agreement are expected to be entered 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 transactions contemplated under the New Master Engagement Agreement (together with the New COGO Works Caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

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

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. 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COHL 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 New 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 each of the Company and COGO under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sums of the construction works that may be awarded to the Group by the COGO Group for the period commencing from 1 January 2021 and ending on 31 December 2023 under the New Master Engagement

Agreement (i.e. the New COGO Works Caps) exceed 5%, the transactions contemplated under the New Master Engagement 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 of the Company has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the New Master Engagement Agreement. Honestum 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 Master Engagement Agreement (together with the New COGO Works Caps) and the transactions contemplated thereunder. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM. None of the directors of the Company has any material interest in the New Master Engagement Agreement and the transactions contemplated thereunder. However, Mr. Yan Jianguo, being the chairman and non-executive director of the Company, non-executive director of COGO and the chairman and president of COHL, and Mr. Zhang Haipeng, being director of both the Company and COHL, have voluntarily abstained from voting on the board resolution(s) of the Company approving the New Master Engagement Agreement (together with the New COGO Works Caps) and the transactions contemplated thereunder.

A circular containing, among other things, further particulars of the transactions contemplated under the New Master 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 will be despatched to the shareholders of the Company on or before 21 December 2020 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

Shareholders of the Company should note that the New COGO Works Caps represent the best estimates by the directors of the Company of the amount of the relevant transaction based on the information currently available. The New 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 up to the New COGO Works Caps, if at all, as its engagement is subject to tender procedures which are open to other independent third parties.

DEFINITIONS

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

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| “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 Independent Shareholders” | shareholders of COGO, other than COHL and its associates; |
| “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; |

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| “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; |
| “EGM” | extraordinary general meeting of the Company to be held to consider and approve the New Master Engagement Agreement (together with the New COGO Works Caps) and the transactions contemplated thereunder; |
| “Group” | the Company and its subsidiaries (excluding subsidiary(ies) listed on the 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; |
| “Independent Financial Adviser” or “Honestum” | Honestum International Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the independent board committee of the Company and the Independent Shareholders in respect of the New Master Engagement Agreement (together with the New COGO Works Caps) and the transactions contemplated thereunder; |
| “Independent Shareholders” | shareholders of the Company, other than COHL and its associates; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |

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| “Macau” | the Macao Special Administrative Region of the PRC; |
| “New COGO Works Caps” | the maximum total contract sums of the construction works that may be awarded by the COGO Group to the Group (as construction contractor of the COGO Group) for the three-year period commencing from 1 January 2021 and ending on 31 December 2023 under the New Master Engagement Agreement; |
| “New Master Engagement Agreement” | the engagement agreement entered into between the Company and COGO on 19 November 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 three years commencing from 1 January 2021 and ending on 31 December 2023; |
| “Previous COGO Works Caps” | the maximum total contract sum of (i) HK\$1,000 million for the period commenced 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 of the construction works that may be awarded by the COGO Group to the Group (as construction contractor of the COGO Group) under the Previous Master Engagement Agreement; |
| “Previous 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 commenced 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 RMB0.85 = HK\$1.00 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, 19 November 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.