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RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO COLI WORKS

Reference is made to the announcement dated 26 June 2018 jointly issued by COLI, CSC and CSCD, and the circular of CSCD dated 18 July 2018, in relation to the Previous COLI Framework Agreement entered into between COLI and CSCD which is due to expire on 30 June 2021.

On 29 March 2021, COLI and CSCD entered into the New COLI Framework Agreement to renew the Previous COLI Framework Agreement. Pursuant to the New COLI Framework Agreement, for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive), each of the COLI Group and the Minority Controlled Group may engage the CSCD Group, and the CSCD Group may act as contractor or service provider (as the case may be), for the COLI Works in relation to the respective construction works of the COLI Group and the Minority Controlled Group from time to time, subject to the New COLI Works Caps.

As at the date of this joint announcement, COHL is a controlling shareholder of COLI, CSC and CSCD by virtue of it being interested in approximately 56.05% of the number of shares of COLI in issue and approximately 64.79% of the issued share capital of CSC, which in turn is interested in approximately 74.06% of the issued share capital of CSCD. Accordingly, members of the COLI Group and the Minority Controlled Group are connected persons of both CSC and CSCD and the transactions contemplated under the New COLI Framework Agreement constitute continuing connected transactions for each of CSC and CSCD under Chapter 14A of the Listing Rules.

For CSCD, since the applicable percentage ratios in respect of the highest New COLI Works Cap exceed 5%, the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps) are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For CSC, since the applicable percentage ratios in respect of the highest New COLI Works Cap are more than 0.1% but less than 5%, the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps) are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

An independent board committee of CSCD comprising all the independent non-executive directors of CSCD has been formed to advise the CSCD Independent Shareholders in respect of the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps). Altus Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of CSCD and the CSCD Independent Shareholders in this connection.

A CSCD GM will be convened and held for the CSCD Independent Shareholders to consider and, if thought fit, approve the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps). Voting at the CSCD GM will be conducted by poll and COHL and its associates will abstain from voting at the CSCD GM.

A circular containing, among other things, further particulars of the transactions contemplated under the New COLI Framework Agreement together with, the recommendations of the independent board committee of CSCD, a letter from the Independent Financial Adviser to the independent board committee of CSCD and the CSCD Independent Shareholders, and a notice convening the CSCD GM will be despatched to the shareholders of CSCD on or before 30 April 2021 as CSCD expects additional time will be required to prepare and finalise the information to be included in the circular.

Shareholders of CSC and CSCD should note that the New COLI Works Caps represent the best estimates by the respective directors of CSC and CSCD of the amount of the relevant transactions based on the information currently available. The New COLI Works Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the financial or potential financial performance of each of the CSC Group and the CSCD Group.

BACKGROUND

Reference is made to the announcement dated 26 June 2018 jointly issued by COLI, CSC and CSCD, and the circular of CSCD dated 18 July 2018, in relation to the Previous COLI Framework Agreement entered into between COLI and CSCD which is due to expire on 30 June 2021.

It is anticipated that the COLI Group will continue to invite the CSCD Group to participate in competitive tender for the COLI Works in relation to the construction works of the COLI Group from time to time. As such, on 29 March 2021, COLI and CSCD entered into the New COLI Framework Agreement to renew the Previous COLI Framework Agreement. Pursuant to the New COLI Framework Agreement, for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive), each of the COLI Group and the Minority Controlled Group may engage the CSCD Group, and the CSCD Group may act as contractor or service provider (as the case may be), for the COLI Works in relation to the respective construction works of the COLI Group and the Minority Controlled Group from time to time, subject to the New COLI Works Caps.

THE NEW COLI FRAMEWORK AGREEMENT

Date

29 March 2021

Parties

- 1. COLI; and
- 2. CSCD.

Continuing connected transactions in relation to the COLI Works

Subject to the fulfillment of the condition precedent set out below, the New COLI Framework Agreement will commence on 1 July 2021 and end on 30 June 2024 (both days inclusive) whereby the parties agreed that:

- (a) each of the COLI Group and the Minority Controlled Group may invite the CSCD Group to participate in competitive tenders for the COLI Works as contractor or service provider (as the case may be) from time to time. The CSCD Group may tender for the COLI Works in accordance with the tendering procedures of the COLI Group or the Minority Controlled Group (as the case may be) and on the same and normal terms as offered to other independent third party construction contractors or service providers (as the case may be) of the COLI Group or the Minority Controlled Group (as the case may be);

- (b) if any works contract is awarded to the CSCD Group as a result of the above tender, the CSCD Group may act as contractor or service provider (as the case may be) of the COLI Group or the Minority Controlled Group (as the case may be) for the COLI Works based on the terms of the tender proposal accepted provided that the maximum total contract sums of works contracts in respect of the COLI Works that may be awarded to the CSCD Group shall not exceed HK\$310 million for the period between 1 July 2021 and 31 December 2021, HK\$310 million for the year ending 31 December 2022, HK\$510 million for the year ending 31 December 2023, and HK\$155 million for the period between 1 January 2024 and 30 June 2024 (i.e. the New COLI Works Caps); and
- (c) the contract amount in respect of the COLI Works payable to the CSCD Group will be settled pursuant to the payment terms set out in the specific contracts.

For avoidance of doubt, the CSCD Group has not been invited to participate in competitive tenders by the Minority Controlled Group (which is not member of the COLI Group but comprises companies which the COLI Group has a minority interest) during the term of the Previous COLI Framework Agreement but with increasing demands, it is expected that such tender invitations may arise under the term of the New COLI Framework Agreement. In estimating the New COLI Works Caps, CSCD has estimated the maximum total contract sums which might be awarded by the Minority Controlled Group in a relevant year during the term of the New COLI Framework Agreement at HK\$10 million a year.

Condition precedent

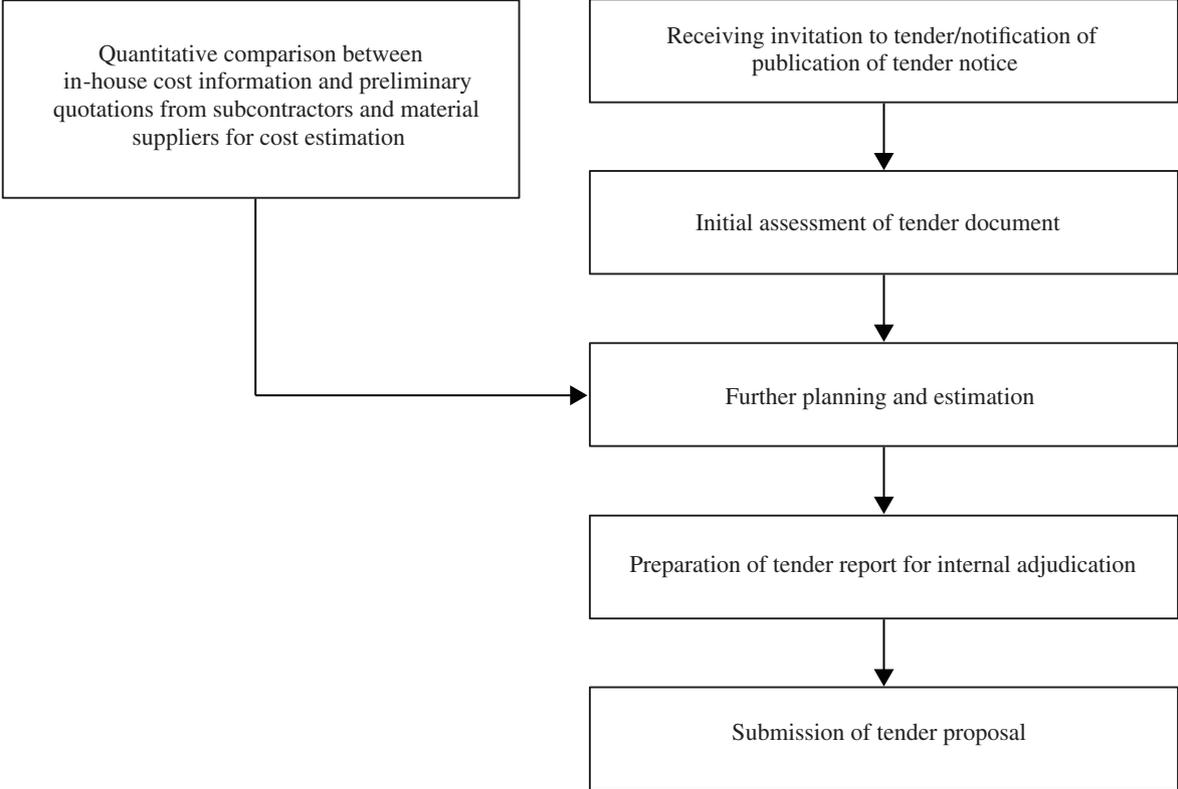
The New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps) are conditional upon CSCD having obtained the approval of the CSCD Independent Shareholders at the CSCD GM by way of poll.

Pricing basis of the CSCD Group in respect of the COLI Works

As a general principle, the prices and terms of the works contracts shall be determined in the ordinary course of business and on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the CSCD Group than those provided to the independent third party customers of the CSCD Group.

The CSCD Group will normally need to go through a tender or similar process before being selected and engaged by the COLI Group or the Minority Controlled Group (as the case may be) for the COLI Works. The prices and terms of the tender proposals submitted by the CSCD Group to the COLI Group and the Minority Controlled Group for the COLI Works are subject to the standard and systematic tender submission procedures of the CSCD Group, which apply to tender proposals submitted to both connected persons and independent third parties, in order to ensure that the prices and terms of the tender proposals submitted by the CSCD Group to the COLI Group and the Minority Controlled Group are no less favourable to the CSCD Group than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involve (i) receiving invitation to tender/notification of publication of tender notice; (ii) initial assessment of tender document; (iii) further planning and estimation; (iv) preparation of tender report for internal adjudication; and (v) submission of tender proposal. The procedures, as illustrated in the following diagram, will enable the CSCD Group to review the feasibility and profitability of a prospective tender and decide the scope of work, work program and pricing terms of the tender proposal for submission.



The CSCD Group from time to time receives invitations to tender and notification of publication of tender notices from employers. After receiving a tender document, the CSCD Group will conduct an initial assessment of the tender document on the technical requirements, quantity specifications and expected completion time of the project, customer’s expectations and possible risks associated with the project. The CSCD Group will then perform site inspection, formulate a tentative work program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the CSCD Group will conduct quantitative comparison between the cost information maintained in its in-house computer database for material and labour costs, and subcontractors’ quotations, and the preliminary quotations from subcontractors and material suppliers, for cost estimation. The CSCD Group will also take into account the contract value of the previous winning bids, relevant market information such as material price trends, and the chance of winning a bid. The CSCD Group will review and compare the prices of previous tender proposals submitted to both connected persons and independent third parties, so as to ensure that the tender price is no less favourable to the CSCD Group than those offered to independent third parties. The CSCD Group will then

prepare a tender report containing the price and major terms of the tender proposal for adjudication by its tender board. The tender board will then meet to deliberate and after the tender price and terms have been approved by the tender board, the CSCD Group will submit the tender proposal to the tenderee.

If any works contract is awarded to the CSCD Group as a result of the competitive tender, the relevant project owner of the COLI Group or the Minority Controlled Group (as the case may be) will issue a letter of award to the CSCD Group and the CSCD Group will act as contractor or service provider (as the case may be) of the COLI Group or the Minority Controlled Group (as the case may be) for the COLI Works based on the terms of the tender proposal accepted by the COLI Group or the Minority Controlled Group (as the case may be). CSCD may provide the relevant employer with a performance guarantee to guarantee the performance of the relevant works contract by the CSCD Group as per industry practice.

Calculation of the New COLI Works Caps

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

- (a) the maximum total contract sums that might be awarded by the COLI Group to the CSCD Group in respect of the COLI Works under the Previous COLI Framework Agreement, being (i) HK\$1,200 million for the period between 20 August 2018 and 31 December 2018; (ii) HK\$1,200 million for each of the two years ended 31 December 2020; and (iii) HK\$800 million for the period between 1 January 2021 and 30 June 2021 (i.e. the Previous COLI Works Caps);
- (b) the historical total contract sums in respect of the COLI Works awarded by the COLI Group to the CSCD Group under the Previous COLI Framework Agreement of (i) approximately HK\$93 million for the period between 20 August 2018 and 31 December 2018; (ii) approximately HK\$174 million for the year ended 31 December 2019; and (iii) approximately HK\$198 million for the year ended 31 December 2020;
- (c) the estimated total contract sum of works contracts of approximately HK\$310 million in respect of the COLI Works that the COLI Group and the Minority Controlled Group may invite the CSCD Group to participate in competitive tenders in the second half of 2021, taking into account the potential projects that may be available for tender by the CSCD Group with an estimated total contract sum of HK\$242 million, and such estimation together with the historical total contract sums as set out in paragraph (b) above and the potential project that may be available for tender by the CSCD Group in 2023 with an estimated contract sum of HK\$240 million form the basis of determining the New COLI Works Caps;

- (d) for avoidance of doubt, the CSCD Group has not been invited to participate in competitive tenders by the Minority Controlled Group (which is not member of the COLI Group but comprises companies which the COLI Group has a minority interest) during the term of the Previous COLI Framework Agreement but with increasing demands, it is expected that such tender invitations may arise under the term of the New COLI Framework Agreement. In estimating the New COLI Works Caps, CSCD has estimated the maximum total contract sums which might be awarded by the Minority Controlled Group in a relevant year during the term of the New COLI Framework Agreement at HK\$10 million a year; and
- (e) other factors such as the business plans of the COLI Group for the corresponding period of the New COLI Framework Agreement and inflation.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW COLI FRAMEWORK AGREEMENT

The directors of CSCD consider that being able to participate in the COLI Works allows the CSCD Group to secure a more diverse base of customers for facade contracting and operating management businesses, thereby expanding the CSCD Group's market reach. In addition, given the satisfactory co-operation between the COLI Group and the CSCD Group pursuant to the Previous COLI Framework Agreement, the continuation of the longstanding and established business relationship will facilitate the expansion of the CSCD Group's businesses.

The directors of CSCD (other than the independent non-executive directors of CSCD whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the transactions contemplated under the New COLI Framework Agreement are expected to be entered into in the ordinary and usual course of business of the CSCD Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps) are fair and reasonable and in the interests of CSCD and its shareholders as a whole.

The directors of CSC (including the independent non-executive directors of CSC) consider that the transactions contemplated under the New COLI Framework Agreement are expected to be entered into in the ordinary and usual course of business of the CSCD Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps) are fair and reasonable and in the interests of CSC and its shareholders as a whole.

GENERAL

The COLI Group is principally engaged in property development and investment, and other operations.

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

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

CSCECL is the holding company of COHL, which in turn is a controlling shareholder of COLI, CSC and CSCD. 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, COLI, CSC and CSCD. 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 IMPLICATION

As at the date of this joint announcement, COHL is a controlling shareholder of COLI, CSC and CSCD by virtue of it being interested in approximately 56.05% of the number of shares of COLI in issue and approximately 64.79% of the issued share capital of CSC, which in turn is interested in approximately 74.06% of the issued share capital of CSCD. Accordingly, members of the COLI Group and the Minority Controlled Group are connected persons of both CSC and CSCD and the transactions contemplated under the New COLI Framework Agreement constitute continuing connected transactions for each of CSC and CSCD under Chapter 14A of the Listing Rules.

For CSCD, since the applicable percentage ratios in respect of the highest New COLI Works Cap exceed 5%, the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps) are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For CSC, since the applicable percentage ratios in respect of the highest New COLI Works Cap are more than 0.1% but less than 5%, the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps) are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. None of the directors of CSC has any material interest in the New COLI Framework Agreement or the transactions contemplated thereunder and no director of CSC is required to abstain from voting on the Board resolution(s) of CSC approving the entering into of the New COLI Framework Agreement and the

transactions contemplated thereunder (including the New COLI Works Caps). However, Mr. Yan Jianguo, being the chairman and non-executive director of CSC, the chairman and executive director of COLI and the chairman and president of COHL, was absent from the relevant Board meeting of CSC and did not vote on the Board resolution(s) of CSC approving the entering into of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps). Mr. Zhang Haipeng, being an executive director of CSC, the chairman and non-executive director of CSCD, and a director of COHL, has voluntarily abstained from voting on the Board resolution(s) of CSC approving the entering into of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps).

An independent board committee of CSCD comprising all the independent non-executive directors of CSCD has been formed to advise the CSCD Independent Shareholders in respect of the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps). Altus Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of CSCD and the CSCD Independent Shareholders in this connection.

A CSCD GM will be convened and held for the CSCD Independent Shareholders to consider and, if thought fit, approve the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps). Voting at the CSCD GM will be conducted by poll and COHL and its associates will abstain from voting at the CSCD GM.

A circular containing, among other things, further particulars of the transactions contemplated under the New COLI Framework Agreement together with, the recommendations of the independent board committee of CSCD, a letter from the Independent Financial Adviser to the independent board committee of CSCD and the CSCD Independent Shareholders, and a notice convening the CSCD GM will be despatched to the shareholders of CSCD on or before 30 April 2021 as CSCD expects additional time will be required to prepare and finalise the information to be included in the circular.

Shareholders of CSC and CSCD should note that the New COLI Works Caps represent the best estimates by the respective directors of CSC and CSCD of the amount of the relevant transactions based on the information currently available. The New COLI Works Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the financial or potential financial performance of each of the CSC Group and the CSCD Group.

DEFINITIONS

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

“associates”, “connected persons”, “continuing connected transactions”, “controlling shareholder”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of a company;
“COGO”	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 81), and which is held as to approximately 38.32% by COLI;
“COGO Group”	COGO and its subsidiaries from time to time;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CSCECL and a controlling shareholder of CSC, COLI and CSCD;
“COLI”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 688);
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on the Stock Exchange and their respective subsidiaries) from time to time;
“COLI Works”	provision of contracting and engineering works, project management, supervision and consultancy services;
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CSC Group”	CSC and its subsidiaries (excluding the CSCD Group) from time to time;

“CSCD”	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 830);
“CSCD GM”	general meeting of CSCD to be held to consider and approve the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps);
“CSCD Group”	CSCD and its subsidiaries from time to time;
“CSCD Independent Shareholders”	shareholders of CSCD, other than COHL and its associates;
“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, COLI, CSC and CSCD;
“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 and the shares of which are listed on the Shanghai Stock Exchange (stock code: 601668), a non-wholly owned subsidiary of CSCEC and the holding company of COHL;
“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 “Altus Capital Limited”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by CSCD to advise the independent board committee of CSCD and the CSCD Independent Shareholders in respect of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Minority Controlled Group”	the companies held as to 30% to 50% by the COLI Group, and their respective subsidiaries from time to time (excluding members of the COLI Group and members of the COGO Group, respectively);
“New COLI Framework Agreement”	the framework agreement entered into between COLI and CSCD on 29 March 2021 in respect of the engagement of the CSCD Group by each of the COLI Group and the Minority Controlled Group as contractor or service provider (as the case may be) for the COLI Works in relation to the respective construction works of the COLI Group and the Minority Controlled Group from time to time for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive);
“New COLI Works Caps”	the maximum total contract sums of works contracts in respect of the COLI Works that may be awarded by the COLI Group and the Minority Controlled Group to the CSCD Group for the three-year period commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive) under the New COLI Framework Agreement;
“PRC”	People’s Republic of China, which for the purpose of this joint announcement excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“Previous COLI Framework Agreement”	the framework agreement entered into between COLI and CSCD on 26 June 2018 in respect of the engagement of the CSCD Group by the COLI Group for the COLI Works in relation to the construction works of the COLI Group for a term commenced from 20 August 2018 and ending on 30 June 2021;
“Previous COLI Works Caps”	the maximum total contract sums of the works contracts in respect of the COLI Works that may be awarded by the COLI Group to the CSCD Group under the Previous COLI Framework Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and

“%”

per cent.

** For identification purpose only*

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

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

Hong Kong, 29 March 2021

As at the date of this joint announcement, the Board of CSC 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.

As at the date of this joint announcement, the Board of CSCD comprises Mr. Zhang Haipeng as Chairman and non-executive director; Mr. Wu Mingqing (Vice Chairman and Chief Executive Officer) and Mr. Wang Hai as executive directors; Mr. Huang Jiang as non-executive director; and Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna as independent non-executive directors.