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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
IN RELATION TO
REVISION OF THE ANNUAL CAPS UNDER
THE EXISTING MASTER ENGAGEMENT AGREEMENT
(AS AMENDED AND SUPPLEMENTED BY THE FIRST
SUPPLEMENTAL AGREEMENT)
FOR THE CONSTRUCTION WORKS**

**REVISION OF THE ANNUAL CAPS UNDER THE EXISTING MASTER
ENGAGEMENT AGREEMENT (AS AMENDED AND SUPPLEMENTED BY
THE FIRST SUPPLEMENTAL AGREEMENT)**

Reference is made to the announcement dated 8 April 2020 and the circular dated 20 May 2020 of the Company in relation to the Existing Master Engagement Agreement entered into between the Company and COLI, the term of which commenced on 8 April 2020 until 31 December 2022, pursuant to which (i) the Group may tender for the COLI Group's construction works in the PRC, Hong Kong and Macau as construction contractor in accordance with the tendering procedures of the COLI Group from time to time for three financial years ending on 31 December 2022 subject to the Original Annual Caps; and (ii) the COLI Group may engage the Group as construction contractor for the COLI Group's construction works in the PRC, Hong Kong and Macau upon the Group's successful tender.

Reference is also made to the announcement of the Company dated 10 June 2021 in relation to the First Supplemental Agreement entered into between the Company and COLI, pursuant to which, in addition to the members of the COLI Group subject to the Existing Master Engagement Agreement, the Group may, with effect from the date of the First Supplemental Agreement, tender for the construction works of the COLI Associated Companies from time to time on the terms set out in the Existing Master Engagement Agreement for the remainder of the term of the Existing Master Engagement Agreement. The First Supplemental Agreement has not sought to amend the Original Annual Caps.

On 10 September 2021, the Company and COLI entered into the Second Supplemental Agreement to revise the Original Annual Caps, taking into account the estimated contract sum of the potential construction works of both the COLI Group and the COLI Associated Companies which the Group expects to tender for.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COHL is the controlling shareholder of both the Company and COLI by virtue of it being interested in approximately 64.81% of the issued share capital of the Company and approximately 56.09% of the issued share capital of COLI. Accordingly, members of the COLI Group and the COLI Associated Companies are connected persons of the Company and the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules calculated for the Proposed Revised Annual Caps, for the financial years ending on 31 December 2021 and 31 December 2022, exceed 5%, the Transactions 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 has been formed to advise the Independent Shareholders in respect of the Transactions. Honestum International has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this connection. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM.

A circular containing, among other things, further particulars of the Transactions 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 8 October 2021 as the Company expects additional time will be required to prepare and finalise the information to be included in the circular.

REVISION OF THE ANNUAL CAPS UNDER THE EXISTING MASTER ENGAGEMENT AGREEMENT (AS AMENDED AND SUPPLEMENTED BY THE FIRST SUPPLEMENTAL AGREEMENT)

Background

Reference is made to the announcement dated 8 April 2020 and the circular dated 20 May 2020 of the Company in relation to the Existing Master Engagement Agreement entered into between the Company and COLI, the term of which commenced on 8 April 2020 until 31 December 2022, pursuant to which (i) the Group may tender for the COLI Group's construction works in the PRC, Hong Kong and Macau as construction contractor in accordance with the tendering procedures of the COLI Group from time to time for three financial years ending on 31 December 2022 subject to the Original Annual Caps; and (ii) the COLI Group may engage the Group as construction contractor for the COLI Group's construction works in the PRC, Hong Kong and Macau upon the Group's successful tender.

Reference is also made to the announcement of the Company dated 10 June 2021 in relation to the First Supplemental Agreement entered into between the Company and COLI, pursuant to which, in addition to the members of the COLI Group subject to the Existing Master Engagement Agreement, the Group may, with effect from the date of the First Supplemental Agreement, tender for the construction works of the COLI Associated Companies from time to time on the terms set out in the Existing Master Engagement Agreement for the remainder of the term of the Existing Master Engagement Agreement.

Proposed Revised Annual Caps under the Second Supplemental Agreement

Pursuant to the First Supplemental Agreement, in addition to the members of the COLI Group subject to the Existing Master Engagement Agreement, the Group may, with effect from the date of the First Supplemental Agreement, tender for the construction works of the COLI Associated Companies in the PRC, Hong Kong and Macau from time to time on the terms set out in the Existing Master Engagement Agreement for the remainder of the term of the Existing Master Engagement Agreement.

The respective Original Annual Caps for each of the financial years ending on 31 December 2021 and 31 December 2022 were determined with reference to the respective estimated contract sum of the potential construction works of the COLI Group which the Group expected to tender for during these two financial years only but without reference to those of the COLI Associated Companies which the Group expects to tender for during these two financial years. The First Supplemental Agreement has not sought to amend the Original Annual Caps.

In light of the foregoing and taking into account the potential construction works of the COLI Associated Companies (in addition to those of the COLI Group) which the Group intends to tender for during the financial years ending on 31 December 2021 and 31 December 2022, the Company expects that the maximum total contract sum of the construction contracts that may be awarded by the COLI Group and the COLI Associated Companies to the Group for each of the financial years ending on 31 December 2021 and 31 December 2022 will exceed the Original Annual Caps for these two financial years. In this connection, the Company and COLI entered into the Second Supplemental Agreement on 10 September 2021 to revise the respective Original Annual Caps for the financial years ending on 31 December 2021 and 31 December 2022 as follows:

	For the financial year ending on 31 December 2021	For the financial year ending on 31 December 2022
Original Annual Caps	HK\$9,000 million	HK\$9,000 million
Proposed Revised Annual Caps	HK\$20 billion	HK\$21 billion

Save for the revision of the Original Annual Caps to the Proposed Revised Annual Caps, all other terms and conditions under the Existing Master Engagement Agreement (as amended and supplemented by the First Supplemental Agreement) shall remain the same.

Basis of determining the Proposed Revised Annual Caps

The Proposed Revised Annual Caps for the financial years ending on 31 December 2021 and 31 December 2022 are determined with reference to the following factors:

- (a) the Original Annual Cap of HK\$9,000 million for the financial year ending on 31 December 2021 (which includes the total contract sum awarded by a COLI Associated Company to the Group as construction contractor for the construction work of the COLI Associated Company during the period from 10 June 2021 to 10 September 2021 of approximately HK\$2,248 million) and the Original Annual Cap of HK\$9,000 million for the financial year ending on 31 December 2022;
- (b) the expected tender by the Group for the potential construction works of the COLI Associated Companies with contract sum of approximately HK\$10 billion and HK\$11 billion for the financial years ending on 31 December 2021 and 31 December 2022 respectively; and
- (c) a buffer of HK\$1,000 million and HK\$1,000 million for the financial years ending on 31 December 2021 and 31 December 2022 respectively to accommodate other potential construction works of the COLI Associated Companies.

Condition Precedent

The revision of the Original Annual Caps for the financial years ending on 31 December 2021 and 31 December 2022 contemplated under the Second Supplemental Agreement (together with the Proposed Revised Annual Caps for the financial years ending on 31 December 2021 and 31 December 2022) will take effect conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM by way of poll.

In the event that the Second Supplemental Agreement does not become effective, the Existing Master Engagement Agreement (as amended and supplemented by the First Supplemental Agreement) will remain in full force and binding on the Company and COLI.

REASONS FOR AND BENEFITS OF THE REVISION OF THE ORIGINAL ANNUAL CAPS

The COLI Associated Companies are well established property developers in the PRC, Hong Kong and Macau and are actively engaged in the development of many extensive residential properties projects and commercial properties (including commercial buildings, hotels, shopping malls and long-term leased properties) projects across the PRC, Hong Kong and Macau. As such, the Directors consider that being able to participate in the construction works of the COLI Associated Companies in the PRC, Hong Kong and Macau upon successful tender allows the Group to strengthen its construction business performance and its track records of construction works in respect of residential properties projects and commercial properties projects in the PRC, Hong Kong and Macau.

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 Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the Second Supplemental Agreement (together with the Proposed Revised Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions (together with the Proposed Revised Annual Caps) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

GENERAL

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

COLI is principally engaged in the business of property development and investment, and treasury operations.

CSCECL is the holding company of COHL which, in turn, is the controlling shareholder of both the Company and COLI. 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 COLI. 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 COLI by virtue of it being interested in approximately 64.81% of the issued share capital of the Company and approximately 56.09% of the issued share capital of COLI. Accordingly, members of the COLI Group and the COLI Associated Companies are connected persons of the Company and the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules calculated for the Proposed Revised Annual Caps, for the financial years ending on 31 December 2021 and 31 December 2022, exceed 5%, the Transactions 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 has been formed to advise the Independent Shareholders in respect of the Transactions. Honestum International has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this connection. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM.

A circular containing, among other things, further particulars of the Transactions 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 8 October 2021 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 Proposed Revised Annual Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The Proposed Revised 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. The COLI Group and the COLI Associated Companies may or may not retain the Group to engage in construction works in the PRC, Hong Kong and Macau up to the level of the Proposed Revised Annual Caps, if at all, as the engagements are subject to tender procedures which are open to other independent third party construction contractors.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“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;
“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 COLI;
“COLI”	China Overseas Land & Investment Limited (中國海外發展有限公司), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);

“COLI Associated Company(ies)”	company(ies) which respective share capital is held as to not less than 30% and not more than 50% by the COLI Group which are not members of the COLI Group, and their respective subsidiaries from time to time (excluding COGO and its subsidiaries);
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“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 and the Company;
“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), being a non-wholly owned subsidiary of CSCEC and holding company of COHL;
“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 Transactions;
“Existing Master Engagement Agreement”	the engagement agreement entered into between the Company and COLI on 8 April 2020 in respect of the engagement of any members of the Group by any members of the COLI Group as construction contractor for COLI Group’s construction works in the PRC, Hong Kong and Macau from time to time for three financial years ending on 31 December 2022;

“First Supplemental Agreement”	the supplemental agreement to the Existing Master Engagement Agreement entered into between the Company and COLI on 10 June 2021 which extends only the scope of the tendering for construction works by the Group to include the COLI Associated Companies but without revision of the Original Annual Caps;
“Group”	the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Financial Adviser” or “Honestum International”	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 Transactions;
“Independent Shareholders”	the shareholders of the Company, other than COHL and its associates;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Macau”	the Macao Special Administrative Region of the PRC;

“Original Annual Caps”	the maximum total contract sum of the construction contracts that may be awarded to the Group (as construction contractor) by the COLI Group for each financial year under the Existing Master Engagement Agreement (as amended and supplemented by the First Supplemental Agreement), which amount has not taken into account the estimated contract sum of the potential construction works of the COLI Associated Companies which the Group expects to tender for;
“PRC”	People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan;
“Proposed Revised Annual Caps”	the proposed revised maximum total contract sum of the construction contracts that may be awarded to the Group (as construction contractor) by the COLI Group and the COLI Associated Companies for each of the financial years ending on 31 December 2021 and 31 December 2022 under the Second Supplemental Agreement in the amount of HK\$20 billion and HK\$21 billion respectively, which amount has taken into account the estimated contract sum of the potential construction works of both the COLI Group and the COLI Associated Companies which the Group expects to tender for;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Second Supplemental Agreement”	the supplemental agreement to the Existing Master Engagement Agreement entered into between the Company and COLI on 10 September 2021 in respect of the revision of the Original Annual Caps for the two financial years ending on 31 December 2022, being the remainder of the term of the Existing Master Engagement Agreement (as amended and supplemented by the First Supplemental Agreement);
“Transactions”	the entering into of the Second Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps); and

“%”

per cent.

* *For the identification purpose only*

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

Hong Kong, 10 September 2021

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; Mr. Chen Xiaofeng as Non-executive Director; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.