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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)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO: (1) PROVISION OF SECURITY SERVICES;  
AND  
(2) CONNECTION SERVICES FOR HEATING PIPES**

Reference is made to the announcement jointly issued by the Company and COLI dated 18 May 2012 in relation to, among other things, the Previous Master Security Services Agreement and the Previous Master Connection Services Agreement, entered into between the Company and COLI which will expire on 30 June 2015 and 31 December 2015, respectively.

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN  
RELATION TO PROVISION OF SECURITY SERVICES**

The Previous Master Security Services Agreement will expire on 30 June 2015. The Directors expect that the Group will continue to require security services provider which holds the relevant licenses to provide security services in Hong Kong, including COPL and its subsidiaries, to participate in competitive tender for the security services to the work sites of the Group in Hong Kong from time to time. In this connection, on 26 June 2015, the Company and COPL (a direct wholly-owned subsidiary of COLI) entered into the New Master Security Services Agreement for a term of three years commencing from 1 July 2015 and ending on 30 June 2018 subject to the New Security Services Cap.

## **(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO CONNECTION SERVICES FOR HEATING PIPES**

The Previous Master Connection Services Agreement will expire on 31 December 2015. The Directors expect that the Company (through SHTCL) will continue to participate in the provision of connection services for heating pipes for Heating Pipes Project(s) to COLI Group from time to time. In this connection, on 26 June 2015, the Company and COLI entered into the New Master Connection Services Agreement for a term of three years commencing from 1 January 2016 and ending on 31 December 2018 subject to the New Connection Services Cap.

### **LISTING RULES IMPLICATIONS**

COHL is a controlling Shareholder interested in approximately 58.2% of the issued share capital of the Company. As COPL is a direct wholly-owned subsidiary of COLI which in turn is a subsidiary owned as to approximately 61.2% by COHL, each of COLI and COPL are connected persons of the Company. Accordingly, transactions contemplated under each of the New Master Security Services Agreement and the New Master Connection Services Agreement between members of the Group on the one hand and members of COLI Group or COPL Group on the other hand constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New Master Connection Services Agreement (i.e. the New Connection Services Cap) exceeds 0.1% but is less than 5%, the transactions contemplated under the New Master Connection Services Agreement is subject only to annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirements. In addition, as all the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year/period under the New Master Security Services Agreement (i.e. the New Security Services Cap) are less than 0.1%, the transactions contemplated under the New Master Security Services Agreement are exempt from annual review, reporting and announcement and independent shareholders' approval requirements. The disclosure herein in relation to the New Master Security Services Agreement is made on a voluntary basis by the Company.

## **INTRODUCTION**

Reference is made to the announcement jointly issued by the Company and COLI dated 18 May 2012 in relation to, among other things, the Previous Master Security Services Agreement and the Previous Master Connection Services Agreement, entered into between the Company and COLI which will expire on 30 June 2015 and 31 December 2015, respectively.

### **(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF SECURITY SERVICES**

The Previous Master Security Services Agreement will expire on 30 June 2015. The Directors expect that the Group will continue to require security services provider which holds the relevant licenses to provide security services in Hong Kong, including COPL and its subsidiaries, to participate in competitive tender for the security services to the work sites of the Group in Hong Kong from time to time. In this connection, on 26 June 2015, the Company and COPL (a direct wholly-owned subsidiary of COLI) entered into the New Master Security Services Agreement for a term of three years commencing from 1 July 2015 and ending on 30 June 2018 whereby the parties agreed that:

- (a) members of the COPL Group which hold the relevant licenses to provide security services in Hong Kong may tender for security services to the work sites of the Group in Hong Kong in accordance with the tendering procedure of the Group from time to time and on the same and normal terms as offered to other independent third party security services providers;
- (b) if any contract is granted in favour of any member of COPL Group as a result of the above tender, such member of COPL Group may act as security services provider for the work sites of the Group in Hong Kong based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the Group to COPL Group for the provision of the security services under the New Master Security Services Agreement for the period between 1 July 2015 and 31 December 2015 shall not exceed HK\$25 million, for each of the two years ending 31 December 2017 shall not exceed HK\$30 million, and for the period between 1 January 2018 and 30 June 2018 shall not exceed HK\$25 million (i.e. the New Security Services Cap); and
- (c) the security service fees payable by the Group to COPL Group will be settled pursuant to the payment terms set out in the tender documents for the specific security services contracts.

## **Pricing basis of tenders granted by the Group**

In accordance with the tendering procedures of the Group, the security service fees payable to COPL Group for security services will be determined through a tendering/quotation procedure or on the basis of commercial negotiations and (where applicable) by reference to other similar transactions in the market. The price and terms of the security service fees shall take into account the historical and current security service fees payable by the Group to COPL Group and independent third parties, the security services market rate and condition, the number of tenderers, fees charged by independent third party service providers for similar security services, the historical working relationship and the quality of services and the number of security guards as required by the Group under the tendering documents. The Group will conduct a comparison of fees of a sufficient number of independent third party providers of similar security service to ensure that the price and terms of the tender awarded by the Group to COPL Group are fair and reasonable and no more favourable than those awarded to independent third parties.

## **Calculation of the New Security Services Cap**

The New Security Services Cap is calculated with reference to the following factors:

- (i) the total contract sum awarded to COLI and its subsidiaries by the Company and its subsidiaries under the Previous Master Security Services Agreement for the period between 1 July 2012 and 31 December 2012 amounted to approximately HK\$9.0 million, for the year ended 31 December 2013 amounted to approximately HK\$16.2 million and for the year ended 31 December 2014 amounted to approximately HK\$3.2 million; and
- (ii) total estimated contract sum of security services contracts in Hong Kong for the Group in the three-year period commencing from 1 July 2015 and ending on 30 June 2018, estimated with reference to the Group's future growth and expansion in its construction works in Hong Kong for such period.

The contract sums under the New Master Security Services Agreement will be satisfied by the Group in cash from its internal resources.

## **Reasons for the Transactions**

As the Previous Master Security Services Agreement will expire on 30 June 2015, the Company and COPL have entered into the New Master Security Services Agreement. The Directors believe that the engagement of members of COPL Group which hold relevant licenses to provide security services upon successful tender allow the Group to secure a reliable pool of security service providers.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the New Master Security Services Agreement are expected to be entered into in the ordinary and usual course of business of the Group, and the New Master Security Services Agreement (together with the New Security Services Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New Master Security Services Agreement (together with the New Security Services Cap) are fair and reasonable and in the interests of the Shareholders as a whole.

## **(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO CONNECTION SERVICES FOR HEATING PIPES**

The Previous Master Connection Services Agreement will expire on 31 December 2015. The Directors expect that the Company (through SHTCL) will continue to participate in the provision of connection services for heating pipes for Heating Pipes Project(s) to COLI Group from time to time. In this connection, on 26 June 2015, the Company and COLI entered into the New Master Connection Services Agreement for a term of three years commencing from 1 January 2016 and ending on 31 December 2018 whereby the parties agreed that:

- (a) the Company (through SHTCL) may provide heating pipes connection services for Heating Pipes Project(s) that involve the connection of sets of heating pipes, which allow the provision of heat to residential and commercial buildings from thermal plants;
- (b) the parties may from time to time enter into further implementation agreements, which set out the detailed terms in relation to heating pipes connection services for Heating Pipes Project(s). The terms under further implementation agreements will be negotiated on an arm's length basis between the parties;
- (c) the maximum contract sums awarded to the Group by COLI Group under the New Master Connection Services Agreement for the period ending each of the three years ending 31 December 2018 shall not exceed HK\$100 million (i.e. the New Connection Services Cap); and
- (d) the detailed payment terms will be settled pursuant to the payment terms set out in specific implementation agreements.

## **Pricing policy and price determination**

The fees for heating pipes connection services will be determined by the Group with reference to the coverage of heating services provided by SHTCL and other comparable service providers in the vicinity of the Heating Pipes Project(s), the location, size and development status of the Heating Pipes Project(s) and the cost of heating pipes connection. The Group will ensure that the fees for heating pipes connection services payable by COLI Group are no less favourable than those of the same or comparable connection service arrangements offered to an independent third party.

## **Calculation of the New Connection Services Cap**

The New Connection Services Cap is calculated with reference to the following factors:

- (i) the total contract sum awarded to the Group by COLI Group under the Previous Master Connection Services Agreement for the year ended 31 December 2013 amounted to approximately HK\$95.3 million and for the year ended 31 December 2014 amounted to approximately HK\$34.0 million; and
- (ii) future projection of the relevant project development plans of COLI Group in the three-year period commencing from 1 January 2016 and ending on 31 December 2018.

## **Reasons for the Transactions**

As the Previous Master Connection Services Agreement will expire on 31 December 2015, the Company and COLI have entered into the New Master Connection Services Agreement. COLI Group has a number of real estate projects in Shenyang and locations of some of such projects are within the coverage areas where SHTCL is capable to provide connection services for heating pipes. The Directors believe the transactions contemplated under the New Master Connection Services Agreement will not only continue to increase the income from the provision of the connection services for heating pipes, but will also continue to increase the heat supply area and the revenue generated from the supply of heat in the future.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the New Master Connection Services Agreement are expected to be entered into in the ordinary and usual course of business of the Group, and the New Master Connection Services Agreement (together with the New Connection Services Cap) has been entered into on normal commercial terms after

arm's length negotiations between the parties, and the terms of the transactions contemplated under the New Master Connection Services Agreement (together with the New Connection Services Cap) are fair and reasonable and in the interests of the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

COHL is a controlling Shareholder interested in approximately 58.2% of the issued share capital of the Company. As COPL is a direct wholly-owned subsidiary of COLI which in turn is a subsidiary owned as to approximately 61.2% by COHL, each of COLI and COPL are connected persons of the Company. Accordingly, transactions contemplated under each of the New Master Security Services Agreement and the New Master Connection Services Agreement between members of the Group on the one hand and members of COLI Group or COPL Group on the other hand constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New Master Connection Services Agreement (i.e. the New Connection Services Cap) exceeds 0.1% but is less than 5%, the transactions contemplated under the New Master Connection Services Agreement is subject only to annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirements. In addition, as all the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year/period under the New Master Security Services Agreement (i.e. the New Security Services Cap) are less than 0.1%, the transactions contemplated under the New Master Security Services Agreement are exempt from annual review, reporting and announcement and independent shareholders' approval requirements. The disclosure herein in relation to the New Master Security Services Agreement is made on a voluntary basis by the Company.

As none of the Directors has a material interest in the transactions contemplated under each of the New Master Security Services Agreement and the New Master Connection Services Agreement, no Director is required to abstain from voting on the board resolution approving the transactions contemplated under each of the New Master Security Services Agreement and the New Master Connection Services Agreement.

Shareholders should note that the Caps represent the best estimates by the Directors of the amount of the relevant transaction based on the information currently available. The 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 Group may or may not retain the COPL Group for security services up to the level of the New Security Services Cap, if at all, as the engagements are subject to tender procedures which are open to other independent third party security services providers. In addition, COLI Group may or may not engage the Company (through SHTCL) to provide heating pipes connection services for Heating Pipes Project(s) up to the level of the New Connection Services Cap.

## **INFORMATION OF THE GROUP, COLI GROUP AND COPL GROUP**

The Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy businesses.

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

COPL is a direct wholly-owned subsidiary of COLI as at the date of this announcement. The principal activity of COPL Group is property management.

## **DEFINITIONS**

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

“associate(s)”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Caps”	collectively the New Security Services Cap and the New Connection Services Cap;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, which is interested, directly and indirectly, in approximately 58.2% and 61.2% of the issued share capital of the Company and COLI respectively;



“COLI”	China Overseas Land & Investment Ltd., 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 Group”	COLI and its subsidiaries (excluding COPL Group) from time to time;
“Company”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“COPL”	China Overseas Property Holdings Limited (中海物業集團有限公司), a company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of COLI as at the date of this announcement;
“COPL Group”	COPL and its subsidiaries from time to time;
“Directors”	the directors of the Company;
“Far East”	Far East Global Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830), is a non-wholly owned subsidiary of the Company;
“Far East Group”	Far East and its subsidiaries from time to time;
“Group”	the Company and its subsidiaries (excluding Far East Group) from time to time;
“Heating Pipes Project(s)”	real estate project(s), which is (are) located in Shenyang, developed by COLI Group;
“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;

“New Connection Services Cap”	the maximum total contract sum that may be awarded by COLI Group to the Group for each year under the New Master Connection Services Agreement;
“New Master Connection Services Agreement”	the agreement entered into by the Company and COLI dated 26 June 2015 in relation to the provision of heating pipes connection services for Heating Pipes Project(s);
“New Master Security Services Agreement”	the agreement entered into by the Company and COPL on 26 June 2015 in respect of the engagement of members of the COPL Group which hold the relevant licenses by the Group for providing security services to the work sites of the Group in Hong Kong;
“New Security Services Cap”	the maximum total contract sum of the security services contracts that may be awarded by the Group to COPL Group for each year/period under the New Master Security Services Agreement;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Previous Master Connection Services Agreement”	the agreement entered into by the Company and COLI dated 18 May 2012 in relation to the provision of heating pipes connection services for Heating Pipes Project(s); details of which are mentioned in the announcement dated 18 May 2012 jointly issued by the Company and COLI relating to, among other things, the Previous Master Security Services Agreement and the Previous Master Connection Services Agreement;
“Previous Master Security Services Agreement”	the agreement entered into by the Company and COLI on 18 May 2012 in respect of the engagement of COLI and its subsidiaries which hold the relevant licenses by the Group for providing security services to the work sites of the Group in Hong Kong; details of which are mentioned in the announcement dated 18 May 2012 jointly issued by the Company and COLI relating to, among other things, the Previous Master Security Services Agreement and the Previous Master Connection Services Agreement;

“Shareholder(s)”	holders of share(s) in the ordinary share capital of a company;
“Shenyang”	Shenyang, Liaoning Province, the PRC;
“SHTCL”	瀋陽皇姑熱電有限公司 (Shenyang Huanggu Thermoelectricity Company Limited), a company incorporated in the PRC and is a wholly-owned subsidiary of the Company, and is principally engaged in the provision of connection services for heating pipes, and the supply of heat, electricity and steam;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent..

By Order of the Board  
**China State Construction International  
Holdings Limited**  
**Zhou Yong**  
*Chairman and Chief Executive Officer*

Hong Kong, 26 June 2015

*As at the date of this announcement, the board of Directors comprises Mr. Zhou Yong (Chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew and Mr. Wu Mingqing as Executive Directors; and Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.*