

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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  
THE FRAMEWORK AGREEMENT WITH CSCECL  
FOR HONG KONG PUBLIC CONSTRUCTION MAIN CONTRACTS**

**FRAMEWORK AGREEMENT**

On 4 June 2019, the Company and CSCECL entered into the Framework Agreement whereby the parties agree that they (or their respective subsidiaries) may cooperate to enter into the Hong Kong Public Construction Main Contracts as joint venture main contractor at the request of the Company. It is expected that the award of these contracts will generally be subject to a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in order to determine the contract sum of the relevant Hong Kong Public Construction Main Contracts.

The cooperation between the Company and CSCECL (or their respective subsidiaries) as contemplated by the Framework Agreement will take the form of contractual joint venture in accordance with terms customary in the construction industry in Hong Kong whereby the Company and CSCECL (or their respective subsidiaries) will cooperate to implement the relevant Hong Kong Public Construction Main Contracts as joint venture main contractor.

Upon a successful tender (or such other contract award process), the relevant Hong Kong Public Construction Main Contract shall be awarded by the relevant third-party developer/owner client to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor. The Framework Agreement shall cover 3 financial years ending on 31 December 2021.

The Framework Agreement does not anticipate the formation of any joint venture company, nor acquisition or disposal of any entities. The contractual joint ventures as contemplated under the Framework Agreement are joint operations arrangement between the Company and CSCECL (or their respective subsidiaries) without the establishment of any separate legal entities to carry out the Hong Kong Public Construction Main Contracts, which are revenue nature transactions in the ordinary and usual course of business of the Company. These contractual joint ventures are expected to be categorized as “joint operations” in the financial statements of the Company.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CSCECL is an intermediate holding company of the Company. Hence, CSCECL is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions for the Company.

Since the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the maximum contract sum which may be awarded jointly to the Company and CSCECL (or their respective subsidiaries) for the relevant financial year as contemplated under the Framework Agreement, i.e. the Annual Caps, 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 of the Company has been formed to advise the Independent Shareholders in respect of the Transactions. Red Sun 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 CSCECL 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 is expected to be despatched to the shareholders of the Company on or before 26 June 2019 in accordance with the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS**

On 4 June 2019, the Company and CSCECL entered into the Framework Agreement whereby the parties agree that they (or their respective subsidiaries) may cooperate to enter into the Hong Kong Public Construction Main Contracts as joint venture main contractor at the request of the Company. It is expected that the award of these contracts will generally be subject to a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in order to determine the contract sum of the relevant Hong Kong Public Construction Main Contracts.

The cooperation between the Company and CSCECL (or their respective subsidiaries) as contemplated by the Framework Agreement will take the form of contractual joint venture in accordance with terms customary in the construction industry in Hong Kong whereby the Company and CSCECL (or their respective subsidiaries) will cooperate to implement the relevant Hong Kong Public Construction Main Contracts as joint venture main contractor.

Upon a successful tender (or such other contract award process), the relevant Hong Kong Public Construction Main Contract shall be awarded by the relevant third-party developer/owner client to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor.

The Framework Agreement does not anticipate the formation of any joint venture company, nor acquisition or disposal of any entities. The contractual joint ventures as contemplated under the Framework Agreement are joint operations arrangement between the Company and CSCECL (or their respective subsidiaries) without the establishment of any separate legal entities to carry out the Hong Kong Public Construction Main Contracts, which are revenue nature transactions in the ordinary and usual course of business of the Company. These contractual joint ventures are expected to be categorized as “joint operations” in the financial statements of the Company.

## **FRAMEWORK AGREEMENT**

The principal terms of the Framework Agreement are as follows:

### **Date**

4 June 2019

## **Parties**

- (a) the Company; and
- (b) CSCECL, the intermediate holding company of the Company.

## **Term**

The Framework Agreement shall cover 3 financial years ending on 31 December 2021.

## **Subject matter**

Pursuant to the Framework Agreement, the Company and CSCECL agreed that:

- (a) at the request of the Company, the parties (or their respective subsidiaries) may cooperate to enter into and implement the Hong Kong Public Construction Main Contracts as joint venture main contractor, provided that the maximum total contract sum that may be awarded jointly to the Company and CSCECL (or their respective subsidiaries) for the relevant financial year shall not exceed the corresponding Annual Caps as set out in the paragraph headed “Annual Caps” below in this announcement; and
- (b) the contractual joint ventures for entering into and implementing the particular Hong Kong Public Construction Main Contracts as contemplated under the Framework Agreement are joint operations arrangement between the Company and CSCECL (or their respective subsidiaries).

## **Invitation to CSCECL for cooperation**

In the event that the Group decides to participate in the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of a Hong Kong Public Construction Main Contract, the Company (or its subsidiary) may invite CSCECL (or its subsidiary) to participate in such process with the Company as joint venture main contractor, if the engineering department of the Company (or its subsidiary), after making qualitative and quantitative assessment of the scoring criteria of such process, determines that such invitation will maximize the scoring of such tendering process or contract award process and therefore the chance of successful award of the Hong Kong Public Construction Main Contract.

The Company (or its subsidiary) will mainly take into account the following factors when considering whether to make the above invitation to CSCECL (or its subsidiary):

- (a) track record and implementation capabilities of CSCECL (or its subsidiary) relevant to the Hong Kong Public Construction Main Contract;
- (b) contributions of CSCECL (or its subsidiary) to satisfying the scoring criteria of the tendering process or contract award process; and
- (c) abilities of CSCECL (or its subsidiary) to enhance the chance of successful award of the Hong Kong Public Construction Main Contract.

### **Contract sum of the Hong Kong Public Construction Main Contracts**

As a general principle and in accordance with market practice, the contract sum with respect to the Hong Kong Public Construction Main Contracts shall be determined in the ordinary course of business on normal commercial terms and on an arm's length basis after a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client.

### **Annual Caps**

The maximum total contract sum that may be awarded jointly to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor during the term of the Framework Agreement shall not exceed the following Annual Caps:

<b>For the financial year ending on 31 December 2019*</b>	<b>For the financial year ending on 31 December 2020</b>	<b>For the financial year ending on 31 December 2021</b>
HK\$10 billion	HK\$15 billion	HK\$20 billion

- \* (excluding any contractual joint ventures which were not entered into by the Company and CSCECL (or their respective subsidiaries) as contemplated under the Framework Agreement, or any contractual joint ventures entered into by the Company and CSCECL (or their respective subsidiaries) which were separately disclosed by the Company under the Listing Rules before the date of this announcement)

## **Basis of determining the Annual Caps**

The Annual Caps are determined with reference to the estimated annual contract sum for the Hong Kong Public Construction Main Contracts during the relevant financial year.

## **Customary terms of joint venture agreements**

During the term of the Framework Agreement, the Company and CSCECL (or their respective subsidiaries) will from time to time enter into a standard individual joint venture agreement (the “**JV Agreement**”) which contains the below terms customary in the construction industry in Hong Kong, for establishing a contractual joint venture to enter into and implement a particular Hong Kong Public Construction Main Contract:

### (a) Proportion of interest

The respective interest of the Company and CSCECL (or their respective subsidiaries) in each contractual joint venture under a JV Agreement (the “**Respective Interest**”) will be determined by the engineering department of the Company (or its subsidiary), after making qualitative and quantitative assessment of the scoring criteria of the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of the Hong Kong Public Construction Main Contract, and may vary according to different Hong Kong Public Construction Projects, depending on the parties’ respective (i) track record and implementation capabilities relevant to the Hong Kong Public Construction Main Contract; (ii) contributions to satisfying the scoring criteria of the tendering process or contract award process; and (iii) abilities to enhance the chance of successful award of the Hong Kong Public Construction Main Contract.

### (b) Profit/loss sharing

The Company and CSCECL (or their respective subsidiaries) shall be jointly and severally liable towards the relevant third-party developer/owner client for carrying out the Hong Kong Public Construction Main Contract awarded to them, notwithstanding the contractual arrangement between them under the JV Agreement. However, the liabilities, obligations, risks, rights, interests, profits and losses arising out of the contractual joint venture shall be shared or borne by the Company and CSCECL (or their respective subsidiaries) in accordance with their Respective Interest. If either party incurs any liabilities arising out of the contractual joint venture in excess of its Respective Interest, the other party shall indemnify such party so that the overall liability is apportioned between the parties in accordance with their Respective Interest.

(c) Financing and other support

Any initial and additional working capital of a contractual joint venture under a JV Agreement shall be contributed by the Company and CSCECL (or their respective subsidiaries) in accordance with their Respective Interest. The parties shall provide full technical and other support to the contractual joint venture as and when required.

(d) Management

A contractual joint venture under a JV Agreement shall be managed by an executive board (the “**Executive Board**”) to be set up by the Company and CSCECL (or their respective subsidiaries). The Executive Board shall comprise two members appointed by the Company (or its subsidiary) and two members appointed by CSCECL (or its subsidiary). A member appointed by the Company (or its subsidiary) and a member appointed by CSCECL (or its subsidiary) present at a meeting of the Executive Board shall form a quorum. Any decisions made in any meeting of the Executive Board shall require an unanimous consent of the members present at the meeting.

(e) Guarantee

In the event that the third-party developer/owner client requires the parent company of each of the Company and CSCECL (or their respective subsidiaries) to guarantee such party’s performance of the relevant Hong Kong Public Construction Main Contract, each of the Company and CSCECL (or their respective subsidiaries) shall indemnify its parent company for any liabilities arising from such guarantee.

(f) Restriction of transfers

Without the prior written consent from the other party, neither the Company (or its subsidiary) nor CSCECL (or its subsidiary) may: (i) transfer, assign, pledge or encumber a JV Agreement and/or any interest of the parties under such JV Agreement; and (ii) change the nature or scope of business of the contractual joint venture.

**Condition Precedent**

The Transactions (together with the Annual Caps) are conditional upon the passing of the resolution by the Independent Shareholders at the EGM approving the Framework Agreement and the Transactions.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FRAMEWORK AGREEMENT**

CSCECL is one of the most established engineering contractors in the world, and it represents one of the highest levels of technology and management in various fields of construction. The Company expects that the scope of the Hong Kong Public Construction Main Contracts will cover only the Hong Kong Public Construction Projects, which is a special construction segment. It is perceived that the substantial experience of CSCECL (or its subsidiary) as main contractor in landmark projects of skyscrapers, and large-scale infrastructure projects of key airports, rail transit, bridges, urban utilities, etc. in the PRC will enhance the chance of successful award of the Hong Kong Public Construction Main Contracts to the Company (or its subsidiary).

The Directors (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 are expected to be entered into in the ordinary and usual course of business of the Group, and the Framework Agreement (together with the 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 Annual Caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **GENERAL**

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

CSCECL is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CSCECL is an intermediate holding company of the Company. Hence, CSCECL is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions for the Company.



Since the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the maximum contract sum which may be awarded jointly to the Company and CSCECL (or their respective subsidiaries) for the relevant financial year as contemplated under the Framework Agreement, i.e. the Annual Caps, 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 of the Company has been formed to advise the Independent Shareholders in respect of the Transactions. Red Sun 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 CSCECL 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 is expected to be despatched to the shareholders of the Company on or before 26 June 2019 in accordance with the Listing Rules.

Shareholders of the Company should note that the Annual Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The 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.

## **DEFINITIONS**

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

“Annual Caps”	the maximum total contract sum of the Hong Kong Public Construction Main Contracts that may be awarded to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor for each financial year under the Framework Agreement;
---------------	---

“associate(s)” “connected person”, “percentage ratios”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of directors of the Company;
“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);
“CSCECL”	中國建築股份有限公司, a joint stock company incorporated in the PRC (the shares of which are listed on The Shanghai Stock Exchange), the intermediate holding company of the Company indirectly interested in more than 50% of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the Framework Agreement and the Transactions;
“Executive Board”	has the meaning as defined under the section headed “FRAMEWORK AGREEMENT — Customary terms of joint venture agreements — (d) Management” of this announcement;
“Framework Agreement”	the framework agreement dated 4 June 2019 entered into between the Company and CSCECL in respect of the cooperation of the Company and CSCECL (or their respective subsidiaries) to enter into and implement the Hong Kong Public Construction Main Contracts at the request of the Company;
“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;

“Hong Kong Public Construction Main Contracts”	the main contractor contracts for the Hong Kong Public Construction Projects;
“Hong Kong Public Construction Projects”	the construction projects of large-scale transport facilities, drainage pipelines, housing and other related public utilities structures/facilities in Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities 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 Framework Agreement (together with the Annual Caps) and the Transactions;
“Independent Shareholders”	the shareholders of the Company, other than CSCECL and its associates;
“JV Agreement”	has the meaning as defined under the section headed “FRAMEWORK AGREEMENT — Customary terms of joint venture agreements” of this announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Respective Interest”	has the meaning as defined under the section headed “FRAMEWORK AGREEMENT — Customary terms of joint venture agreements — (a) Proportion of interest” of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Transactions”

the entering into of the Framework Agreement and the transactions contemplated thereunder; and

“%”

per cent.

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

Hong Kong, 4 June 2019

*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.*