

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint 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 joint announcement.*



**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH  
中國建築股份有限公司  
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)  
IN RELATION TO THE CSCECL WORKS**

References are made to (i) the announcement jointly issued by CSC and CSCD dated 19 October 2020 and (ii) the circular of CSCD dated 20 November 2020 in relation to, among other things, the Previous CSCD-CSCECL Sub-construction Engagement Agreement entered into between CSCECL and CSCD which will expire on 31 December 2023.

It is contemplated that the CSCECL Group will continue to invite the CSCD Group to tender for the CSCECL Group's construction works after the expiration of the Previous CSCD-CSCECL Sub-construction Engagement Agreement. In this connection, on 20 October 2023, CSCECL and CSCD entered into the New CSCD-CSCECL Sub-construction Engagement Agreement to renew the Previous CSCD-CSCECL Sub-construction Engagement Agreement for a further term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive). Pursuant to the New CSCD-CSCECL Sub-construction Engagement Agreement, the CSCECL Group may engage the CSCD Group as its subcontractor or service provider (as the case may be) for provision of the CSCECL Works from time to time subject to the CSCECL Works Caps.

**LISTING RULES IMPLICATIONS**

CSCECL is an intermediate holding company of CSC which, in turn, is indirectly interested in approximately 70.78% of the issued share capital of CSCD as at the date of this joint announcement. Accordingly, members of the CSCECL Group are connected persons of both CSC and CSCD. The CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group on the one hand and members of the CSCD Group on the other hand, constitute continuing connected transactions for both CSC and CSCD under Chapter 14A of the Listing Rules.

For CSC, since all applicable percentage ratios in respect of the maximum total contract sum that may be awarded for each year under the New CSCD-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) are greater than 0.1% but less than 5%, the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement are subject only to the annual review, reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For CSCD, since all applicable percentage ratios in respect of the maximum total contract sum that may be awarded for each year under the New CSCD-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) exceed 5%, the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The CSCD Independent Board Committee comprising all the independent non-executive directors of CSCD has been formed to advise the CSCD Independent Shareholders in respect of the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Caps). Altus Capital Limited has been appointed as the CSCD Independent Financial Adviser to advise the CSCD Independent Board Committee and the CSCD Independent Shareholders in this connection.

A CSCD EGM will be convened and held for the CSCD Independent Shareholders to consider and, if thought fit, approve the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions contemplated thereunder (together with the CSCECL Works Caps).

A circular containing, among other things, further particulars of the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement together with, the recommendations of the CSCD Independent Board Committee, a letter from the CSCD Independent Financial Adviser to the CSCD Independent Board Committee and the CSCD Independent Shareholders, and a notice convening the CSCD EGM, is expected to be despatched by CSCD to its shareholders on or before 30 November 2023 as CSCD expects additional time will be required to prepare and finalise the information to be included in the circular.

## **BACKGROUND**

References are made to (i) the announcement jointly issued by CSC and CSCD dated 19 October 2020 and (ii) the circular of CSCD dated 20 November 2020 in relation to, among other things, the Previous CSCD-CSCECL Sub-construction Engagement Agreement entered into between CSCECL and CSCD which will expire on 31 December 2023.

It is contemplated that the CSCECL Group will continue to invite the CSCD Group to tender for the CSCECL Group's construction works after the expiration of the Previous CSCD-CSCECL Sub-construction Engagement Agreement. In this connection, on 20 October 2023, CSCECL and CSCD entered into the New CSCD-CSCECL Sub-construction Engagement Agreement to renew the Previous CSCD-CSCECL Sub-construction Engagement Agreement for a further term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive). Pursuant to the New CSCD-CSCECL Sub-construction Engagement Agreement, the CSCECL Group may engage the CSCD Group as its subcontractor or service provider (as the case may be) for provision of the CSCECL Works from time to time subject to the CSCECL Works Caps.

## **NEW CSCD-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT**

### **Date**

20 October 2023

### **Parties**

1. CSCECL; and
2. CSCD.

### **CSCECL Works Transactions**

Pursuant to the New CSCD-CSCECL Sub-construction Engagement Agreement, CSCECL and CSCD agreed that, for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive):

- (a) any member of the CSCD Group may act as subcontractor or service provider (as the case may be) of the CSCECL Group for provision of the CSCECL Works in accordance with the tendering procedures of the CSCECL Group from time to time (the “**CSCECL Works Transactions**”);

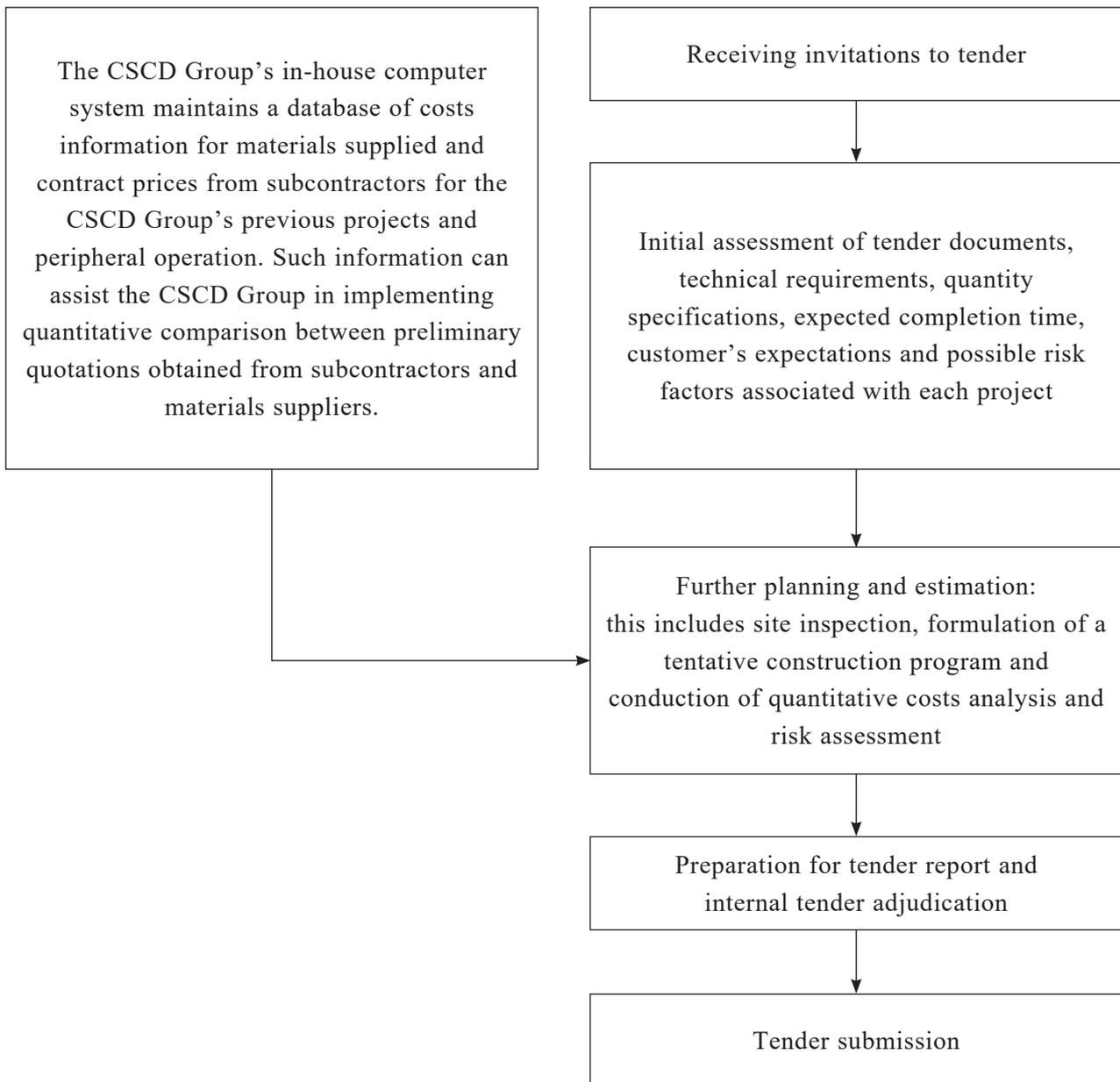
- (b) the parties may from time to time enter into further specific contracts, which set out the detailed terms in relation to the engagement of the CSCD Group to act as subcontractor or service provider (as the case may be) of the CSCECL Group for provision of the CSCECL Works, provided that the total contract sum that may be awarded by the CSCECL Group to the CSCD Group under the New CSCD-CSCECL Sub-construction Engagement Agreement for the financial years ending 31 December 2024, 2025 and 2026 shall not exceed HK\$1,200 million, HK\$1,500 million and HK\$1,500 million, respectively (i.e. the CSCECL Works Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and
- (c) the fees payable by the CSCECL Group to the CSCD Group will be settled pursuant to the payment terms set out in the specific contracts.

***Pricing basis of the CSCD Group's tenders submitted to the CSCECL Group***

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

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

The standard and systematic tender submission procedures generally involve (i) receiving invitations to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission. The procedures, as illustrated in the following diagram, will enable the CSCD Group to review the feasibility and profitability of the tender to be submitted and to decide the contents and pricing terms of the tender to be submitted.



In preparing and assessing the tender documents, the CSCD Group will take into account factors including technical requirements, quantity specifications, expected completion time, customer expectations and possible risk factors associated with a project. The CSCD Group will then perform site inspection, formulate a tentative construction program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the CSCD Group will review the costs information maintained in its in-house database for materials supplied and contract prices from subcontractors for the CSCD Group's previous projects and peripheral operation. Such information will assist the CSCD Group in implementing quantitative comparison between preliminary quotations obtained from sub-contractors and materials suppliers.

The CSCD Group will also review and compare previous tender prices submitted to both connected persons and independent third parties, so as to ensure that the tender price to be submitted is no more favourable to the CSCECL Group than those submitted to independent third parties.

Where the CSCD Group participates in a tender with all bidders (including independent third parties in the market), the CSCD Group will follow its standard and systematic tender submission procedures and the winning bid of which will be the one with the lowest tender amount in accordance with the tender procedures of the CSCECL Group on the condition that the bidder also satisfies all other essential requirements (including but not limited to relevant experience, capability, historical relationship and track records) as set out in the bid invitation.

Where the CSCD Group submits tender directly to the ultimate employer, the CSCD Group will follow the standard and systematic tender submission procedures in determining the terms and price of the tender, and if the CSCD Group is nominated as subcontractor or service provider of the CSCECL Group (as the case may be) by the ultimate employer, consideration to the CSCD Group will be ascertained by the ultimate employer or its independent professional quantity surveyor.

#### ***Historical transaction amounts***

The table below sets out the actual amount of provision of the CSCECL Works by the CSCD Group for the two years ended 31 December 2022 and the six months ended 30 June 2023:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>six months</b>
	<b>2021</b>	<b>2022</b>	<b>ended 30 June</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Actual amount of provision of the CSCECL Works	450	680	129

#### ***Calculation of the CSCECL Works Caps***

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

- (a) the historical annual caps in respect of the transactions under the Previous CSCD-CSCECL Sub-construction Engagement Agreement, being HK\$1,000 million for each of the three years ended/ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively;

- (b) the historical total actual contract sums of the CSCECL works provided by the CSCD Group under the Previous CSCD-CSCECL Sub-construction Engagement Agreement, as stated in the table above;
- (c) for the year ending 31 December 2024, the estimated total contract sum of approximately HK\$1,200 million for new construction projects of the CSCECL Group is estimated based on (i) tenders in the total amount of approximately HK\$196 million already submitted to the CSCECL Group; (ii) tenders in the total amount of approximately HK\$676 million planned to be submitted to, or projects under negotiation with, the CSCECL Group and (iii) potential projects available from the CSCECL Group in the total amount of approximately HK\$883 million; for the year ending 31 December 2025, the estimated total contract sum of approximately HK\$1,500 million of new construction projects of the CSCECL Group is estimated based on potential projects available from the CSCECL Group in the amount of approximately HK\$1,537 million; for the year ending 31 December 2026, on the same basis as for the year ending 31 December 2025; and
- (d) other factors such as inflation.

### **Condition Precedent**

The CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Caps) are conditional upon the passing of the resolution by the CSCD Independent Shareholders at the CSCD EGM approving the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions contemplated thereunder (together with the CSCECL Works Caps).

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW CSCD-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT**

The directors of CSCD consider that the CSCECL Works Transactions will allow CSCD to maximise profits and by being able to participate in the CSCECL Works upon successful tender, the CSCD Group can secure a more diverse base of customers, thereby expanding its market reach. As for the CSCECL Group, it can leverage on the CSCD Group's extensive experience and expertise in landmark facade projects of skyscrapers to increase construction efficiency. In addition, given the satisfactory cooperation between CSCECL and CSCD pursuant to the Previous CSCD-CSCECL Sub-construction Engagement Agreement, the continuation of the longstanding and established business relationship between CSCECL and CSCD will bring synergy effect to both CSCECL and CSCD, thereby facilitating the expansion of the CSCD Group's businesses.

The directors of CSC (including the independent non-executive directors of CSC) consider that the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement 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 CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Caps) are fair and reasonable and in the interests of CSC and its shareholders as a whole.

None of the directors of CSC has any material interest in the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement. However, Mr. Zhang Haipeng, being the chairman and executive director of CSC, the chairman and non-executive director of CSCD and a director of COHL; Mr. Yan Jianguo, being a non-executive director of CSC and the chairman and president of COHL; and Mr. Chen Xiaofeng, being non-executive director of CSC, have voluntarily abstained from voting on the Board resolutions of CSC approving the entering into of the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions contemplated thereunder (together with the CSCECL Works Caps).

The directors of CSCD (other than the independent non-executive directors of CSCD whose opinion will be provided after reviewing the advice of the CSCD Independent Financial Adviser) consider that the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement 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 CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Caps) are fair and reasonable and in the interests of CSCD and its shareholders as a whole.

None of the directors of CSCD has any material interest in the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement. However, Mr. Zhang Haipeng, being the chairman and non-executive director of CSCD, the chairman and executive director of CSC, and a director of COHL, has voluntarily abstained from voting on the Board resolutions of CSCD approving the entering into of the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions contemplated thereunder (together with the CSCECL Works Caps).

## **INFORMATION ABOUT THE PARTIES TO THE NEW CSCD-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT**

CSCECL is an intermediate holding company of both CSC and CSCD and is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

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

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

CSCEC is the ultimate holding company of each of CSCECL, 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 IMPLICATIONS**

CSCECL is an intermediate holding company of CSC which, in turn, is indirectly interested in approximately 70.78% of the issued share capital of CSCD as at the date of this joint announcement. Accordingly, members of the CSCECL Group are connected persons of both CSC and CSCD. The CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement between members of the CSCECL Group on the one hand and members of the CSCD Group on the other hand, constitute continuing connected transactions for both CSC and CSCD under Chapter 14A of the Listing Rules.

For CSC, since all applicable percentage ratios in respect of the maximum total contract sum that may be awarded for each year under the New CSCD-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) are greater than 0.1% but less than 5%, the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement are subject only to the annual review, reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For CSCD, since all applicable percentage ratios in respect of the maximum total contract sum that may be awarded for each year under the New CSCD-CSCECL Sub-construction Engagement Agreement (i.e. the CSCECL Works Cap) exceed 5%, the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The CSCD Independent Board Committee comprising all the independent non-executive directors of CSCD has been formed to advise the CSCD Independent Shareholders in respect of the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement (together with the CSCECL Works Caps). Altus Capital Limited has been appointed as the CSCD Independent Financial Adviser to advise the CSCD Independent Board Committee and the CSCD Independent Shareholders in this connection.

A CSCD EGM will be convened and held for the CSCD Independent Shareholders to consider and, if thought fit, approve the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions contemplated thereunder (together with the CSCECL Works Caps).

A circular containing, among other things, further particulars of the CSCECL Works Transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement together with, the recommendations of the CSCD Independent Board Committee, a letter from the CSCD Independent Financial Adviser to the CSCD Independent Board Committee and the CSCD Independent Shareholders, and a notice convening the CSCD EGM, is expected to be despatched by CSCD to its shareholders on or before 30 November 2023 as CSCD expects additional time will be required to prepare and finalise the information to be included in the circular.

## DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associates”, “connected persons”, “continuing connected transactions”, “controlling shareholder”, “holding company”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of a company
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of CSCECL and a controlling shareholder of both CSC and CSCD
“CSC”	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)
“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 whose shares are listed on the Main Board of the Stock Exchange (stock code: 830)
“CSCD EGM”	an extraordinary general meeting of CSCD to be convened and held for the CSCD Independent Shareholders to consider and, if thought fit, approve the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions contemplated thereunder
“CSCD Group”	CSCD and its subsidiaries from time to time
“CSCD Independent Board Committee”	the independent board committee of CSCD comprising all independent non-executive directors of CSCD to advise the CSCD Independent Shareholders in respect of the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions contemplated thereunder
“CSCD Independent Financial Adviser”	Altus Capital Limited, the independent financial adviser to the CSCD Independent Board Committee and the CSCD Independent Shareholders in respect of the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions contemplated thereunder
“CSCD Independent Shareholder(s)”	holder(s) of the share(s) of CSCD (excluding CSCECL and its associates)
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a limited liability company organised and existing under the laws of the PRC and the ultimate holding company of each of CSCECL, CSC and CSCD
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock limited company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668) and a non-wholly owned subsidiary of CSCEC and the holding company of COHL

“CSCECL Group”	CSCECL and its subsidiaries (excluding subsidiary(ies) listed on the Stock Exchange and their respective subsidiary(ies)) from time to time
“CSCECL Works”	contracting and engineering works, project consultancy service and project management service for the CSCECL Group’s construction works
“CSCECL Works Cap(s)”	the maximum total contract sum of the construction sub-contracts, project consultancy contracts and project management contracts that may be awarded by the CSCECL Group to the CSCD Group as subcontractor or service provider (as the case may be) of the CSCECL Group for each year under the New CSCD-CSCECL Sub-construction Engagement Agreement
“CSCECL Works Transactions”	the engagement of the CSCD Group by the CSCECL Group as subcontractor or service provider (as the case may be) for provision of the CSCECL Works as described under the section headed “New CSCD-CSCECL Sub-construction Engagement Agreement – CSCECL Works Transactions” in this joint announcement
“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
“New CSCD-CSCECL Sub-construction Engagement Agreement”	the engagement agreement entered into between CSCECL and CSCD on 20 October 2023 in respect of the CSCECL Works Transactions
“PRC”	the People’s Republic of China, which for the purposes of this joint announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“Previous CSCD-CSCECL Sub-construction Engagement Agreement”	the engagement agreement entered into between CSCECL and CSCD on 19 October 2020 in respect of the engagement of the CSCD Group by the CSCECL Group as subcontractor or service provider (as the case may be) for provision of contracting and engineering works, project consultancy service and project management service for the CSCECL Group’s construction works for the period commenced from 1 January 2021 and ending on 31 December 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board  
**China State Construction International  
Holdings Limited**  
**Zhang Haipeng**  
*Chairman and Executive Director*

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

Hong Kong, 20 October 2023

*As at the date of this joint announcement, the Board of CSC comprises Mr. Zhang Haipeng as Chairman and executive director of CSC; Mr. Yan Jianguo and Mr. Chen Xiaofeng as non-executive directors of CSC; Mr. Wang Xiaoguang (Chief Executive Officer of CSC) and Mr. Hung Cheung Shew as executive directors of CSC; and Dr. Raymond Leung Hai Ming, Ms. Wong Wai Ching and Mr. Chan Tze Ching Ignatius as independent non-executive directors of CSC.*

*As at the date of this joint announcement, the Board of CSCD comprises Mr. Zhang Haipeng as Chairman and non-executive director of CSCD; Mr. Wu Mingqing (Vice Chairman and Chief Executive Officer of CSCD), Mr. Wang Hai and Mr. Wong Man Cheung as executive directors of CSCD; Mr. Huang Jiang as non-executive director of CSCD; and Mr. Zhou Jinsong, Ms. Chan Man Ki Maggie and Mr. Zhang Xinyu as independent non-executive directors of CSCD.*

\* *for identification purpose only*