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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  
THE NEW FRAMEWORK AGREEMENT WITH  
中國建築股份有限公司  
(CHINA STATE CONSTRUCTION ENGINEERING  
CORPORATION LIMITED)  
FOR CONSTRUCTION MAIN CONTRACTS**

**NEW FRAMEWORK AGREEMENT**

References are made to the announcement issued by the Company dated 10 September 2021, and the circular of the Company dated 22 October 2021, in relation to, among other things, the Previous Framework Agreement entered into between the Company and CSCECL which will expire on 31 December 2024.

It is contemplated that the Group will continue to cooperate with the CSCECL Group to enter into the Construction Main Contracts as joint venture main contractor. As the Previous Framework Agreement is due to expire on 31 December 2024, on 4 November 2024, the Company and CSCECL entered into the New Framework Agreement to renew the Previous Framework Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027. It is expected that the award of the Construction Main 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 Construction Main Contracts.

The cooperation between the Group and the CSCECL Group as contemplated by the New Framework Agreement will continue to take the form of contractual joint venture in accordance with customary terms in the construction industry whereby the Group and the CSCECL Group will cooperate to implement the relevant Construction Main Contracts as joint venture main contractor.

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

The New Framework Agreement does not anticipate the formation of any joint venture company, nor the acquisition or disposal of any entities. The contractual joint ventures as contemplated under the New Framework Agreement are joint ventures/joint operations arrangement between members of the Group and the CSCECL Group, which are transactions of a revenue nature conducted in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms. These contractual joint ventures are expected to be categorized as "joint ventures/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 all the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group for the relevant financial year as contemplated under the New 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 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 COHL and its associates will abstain from voting at the EGM.

None of the Directors has any material interest in the Transactions and no Director is required to abstain from voting on the Board resolution(s) approving the Transactions. However, Mr. Zhang Haipeng, being the chairman and executive director of the Company and a director and president of COHL and Mr. Yan Jianguo, being non-executive director of the Company and the chairman of COHL, have voluntarily abstained from voting on the Board resolution(s) approving the Transactions.

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 13 December 2024 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 Annual Caps represent the best estimates by the Directors of the amount of the 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.

## **CONTINUING CONNECTED TRANSACTIONS**

References are made to the announcement issued by the Company dated 10 September 2021, and the circular of the Company dated 22 October 2021, in relation to, among other things, the Previous Framework Agreement entered into between the Company and CSCECL which will expire on 31 December 2024.

It is contemplated that the Group will continue to cooperate with the CSCECL Group to enter into the Construction Main Contracts as joint venture main contractor. As the Previous Framework Agreement is due to expire on 31 December 2024, on 4 November 2024, the Company and CSCECL entered into the New Framework Agreement to renew the Previous Framework Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027. It is expected that the award of the Construction Main 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 Construction Main Contracts.

The cooperation between the Group and the CSCECL Group as contemplated by the New Framework Agreement will continue to take the form of contractual joint venture in accordance with customary terms in the construction industry whereby the Group and the CSCECL Group will cooperate to implement the relevant Construction Main Contracts as joint venture main contractor.

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

The New Framework Agreement does not anticipate the formation of any joint venture company, nor the acquisition or disposal of any entities. The contractual joint ventures as contemplated under the New Framework Agreement are joint ventures/joint operations arrangement between members of the Group and the CSCECL Group, which are transactions of a revenue nature conducted in the ordinary and usual course of business of the Group, on an arm’s length basis and on normal commercial terms. These contractual joint ventures are expected to be categorized as “joint ventures/joint operations” in the financial statements of the Company.

**NEW FRAMEWORK AGREEMENT**

The principal terms of the New Framework Agreement are as follows:

**Date**

4 November 2024

**Parties**

- (a) the Company; and
- (b) CSCECL.

**Term**

The New Framework Agreement shall cover three financial years commencing on 1 January 2025 and ending on 31 December 2027.

**Subject matter**

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

- (a) the Group and the CSCECL Group may cooperate to enter into and implement the Construction Main Contracts as joint venture main contractor, provided that the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group for the relevant financial year shall not exceed the corresponding Annual Cap as set out below:

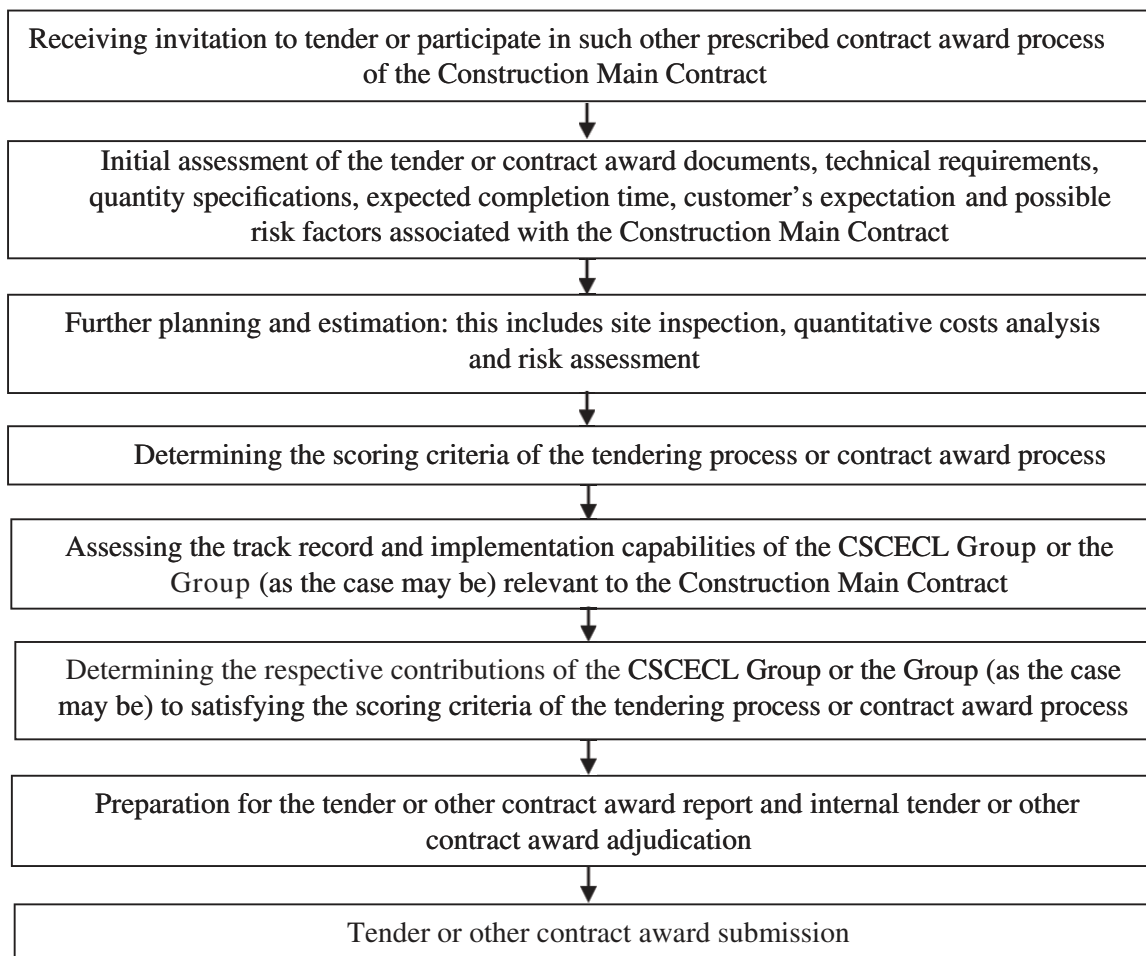
<b>For the financial year ending 31 December 2025</b>	<b>For the financial year ending 31 December 2026</b>	<b>For the financial year ending 31 December 2027</b>
HK\$28 billion	HK\$30 billion	HK\$32 billion

- (b) the contractual joint ventures for entering into and implementing the particular Construction Main Contracts as contemplated under the New Framework Agreement are joint ventures/joint operations arrangement between the Group and the CSCECL Group.

### **Invitation for cooperation**

In the event that the Group or the CSCECL 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 Construction Main Contract, the Group or the CSCECL Group may invite each other to participate in such process as joint venture main contractor, if the engineering department of the Group or the CSCECL Group (as the case may be), 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 Construction Main Contract.

The engineering department of the Group or the CSCECL Group (as the case may be) will determine whether or not to make such invitation to the other party during its standard tender or other contract award submission procedures in respect of a Construction Main Contract which generally involve (i) receiving invitation to tender or participate in such other prescribed contract award process of the Construction Main Contract; (ii) initial assessment of the tender or contract award documents; (iii) further planning and estimation; (iv) determining the scoring criteria of the tendering process or contract award process; (v) assessing the track record and implementation capabilities of the CSCECL Group or the Group (as the case may be) relevant to the Construction Main Contract; (vi) determining the respective contributions of the CSCECL Group and the Group (as the case may be) to satisfying the scoring criteria of the tendering process or contract award process; (vii) preparation for the tender or other contract award report and internal tender or other contract award adjudication; and (viii) tender or other contract award submission (the “**Procedures**”).



In assessing the tender or contract award documents, the Group or the CSCECL Group will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectations and possible risk factors associated with the Construction Main Contract. The Group or the CSCECL Group will then perform site inspection, conduct quantitative costs analysis and risk assessment.

If, during the Procedures, the engineering department of the Group or the CSCECL Group is satisfied that the participation of the CSCECL Group or the Group in the tendering process or such other prescribed contract award process in respect of the Construction Main Contract will maximize the scoring of such process and therefore the chance of successful award of the Construction Main Contract, the Group or the CSCECL Group may invite the other party to participate in such tendering process or contract award process. The president of the engineering department of the Group or the CSCECL Group, who does not hold any position in the other party, will review and approve the decision of making such invitation to the CSCECL Group or the Group.

## **Contract sum of the Construction Main Contracts**

As a general principle and in accordance with market practice, the contract sum with respect to the 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.

## **Historical Annual Caps and historical transaction amounts under the Previous Framework Agreement**

Set out below are the Historical Annual Caps under the Previous Framework Agreement:

<b>For the financial year ended 31 December 2022</b>	<b>For the financial year ended 31 December 2023</b>	<b>For the financial year ending 31 December 2024</b>
HK\$31 billion	HK\$33 billion	HK\$35 billion

No transactions were conducted under the Previous Framework Agreement for the financial years ended 31 December 2022 and 2023 and the six months period ended 30 June 2024.

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

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

In determining the Annual Caps, the Company has also considered the following:

- (a) the unpredictability nature of the Construction Projects was the main reason of the non-utilisation of the Historical Annual Caps. The number of tenders which are suitable for the Group and the CSCECL Group could fluctuate at times. Numerous Construction Projects were cancelled or delayed during the financial years ended 31 December 2022 and 2023 and the six months period ended 30 June 2024 due to the change of development plans of third-party developers, and the Group and the CSCECL Group did not proceed with the tenders that are unsuitable upon considering the associated risks. However, it is expected that there will be more tenders available for the Group and the CSCECL Group for the next three years ending 31 December 2027 given that the continuous development of the PRC economy shall continue to maintain the availability of Construction Projects;

- (b) the tenders already known to be suitable for tender by the Group and the CSCECL Group, being two potential Construction Projects with contract sum of approximately HK\$22.7 billion in aggregate for the financial year ending 31 December 2025, three potential Construction Projects with contract sum of approximately HK\$21.8 billion in aggregate for the financial year ending 31 December 2026 and two potential Construction Projects with contract sum of approximately HK\$21 billion in aggregate for the financial year ending 31 December 2027, the estimation of which is based on the expected approximate amount of investment/expenditure that the relevant third-party developer/owner client would invest/expend on such relevant Construction Project, the expected scope and scale of works as well as the prevailing market prices of the relevant construction materials and subcontracting charges. The size and scale of each of such Construction Projects would have a bearing in determining the Annual Caps;
- (c) it is expected that there will be numerous potential Construction Projects to be announced by the relevant third-party developer/owner client, which shall cause a further increase in the contract sum awarded to the Group and the CSCECL Group in each of the three years ending 31 December 2027; and
- (d) a buffer of 10% of the aforesaid contract sum for each financial year to accommodate the expected general increase in construction cost in each of the three years ending 31 December 2027, which is estimated to be contributed by the general escalation in labour cost, materials cost, and cost relating to the implementation of safety measures, quality assurance and environmental protection measures.

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

During the term of the New Framework Agreement, the Group and the CSCECL Group may from time to time enter into a standard individual joint venture agreement (the “**JV Agreement**”) which contains the below customary terms in the construction industry, for establishing a contractual joint venture to enter into and implement a particular Construction Main Contract:

#### **(a) Proportion of interest**

The respective interest of the Group and the CSCECL Group in each contractual joint venture under a JV Agreement (the “**Respective Interest**”) will be determined by the engineering department of the Group or the CSCECL Group (as the case may be), based on the respective contributions of the Group and the



CSCECL Group to satisfy 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 Construction Main Contract. The scoring criteria and the respective contributions of the Group and the CSCECL Group will be determined by the engineering department of the Group or the CSCECL Group (as the case may be) during the Procedures.

**(b) Profit/loss sharing**

The Group and the CSCECL Group shall be jointly and severally liable towards the relevant third-party developer/owner client for carrying out the particular 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 Group and the CSCECL Group in accordance with their Respective Interest. If either party incurs any liability 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 Group and the CSCECL Group 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 Group and the CSCECL Group in accordance with their Respective Interest. The Group and the CSCECL Group 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 Group and the CSCECL Group. The Executive Board shall comprise members appointed by both the Group and the CSCECL Group, the number of which shall be determined in accordance with their Respective Interest. A member appointed by the CSCECL Group and a member appointed by the Group present at a meeting of the Executive Board shall form a quorum. Any decision on material/major matters (including those specified in paragraph (f) below) made at the meeting of the Executive Board shall require a 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 the Group and the CSCECL Group to guarantee the performance of the relevant Construction Main Contract, each of the Group and the CSCECL Group shall indemnify its parent company for any liabilities arising from such guarantee.

**(f) Other restrictions**

Without the prior written consent from the other party, neither the Group nor the CSCECL Group may: (i) transfer, assign, pledge or encumber a JV Agreement and/or any interest of such party under such JV Agreement; (ii) change the nature or scope of business of the contractual joint venture; and (iii) procure the joint venture to enter into any transactions concerning the relevant Construction Projects which are not on an arm's length basis.

**Condition Precedent**

The Transactions are conditional upon obtaining the approval of the Independent Shareholders at the EGM in relation to the New Framework Agreement and the Transactions.

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

Both the Company and CSCECL are well established engineering contractors and represent high levels of technology and management in various fields of construction. It is perceived that the join-up of the Group and the CSCECL Group as joint venture main contractor will enhance the chance of successful award of the Construction Main Contracts. The CSCECL Group has substantial experience in construction markets in the PRC and overseas. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience and the specific construction qualifications of the CSCECL Group, and provide opportunities for the Group to strengthen and further develop its construction related business and qualifications in the PRC and overseas.

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 New 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 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.

CSCECL is the intermediate holding company of the Company and 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 and the Company. 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, 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 all the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group for the relevant financial year as contemplated under the New 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 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 COHL and its associates will abstain from voting at the EGM.

None of the Directors has any material interest in the Transactions and no Director is required to abstain from voting on the Board resolution(s) approving the Transactions. However, Mr. Zhang Haipeng, being the chairman and executive director of the Company and a director and president of COHL, and Mr. Yan Jianguo, being non-executive director of the Company and the chairman of COHL, have voluntarily abstained from voting on the Board resolution(s) approving the Transactions.

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 13 December 2024 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 Annual Caps represent the best estimates by the Directors of the amount of the Construction Main Contracts 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 Cap(s)”	the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group as joint venture main contractor for each financial year under the New Framework Agreement;
“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder”, “holding company”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“COHL”	China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of CSCECL and the controlling shareholder 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);
“Construction Main Contracts”	government or public sector contracts, or contracts for large-scale construction with single contract sum of exceeding HK\$2 billion, awarded by tender;
“Construction Projects”	construction projects under the Construction Main Contracts;
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a limited liability 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 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 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;
“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 New Framework Agreement and the Transactions;
“Executive Board”	has the meaning as defined under the section headed “NEW FRAMEWORK AGREEMENT — Customary terms of joint venture agreements — (d) Management” of this announcement;
“Group”	the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange);

“Historical Annual Caps”	the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group as joint venture main contractor for each financial year under the Previous Framework Agreement;
“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 “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 Transactions;
“Independent Shareholders”	the shareholders of the Company, other than COHL and its associates;
“JV Agreement”	has the meaning as defined under the section headed “NEW FRAMEWORK AGREEMENT — Customary terms of joint venture agreements” of this announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“New Framework Agreement”	the framework agreement dated 4 November 2024 entered into between the Company and CSCECL in respect of the cooperation of the Group and the CSCECL Group to enter into and implement the Construction Main Contracts for the years ending 31 December 2025, 2026 and 2027;
“PRC”	People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;

“Previous Framework Agreement”	the framework agreement dated 10 September 2021 entered into between the Company and CSCECL in respect of the cooperation of the Group and the CSCECL Group to enter into and implement Construction Main Contracts for the years ended 31 December 2022, 2023 and 2024;
“Respective Interest”	has the meaning as defined under the section headed “NEW 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 New Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps); and
“%”	per cent.

*\* For the identification purpose only*

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

Hong Kong, 4 November 2024

*As at the date of this announcement, the Board comprises Mr. Zhang Haipeng as Chairman and Executive Director; Mr. Yan Jianguo as Non-executive Director; Mr. Wang Xiaoguang (Chief Executive Officer) and Mr. Hung Cheung Shew as Executive Directors; and Ms. Wong Wai Ching, Mr. Chan Tze Ching Ignatius and Mr. Chan Fan as Independent Non-executive Directors.*