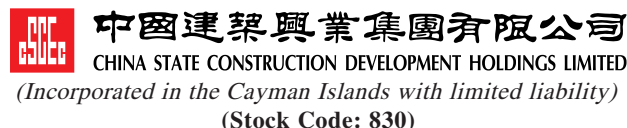
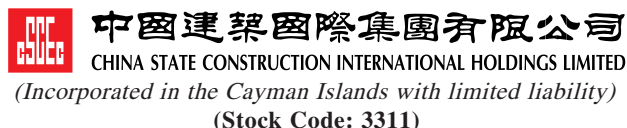


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in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



## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO CONNECTION SERVICES**

Reference is made to the Acquisition Announcement issued by CSCD dated 14 October 2019 in relation to the acquisition of the entire registered capital of Shenyang Huanggu Company, which is principally engaged in the production and supply of heat, electricity and steam and the provision of installing service heat distribution network in Shenyang, the capital city of the Liaoning Province, PRC. Upon completion of the Acquisition on 30 December 2019, Shenyang Huanggu Company became an indirect wholly-owned subsidiary of CSCD.

On 30 December 2019, COLI and CSCD entered into the Framework Agreement, pursuant to which the COLI Group may engage the CSCD Group for the provision of heating pipes connection services for the Heating Pipes Project(s) (i.e. the Connection Services) from time to time for the period commencing from 1 January 2020 and ending on 31 December 2022 subject to the Engagement Cap.

As at the date of this joint announcement, COHL is a controlling shareholder of COLI, CSC and CSCD by virtue of being interested in approximately 55.99% of the number of shares of COLI in issue and approximately 64.66% of the issued share capital of CSC. CSC is an indirect holding company of CSCD and is interested in approximately 74.06% of the issued share capital of CSCD. Accordingly, members of the COLI Group are connected persons of CSCD. The transactions contemplated under the Framework Agreement between members of the COLI Group on the one hand and members of the CSCD Group on the other hand, constitute continuing connected transactions for CSCD under Chapter 14A of the Listing Rules.

For CSCD, since the applicable percentage ratios in respect of the maximum total contract sum that may be awarded by the COLI Group for each year under the Framework Agreement (i.e. the Engagement Cap) are more than 0.1% but less than 5%, the transactions contemplated under the Framework Agreement are subject to the reporting, annual review and announcement but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For CSC, CSC is not a party to the transactions contemplated under the Framework Agreement but because CSCD is its subsidiary, the transactions constitute continuing connected transactions for CSC. Since the applicable percentage ratios in respect of the maximum total contract sum that may be awarded for each year under the Framework Agreement (i.e. the Engagement Cap) are more than 0.1% but less than 5%, the transactions contemplated under the Framework Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement.

## **INTRODUCTION**

Reference is made to the Acquisition Announcement issued by CSCD dated 14 October 2019 in relation to the acquisition of the entire registered capital of Shenyang Huanggu Company, which is principally engaged in the production and supply of heat, electricity and steam and the provision of installing service heat distribution network in Shenyang, the capital city of the Liaoning Province, PRC. Upon completion of the Acquisition on 30 December 2019, Shenyang Huanggu Company became an indirect wholly-owned subsidiary of CSCD.

## **CONTINUING CONNECTED TRANSACTIONS**

On 30 December 2019, COLI and CSCD entered into the Framework Agreement, pursuant to which the COLI Group may engage the CSCD Group for the provision of heating pipes connection services for the Heating Pipes Project(s) (i.e. the Connection Services) from time to time for the period commencing from 1 January 2020 and ending on 31 December 2022 subject to the Engagement Cap.

## **THE FRAMEWORK AGREEMENT**

### **Date**

30 December 2019

### **Parties**

- (a) COLI; and
- (b) CSCD.

### **Term**

The Framework Agreement has a term of three years commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive).

### **Subject matter**

The directors of CSCD expect that the COLI Group will engage the CSCD Group for the provision of the Connection Services from time to time and the total contract sum that may be awarded to the CSCD Group for each of the three years ending 31 December 2022 will not exceed HK\$70 million. The parties therefore agreed that:

- (a) the CSCD Group 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 from thermal plants to Heating Pipes Project(s) (i.e. the Connection Services);
- (b) the parties may from time to time enter into further implementation agreements, which set out the detailed terms in relation to the Connection Services. The terms under further implementation agreements will be negotiated on an arm's length basis between the parties;

- (c) the total contract sum which may be awarded to the CSCD Group by the COLI Group under the Framework Agreement for each of the three years ending 31 December 2022 shall not exceed HK\$70 million (i.e. the Engagement Cap); and
- (d) the fees payable by the COLI Group to the CSCD Group will be settled pursuant to the payment terms set out in the tender documents or the specific contracts (including implementation agreements).

### **Pricing basis**

The fees for the Connection Services will be determined by the CSCD Group with reference to the prevailing market price of similar heating services offered by other comparable service providers in the vicinity of the Heating Pipes Project(s), the coverage of heating services, the location, size and development status of the Heating Pipes Project(s), heat capacity and the cost of heating pipes connection.

The price and terms of the tenders submitted by the CSCD Group to the COLI Group for the Connection Services are subject to the standard and systematic tender submission procedures maintained by the CSCD Group, which apply to tenders submitted to both connected persons and independent third parties of the CSCD Group, in order to ensure that the price and terms of the proposed tender submitted by the CSCD Group to the COLI Group are no more favourable than those submitted to independent third parties.

In preparing and assessing the tender documents, the CSCD Group will conduct initial assessment of technical requirements, customer's expectations and the possible risk factors associated with the project. The CSCD Group will then perform site inspection, form a practicable construction program and conduct risk assessment.

The CSCD Group will review the costs and materials supply information maintained by its in-house computer database from the CSCD Group's previous projects and pricing information from the open market. Such information will assist the CSCD Group in preparing a competitive tender report and conducting internal tender adjudication. A review committee, comprising the various department heads and senior management of the CSCD Group, will decide the contents and pricing term of the tender.

The CSCD Group will ensure that the fees for heating pipes connection services payable by the 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 Engagement Cap***

The Engagement Cap is calculated with reference to the following factors:

- (a) future projection of the Heating Pipe Project(s) of the COLI Group in the period commencing from 1 January 2020 and ending on 31 December 2022 and the CSCD Group's connection services capacity for such period; and
- (b) the estimated total contract sum of the Connection Services that may be awarded by the COLI Group to the CSCD Group, which is estimated by the directors of CSCD based on the total contract sum awarded to Shenyang Huanggu Company by the COLI Group for the year ended 31 December 2017 amounted to approximately HK\$47.4 million, for the year ended 31 December 2018 amounted to approximately HK\$24.5 million and for the year ending 31 December 2019 amounted to approximately HK\$40.1 million.

## **Reasons for the entering into of the Framework Agreement**

The COLI Group has a number of real estate projects in the PRC (i.e. Heating Pipe Project(s)) and locations of some of such projects are within the coverage areas where the CSCD Group is capable of providing connection services for heating pipes. The directors of CSCD consider that the transactions contemplated under the Framework Agreement will provide an additional source of income to the CSCD Group from the provision of the connection services for heating pipes.

The directors of CSCD (including the independent non-executive directors of CSCD) consider that the transactions contemplated under the Framework Agreement are expected to be entered into in the ordinary and usual course of business of the CSCD Group, and the Framework Agreement (together with the Engagement 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 Framework Agreement (together with the Engagement Cap) are fair and reasonable and in the interests of CSCD and its shareholders as a whole.

The directors of CSC (including the independent non-executive directors of CSC) consider that the transactions contemplated under the Framework Agreement are expected to be entered into in the ordinary and usual course of business of the CSC Group, and the Framework Agreement (together with the Engagement 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 Framework Agreement (together with the Engagement Cap) are fair and reasonable and in the interests of CSC and its shareholders as a whole.

## **LISTING RULES IMPLICATION**

As at the date of this joint announcement, COHL is a controlling shareholder of COLI, CSC and CSCD by virtue of being interested in approximately 55.99% of the number of shares of COLI in issue and approximately 64.66% of the issued share capital of CSC. CSC is an indirect holding company of CSCD and is interested in approximately 74.06% of the issued share capital of CSCD. Accordingly, members of the COLI Group are connected persons of CSCD. The transactions contemplated under the Framework Agreement between members of the COLI Group on the one hand and members of the CSCD Group on the other hand, constitute continuing connected transactions for CSCD under Chapter 14A of the Listing Rules.

For CSCD, since the applicable percentage ratios in respect of the maximum total contract sum that may be awarded by the COLI Group for each year under the Framework Agreement (i.e. the Engagement Cap) are more than 0.1% but less than 5%, the transactions contemplated under the Framework Agreement are subject to the reporting, annual review and announcement but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For CSC, CSC is not a party to the transactions contemplated under the Framework Agreement but because CSCD is its subsidiary, the transactions constitute continuing connected transactions for CSC. Since the applicable percentage ratios in respect of the maximum total contract sum that may be awarded for each year under the Framework Agreement (i.e. the Engagement Cap) are more than 0.1% but less than 5%, the transactions contemplated under the Framework Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement.

No director of CSCD and of CSC has a material interest in the entering into of the Framework Agreement and the transactions contemplated thereunder, nor is required to abstain from voting on the board resolutions approving the entering into of the Framework Agreement and the transactions contemplated thereunder.

Shareholders of CSCD should note that the Engagement Cap represents the best estimates by the directors of CSCD of the amount(s) of the relevant transaction(s) based on the information currently available. The Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the CSCD Group's financial or potential financial performance. The COLI Group may or may not engage the CSCD Group to provide the Connection Services up to the level of the Engagement Cap.

## **INFORMATION OF THE PARTIES**

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

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

The CSC Group is principally engaged in the building construction, civil engineering works, infrastructure investment and project consultancy business.

## SUBSISTING TRANSACTIONS RELATING TO THE PREVAILING PROJECTS

As mentioned in the Acquisition Announcement, prior to the Acquisition Completion, Shenyang Huanggu Company entered into certain contracts with the COLI Group in relation to the provision of connection services for heating pipes for certain real estate projects located in the PRC and developed by the COLI Group, which would subsist after the Acquisition Completion. Following the Acquisition Completion, Shenyang Huanggu Company became a subsidiary of CSCD and these subsisting transactions became continuing connected transactions for CSCD.

There are 4 subsisting contracts in respect of the prevailing projects with the outstanding aggregate amount of not more than HK\$88 million and payable by the COLI Group to Shenyang Huanggu Company.

Pursuant to Rule 14A.60 of the Listing Rules, the principal terms of the subsisting contracts in respect of the prevailing projects are set out as follows:

<b>Parties</b>	:	(i) Shenyang Huanggu Company (as service provider); and
	:	(ii) Member(s) of the COLI Group (as owner of the relevant real estate projects).
<b>Scope of services</b>	:	Provision of heating pipes connection services by Shenyang Huanggu Company to members of the COLI Group for the real estate projects of the COLI Group in Shenyang, the PRC.
<b>Payment term</b>	:	All outstanding amount is expected to be settled upon completion of final accounts of the prevailing projects by the COLI Group.

## DEFINITIONS

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

<b>“Acquisition”</b>	the acquisition of the entire registered capital of Shenyang Huanggu Company by CSCD as contemplated under the sale and purchase agreement entered into between Ever Power Group Limited (a direct wholly-owned subsidiary of CSC) and CSCD on 14 October 2019
<b>“Acquisition Announcement”</b>	the announcement of CSCD dated 14 October 2019 in relation to the Acquisition
<b>“Acquisition Completion”</b>	completion of the Acquisition, which took place on 30 December 2019
<b>“COHL”</b>	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability

<b>“COLI”</b>	China Overseas Land & Investment Limited, 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)
<b>“COLI Group”</b>	COLI and its subsidiaries from time to time
<b>“connected persons”, “controlling shareholder”, “percentage ratios” and “subsidiary(ies)”</b>	each has the meaning ascribed to it under the Listing Rules;
<b>“Connection Services”</b>	heating pipes connection services for the Heating Pipes Project(s) that involve the connection of sets of heating pipes, which allow the provision of heat from thermal plants to the Heating Pipes Project(s), by the CSCD Group to the COLI Group as a service provider from time to time pursuant to the Framework Agreement
<b>“CSC”</b>	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)
<b>“CSC Group”</b>	CSC and its subsidiaries (excluding the CSCD Group) from time to time
<b>“CSCD”</b>	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)
<b>“CSCD Group”</b>	CSCD and its subsidiaries from time to time
<b>“Engagement Cap”</b>	the maximum total contract sum of the contracts in respect of the Connection Services that may be awarded by the COLI Group to the CSCD Group for each year under the Framework Agreement
<b>“Framework Agreement”</b>	the framework agreement entered into between COLI and CSCD on 30 December 2019 in respect of the engagement of members of the CSCD Group by members of the COLI Group for provision of the Connection Services
<b>“Heating Pipes Project(s)”</b>	real estate project(s), which is (are) located in the PRC, developed by the COLI Group
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC

“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 joint announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Shenyang Huanggu Company”	瀋陽皇姑熱電有限公司(Shenyang Huanggu Thermoelectricity Company Limited*), a limited liability company established in the PRC which is indirectly and wholly owned by CSCD
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

\* for identification purpose only

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

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

Hong Kong, 30 December 2019

*As at the date of this joint announcement, the Board of CSC 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.*

*As at the date of this joint announcement, the Board of CSCD comprises Mr. Zhang Haipeng as Chairman and non-executive director; Mr. Wu Mingqing (Vice Chairman and Chief Executive Officer), Mr. Wang Hai and Mr. Chan Sim Wang as executive directors; Mr. Huang Jiang as non-executive director; and Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna as independent non-executive directors.*