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**CONTINUING CONNECTED TRANSACTIONS
WITH CHINA OVERSEAS GRAND OCEANS GROUP LIMITED
IN RELATION TO CONSTRUCTION WORKS**

References are made to the announcement issued by the Company dated 19 November 2020, and the circular of the Company dated 17 December 2020, in relation to, among other things, the Previous Master Engagement Agreement entered into between the Company and COGO which will expire on 31 December 2023.

It is contemplated that the COGO Group will continue to invite the Group to participate in competitive tender as contractor for the COGO Group's construction works from time to time. As the Previous Master Engagement Agreement is due to expire on 31 December 2023, on 20 October 2023, the Company and COGO entered into the New Master Engagement Agreement whereby (i) the Group may tender for the COGO Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the COGO Group from time to time for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 subject to the New COGO Works Caps; and (ii) the COGO Group may engage the Group as construction contractor for the COGO Group's construction works in the PRC upon the Group's successful tender.

As at the date of this announcement, CSCEC is the ultimate holding company of COHL, which is interested in approximately 64.81% of the issued share capital of the Company and approximately 39.63% of the issued share capital of COGO. Accordingly, members of the COGO Group are connected persons of the Group and members of the Group are connected persons of the COGO Group. The transactions contemplated under the New Master Engagement Agreement between members of the COGO Group on one hand and members of the Group on the other hand, constitute continuing connected transactions for both the Company and COGO under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sums of the construction contracts that may be awarded to the Group by the COGO Group for the three-year period commencing from 1 January 2024 and ending on 31 December 2026 under the New Master Engagement Agreement (i.e. the New COGO Works Caps) exceed 0.1% but less than 5% for the Company, the transactions contemplated under the New Master Engagement Agreement are subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

References are made to the announcement issued by the Company dated 19 November 2020, and the circular of the Company dated 17 December 2020, in relation to, among other things, the Previous Master Engagement Agreement entered into between the Company and COGO which will expire on 31 December 2023.

It is contemplated that the COGO Group will continue to invite the Group to participate in competitive tender as contractor for the COGO Group's construction works from time to time. As the Previous Master Engagement Agreement is due to expire on 31 December 2023, on 20 October 2023, the Company and COGO entered into the New Master Engagement Agreement whereby (i) the Group may tender for the COGO Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the COGO Group from time to time for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 subject to the New COGO Works Caps; and (ii) the COGO Group may engage the Group as construction contractor for the COGO Group's construction works in the PRC upon the Group's successful tender.

THE NEW MASTER ENGAGEMENT AGREEMENT

Date

20 October 2023

Parties

1. the Company; and
2. COGO.

Continuing Connected Transactions in relation to Construction Works

On 20 October 2023, the Company and COGO entered into the New Master Engagement Agreement for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 whereby the parties agreed, among other things, that:

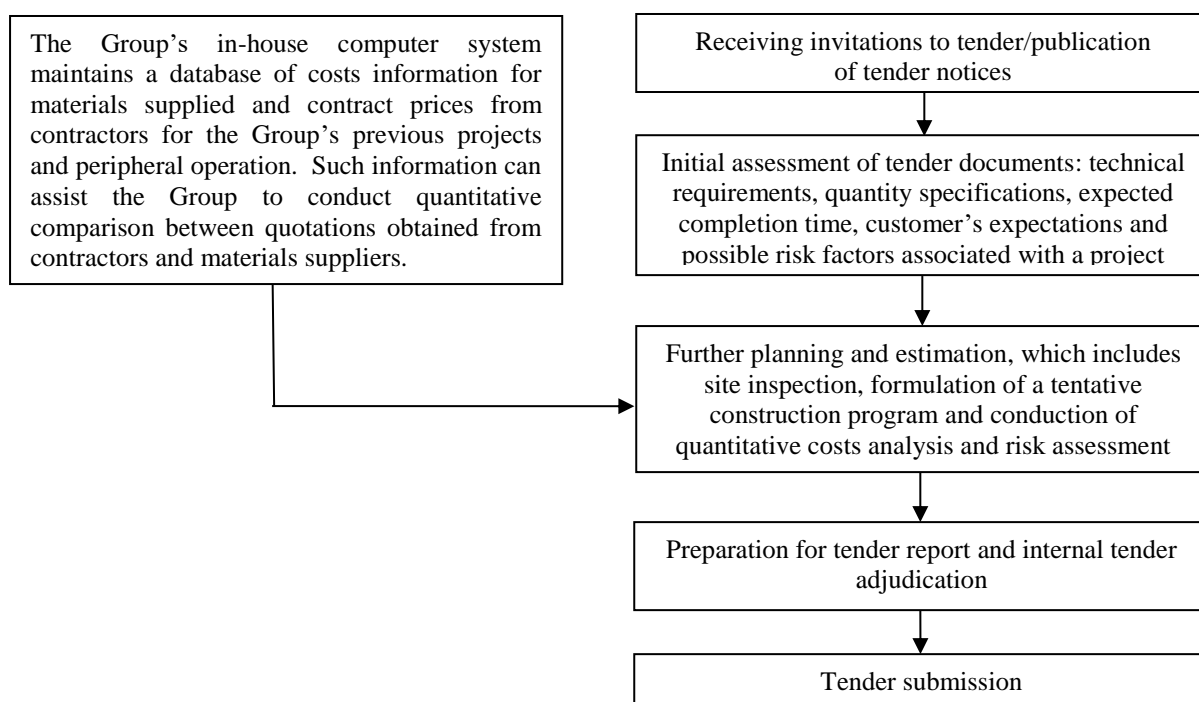
- (a) the Group may tender for the COGO Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the COGO Group from time to time and on the same and normal terms as offered to other independent third party construction contractors;
- (b) if any contract is granted in favour of the Group as a result of the above tender, the Group may act as construction contractor for the COGO Group's construction works in the PRC based on the terms of the successful tender provided that the maximum total contract sums of the construction contracts that may be awarded by the COGO Group to the Group shall not exceed (i) RMB1,800 million for the year commencing from 1 January 2024 and ending on 31 December 2024; (ii) RMB1,800 million for the year commencing from 1 January 2025 and ending on 31 December 2025; and (iii) RMB1,800 million for the year commencing from 1 January 2026 and ending on 31 December 2026 (i.e. the New COGO Works Caps); and

- (c) the fees in respect of the construction works payable by the COGO Group to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific construction contracts.

Pricing basis of the tenders submitted by the Group

The price and terms of the tenders submitted by the Group to the COGO Group for the COGO Group’s construction works in the PRC are subject to the standard and systematic tender submission procedures maintained by the Group, which apply for tenders submitted to both connected persons and independent third parties of the Group, in order to ensure that the price and terms of the proposed tender submitted by the Group to the COGO Group (i) are no more favourable to the COGO Group than those submitted to independent third parties; and (ii) are no less favourable to the Group than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involve (i) receiving invitation 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 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 Group will take into account factors including technical requirements, quantity specifications, expected completion time, customer's expectations and the possible risk factors associated with a project. The 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 Group will review the costs information maintained by its in-house computer database for materials supplied and contract prices from contractors for the Group's previous projects and peripheral operation. The information will assist the Group to conduct quantitative comparison between quotations obtained from contractors and materials suppliers. The Group will review details of the tender to be submitted for bidding including the price analysis of each item in the tender for both tenders to be submitted to connected persons and independent third parties, and compare them with previous tenders submitted to both connected persons and independent third parties, so as to ensure that the prices and terms of the tender to be submitted to the COGO Group (i) are not more favourable to the COGO Group, and (ii) are no less favourable to the Group than those submitted to independent third parties.

If any contract is granted in favour of the Group as a result of the competitive tender, the relevant project owner of the COGO Group will issue a letter of award to the Group and the Group will act as construction contractor for the COGO Group's construction works in the PRC based on the terms of the successful tender.

Calculation of the New COGO Works Caps

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

- (a) the maximum total contract sum that might be awarded by the COGO Group to the Group in respect of the construction works under the Previous Master Engagement Agreement should not exceed (i) RMB2,000 million for the period commenced from 1 January 2021 and ended on 31 December 2021; (ii) RMB2,500 million for the period commenced from 1 January 2022 and ended on 31 December 2022; and (iii) RMB3,000 million for the period commenced from 1 January 2023 and ending on 31 December 2023 (i.e. the Previous COGO Works Caps);
- (b) total contract sum of construction works of the COGO Group in the PRC awarded by the COGO Group to the Group as construction contractor under the Previous Master Engagement Agreement for the period from 1 January 2021 to 31 December 2021 of approximately RMB1,847 million (approximately HK\$2,015 million);
- (c) total contract sum of construction works of the COGO Group in the PRC for the financial year ended 31 December 2021 of approximately RMB36,699 million (approximately HK\$40,039 million), for the financial year ended 31 December 2022 of approximately RMB19,465 million (approximately HK\$21,236 million), and for the period from 1 January 2023 to 30 September 2023 of approximately RMB8,879 million (approximately HK\$9,687 million); and
- (d) the estimated total contract sum within the range of RMB1,000 million to RMB2,000 million of the COGO Group's construction works in the PRC for which the COGO Group will invite the Group to participate in competitive tenders from time to time for each of the three financial years ending on 31 December 2026, taking into account of the numbers and size of the potential new construction projects of the COGO Group in the PRC.

The contract sums under the New Master Engagement Agreement will be satisfied by the COGO Group in cash from its general working capital.

Conditions Precedent

The transactions contemplated under the New Master Engagement Agreement (together with the New COGO Works Caps) are conditional upon (i) the passing of the resolution by COGO's Independent Shareholders at COGO's general meeting approving the New Master Engagement Agreement (together with the New COGO Works Caps) and the transactions contemplated thereunder; and (ii) the Company and COGO having complied with all requirements under the Listing Rules with respect to the New Master Engagement Agreement (together with the New COGO Works Caps) and the transactions contemplated thereunder.

Reasons for and Benefits of the Entering into of the New Master Engagement Agreement

The directors of the Company consider that being able to participate in the construction works of the COGO Group in the PRC as construction contractor upon successful tender allows the Group to strengthen and further develop its construction business and qualifications in the PRC.

The directors of the Company (including the independent non-executive directors of the Company) consider that the transactions contemplated under the New Master Engagement Agreement are expected to be entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the New Master Engagement Agreement (together with the New COGO Works Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New Master Engagement Agreement (together with the New COGO Works Caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the directors of the Company has any material interest in the New Master Engagement Agreement and the transactions contemplated thereunder. However, Mr. Zhang Haipeng, being the chairman and executive director of the Company and a director of COHL, Mr. Yan Jianguo, being non-executive director of the Company and the chairman and president of COHL, and Mr. Chen Xiaofeng, being non-executive director of the Company, have voluntarily abstain from voting on the Board resolutions approving the entering into of the New Master Engagement Agreement and the transactions contemplated thereunder (together with the New COGO Works Caps).

GENERAL

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

COGO is principally engaged in property investment and development, property leasing and investment holding.

CSCECL is the holding company of COHL, which is interested in approximately 64.81% of the issued share capital of the Company and approximately 39.63% of the issued share capital of COGO. CSCECL 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, CSCEC is the ultimate holding company of COHL which, in turn, is interested in approximately 64.81% of the issued share capital of the Company and approximately 39.63% of the issued share capital of COGO. Accordingly, members of the COGO Group are connected persons of the Group and members of the Group are connected persons of the COGO Group. The transactions contemplated under the New Master Engagement Agreement between members of the COGO Group on one hand and members of the Group on the other hand, constitute continuing connected transactions for both the Company and COGO under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sums of the construction contracts that may be awarded to the Group by the COGO Group for the three-year period commencing from 1 January 2024 and ending on 31 December 2026 under the New Master Engagement Agreement (i.e. the New COGO Works Caps) exceed 0.1% but less than 5% for the Company, the transactions contemplated under the New Master Engagement Agreement are subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Shareholders of the Company should note that the New COGO Works Caps represent the best estimates by the directors of the Company of the amount of the relevant transaction(s) based on the information currently available. The New COGO Works Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The COGO Group may or may not retain the Group to engage in construction works in the PRC up to the level of the New COGO Works Caps, if at all, as its engagement is subject to tendering procedures which are open to other independent third parties.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “holding company”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“COGO”	China Overseas Grand Oceans Group Limited (中國海外宏洋集團有限公司), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 81);
“COGO Group”	COGO and its subsidiaries from time to time;

“COGO’s Independent Shareholders”	shareholder(s) of COGO, other than COHL and its associates;
“COHL”	China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability, is a wholly owned subsidiary of CSCECL and is interested in approximately 64.81% of the issued share capital of the Company and approximately 39.63% of the issued share capital of COGO;
“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);
“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, 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 the holding company of COHL;
“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“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 COGO Works Caps”	the maximum total contract sums of the construction contracts that may be awarded by the COGO Group to the Group (as construction contractor of the COGO Group) for the three-year period commencing from 1 January 2024 and ending on 31 December 2026 under the New Master Engagement Agreement;

“New Master Engagement Agreement”	the engagement agreement entered into between the Company and COGO on 20 October 2023 in respect of the engagement of any members of the Group by any members of the COGO Group as construction contractor for the COGO Group’s construction works in the PRC from time to time for a term of three years commencing from 1 January 2024 and ending on 31 December 2026;
“PRC”	People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Previous COGO Works Caps”	the maximum total contract sums of the construction contracts that may be awarded by the COGO Group to the Group (as construction contractor of the COGO Group) for the three-year period commenced from 1 January 2021 and ending on 31 December 2023 under the Previous Master Engagement Agreement;
“Previous Master Engagement Agreement”	the engagement agreement entered into between the Company and COGO on 19 November 2020 in respect of the engagement of any members of the Group by any members of the COGO Group as construction contractor for the COGO Group’s construction works in the PRC from time to time for a term of three years commenced from 1 January 2021 and ending on 31 December 2023;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

** English translation for identification purpose only.*

For illustration purposes in this announcement, unless otherwise specified, the exchange rate of RMB1.00 = HK\$1.091 is adopted. The exchange rate does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, 20 October 2023

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