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**中國建築興業集團有限公司**

**CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 830)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO COGO SERVICES**

Reference is made to the joint announcement dated 24 March 2021 in relation to the Previous COGO Framework Agreement entered into between COGO and the Company which is due to expire on 30 June 2024.

On 26 April 2024, COGO and the Company entered into the New COGO Framework Agreement to renew the Previous COGO Framework Agreement. Pursuant to the New COGO Framework Agreement, for a term of three years commencing from 1 July 2024 and ending on 30 June 2027 (both dates inclusive), the Group may tender for, and upon successful tender, the COGO Group may engage the Group as service provider for the COGO Services from time to time subject to the New COGO Engagement Caps.

As at the date of this announcement, COHL is interested in approximately 39.63% of the number of shares of COGO in issue and approximately 70.78% of the issued share capital of the Company. Accordingly, members of the COGO Group are connected persons of the Company and the transactions contemplated under the New COGO Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios in respect of the highest New COGO Engagement Cap are more than 0.1% but less than 5%, the transactions contemplated under the New COGO Framework Agreement (including the New COGO Engagement Caps) are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Shareholders of the Company should note that the New COGO Engagement Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The New COGO Engagement Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the financial or potential financial performance of the Group.

## **BACKGROUND**

Reference is made to the joint announcement dated 24 March 2021 in relation to the Previous COGO Framework Agreement entered into between COGO and the Company which is due to expire on 30 June 2024.

It is anticipated that the COGO Group will continue to invite the Group to participate in competitive tender for the COGO Services from time to time. As such, on 26 April 2024, COGO and the Company entered into the New COGO Framework Agreement to renew the Previous COGO Framework Agreement. Pursuant to the New COGO Framework Agreement, for a term of three years commencing from 1 July 2024 and ending on 30 June 2027 (both dates inclusive), the Group may tender for, and upon successful tender, the COGO Group may engage the Group as service provider for the COGO Services from time to time subject to the New COGO Engagement Caps.

## **THE NEW COGO FRAMEWORK AGREEMENT**

### **Date**

26 April 2024

### **Parties**

1. COGO; and
2. the Company.

## **Continuing Connected Transactions in relation to the COGO Services**

The New COGO Framework Agreement will commence on 1 July 2024 and end on 30 June 2027 (both dates inclusive) whereby the parties agreed that:

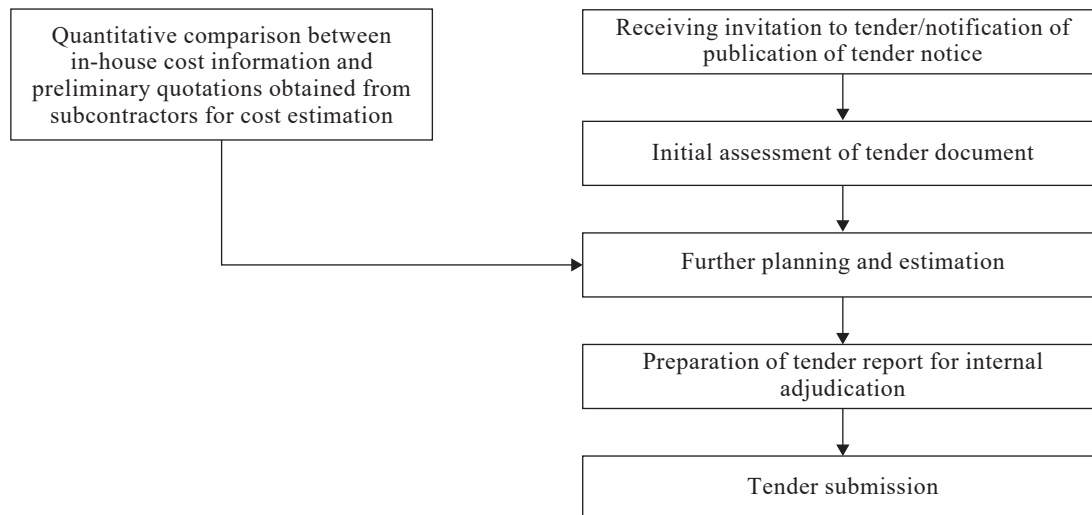
- (a) the COGO Group may invite the Group to participate in competitive tender for the COGO Services as service provider from time to time. The Group may tender for the COGO Services in accordance with the tendering procedures of the COGO Group and on the same and normal terms as offered to other independent third party service providers of the COGO Group;
- (b) if any service contract is awarded to the Group as a result of the above tender, the Group may act as service provider for the COGO Services based on the terms of the tender proposal accepted provided that the maximum total contract sums of service contracts in respect of the COGO Services that may be awarded by the COGO Group to the Group shall not exceed (i) HK\$20 million for the period between 1 July 2024 and 31 December 2024; (ii) HK\$40 million for each of the two years ending 31 December 2026; and (iii) HK\$25 million for the period between 1 January 2027 and 30 June 2027 (i.e. the New COGO Engagement Caps); and
- (c) the contract amount in respect of the COGO Services payable by the COGO Group to the Group will be settled pursuant to the payment terms set out in the specific contracts.

## **Pricing basis of the Group in respect of the COGO Services**

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

The Group will normally need to go through a tender or similar process before being selected and engaged by the COGO Group for the COGO Services. The prices and terms of the tenders submitted by the Group to the COGO Group for the COGO Services are subject to the standard and systematic tender submission procedures of the 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 tenders submitted by the Group to the COGO Group 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/notification of publication of tender notice; (ii) initial assessment of tender document; (iii) further planning and estimation; (iv) preparation of tender report for internal adjudication; and (v) tender submission. The procedures, as illustrated in the following diagram, will enable the Group to review the feasibility and profitability of a prospective tender and decide the scope of work, work program and pricing terms of the tender for submission.



The Group from time to time receives invitations to tender/notification of publication of tender notices from employers. After receiving a tender document, the Group will conduct an initial assessment of the tender document on the technical requirements, quantity specifications and expected completion time of the project, customer's expectations and possible risks associated with the project. The Group will then perform site inspection, formulate a tentative work program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the Group will conduct quantitative comparison between the cost information maintained in its in-house database for labour costs and subcontractors' quotations, and the preliminary quotations obtained from subcontractors, for cost estimation. The Group will also take into account the contract value of the previous winning bids and the chance of winning a bid. The Group will review and compare the prices of previous tender proposals submitted to both connected persons and independent third parties, so as to ensure that the tender price is no less favourable to the Group than those offered to independent third parties. The Group will then prepare a tender report containing the price and major terms of the tender for adjudication by its tender board. The tender board will then meet to deliberate and after the tender price and terms have been approved by the tender board, the Group will submit the tender to the tenderee.

If any service contract is awarded to 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 service provider for the COGO Services based on the terms of the tender accepted by the COGO Group.

### **Calculation of the New COGO Engagement Caps**

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

- (a) the maximum total contract sums of service contracts that might be awarded by the COGO Group to the Group under the Previous COGO Framework Agreement, being (i) HK\$30 million for the period between 1 July 2021 and 31 December 2021; (ii) HK\$60 million for each of the two years ended 31 December 2023; and (iii) HK\$30 million for the period between 1 January 2024 and 30 June 2024 (i.e. the Previous COGO Engagement Caps);
- (b) the historical total contract sums of service contracts awarded by the COGO Group to the Group under the Previous COGO Framework Agreement of approximately HK\$18 million for the period between 1 July 2021 and 31 December 2021, approximately HK\$13 million for the year ended 31 December 2022 and approximately HK\$22 million for the year ended 31 December 2023;
- (c) for the period between 1 July 2024 and 31 December 2024, the estimated total contract sum of the COGO Services is estimated based on the potential projects available for tenders in the total amount of approximately HK\$20 million from the COGO Group and the Group may tender for; for each of the two years ending 31 December 2026, the estimated total contract sum of approximately HK\$40 million of the COGO Services is estimated based on a pro-rata basis using the same estimation basis as for the period between 1 July 2024 and 31 December 2024; for the period between 1 January 2027 and 30 June 2027, the estimated total contract sum of approximately HK\$25 million of the COGO Services is estimated primarily based on the same estimation basis as for the period between 1 July 2024 and 31 December 2024; and
- (d) other factors such as the inflation.

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

The Directors consider that being able to participate in the property development projects of the COGO Group in the PRC allows the Group to secure a more diverse base of customers for its operating management business, thereby expanding the Group's market reach. In addition, given the satisfactory co-operation between the COGO Group and the Group pursuant to the Previous COGO Framework Agreement, the continuation of the longstanding and established business relationship will facilitate the expansion of the Group's businesses.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the New COGO Framework Agreement are expected to be entered into in the ordinary and usual course of the business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New COGO Framework Agreement (including the New COGO Engagement Caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

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

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

CSCEC is the ultimate holding company of each of 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, COHL is interested in approximately 39.63% of the number of shares of COGO in issue and approximately 70.78% of the issued share capital of the Company. Accordingly, members of the COGO Group are connected persons of the Company and the transactions contemplated under the New COGO Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios in respect of the highest New COGO Engagement Cap are more than 0.1% but less than 5%, the transactions contemplated under the New COGO Framework Agreement (including the New COGO Engagement Caps) are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the New COGO Framework Agreement or the transactions contemplated thereunder and no Director is required to abstain from voting on the Board resolution(s) approving the entering into of the New COGO Framework Agreement and the transactions contemplated thereunder (including the New COGO Engagement Caps). However, Mr. Zhang Haipeng, being the Chairman and non-executive Director and a director of COHL has voluntarily abstained from voting on the Board resolution(s) approving the entering into of the New COGO Framework Agreement and the transactions contemplated thereunder (including the New COGO Engagement Caps).

Shareholders of the Company should note that the New COGO Engagement Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The New COGO Engagement Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the financial or potential financial performance of the Group.

## **DEFINITIONS**

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

“Board”	the board of Directors
“COGO”	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 81)
“COGO Group”	COGO and its subsidiaries from time to time
“COGO Services”	provision of project supervision services by the Group to the COGO Group in relation to the property development projects of the COGO Group in the PRC
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and is interested in approximately 39.63% of the number of shares of COGO in issue and approximately 70.78% of the issued share capital of the Company
“Company”	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 830)

“connected persons”, “continuing connected transactions”, “holding company”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“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 COHL and the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries 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 Engagement Cap(s)”	the maximum total contract sums of service contracts in respect of the COGO Services that may be awarded by the COGO Group to the Group for the three-year period commencing from 1 July 2024 and ending on 30 June 2027 (both dates inclusive) under the New COGO Framework Agreement
“New COGO Framework Agreement”	the framework agreement entered into between COGO and the Company on 26 April 2024 in respect of the engagement of the Group by the COGO Group as service provider for the COGO Services from time to time for a term of three years commencing from 1 July 2024 and ending on 30 June 2027 (both dates inclusive)
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan



“Previous COGO Engagement Caps”	the maximum total contract sums of service contracts in respect of the provision of project management, supervision and consultancy services that may be awarded by the COGO Group to the Group for the term under the Previous COGO Framework Agreement
“Previous COGO Framework Agreement”	the framework agreement entered into between COGO and the Company on 24 March 2021 in respect of the engagement of the Group by the COGO Group as service provider for the provision of project management, supervision and consultancy services in relation to the property development projects of the COGO Group in the PRC from time to time for a term of three years commenced from 1 July 2021 and ending on 30 June 2024 (both dates inclusive)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

\* *For identification purpose only*

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

Hong Kong, 26 April 2024

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