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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)

**SHARE TRANSACTION AND CONNECTED TRANSACTION
ACQUISITION OF CHINA OVERSEAS PORT
INVESTMENT COMPANY LIMITED**

On 28 October 2014, the Company, Ever Power (a wholly-owned subsidiary of the Company) and COHL entered into the Acquisition Agreement, whereby Ever Power conditionally agree to acquire and COHL conditionally agree to sell 100% of the issued share capital of COP and the shareholder's loan in the amount of HK\$450,000,000 at the Consideration of HK\$1,310,000,000. The Consideration shall be satisfied by the issue of 117,278,000 Consideration Shares to COHL at the Issue Price of HK\$11.17 per Consideration Share (with the balance to be satisfied in cash).

COHL is the controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the transactions contemplated under the Acquisition Agreement constitute connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules in respect of the transactions contemplated under the Acquisition Agreement are more than 0.1% but less than 5% and the Consideration will be satisfied by, among others, the issue of Consideration Shares for which listing will be sought, the transactions contemplated under the Acquisition Agreement (including the issue of the Consideration Shares) constitute share transaction and connected transaction for the Company under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

COHL and its associates will abstain from voting at the EGM to be convened to, among other things, consider the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares). As at the date of this announcement, COHL and its associates are interested in 2,218,813,659 Shares, representing approximately 57% of the issued share capital of the Company.

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares). An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares). A circular containing, among other things, details of the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares), a letter of advice from the Independent Board Committee, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and a notice of the EGM will be despatched to the Shareholders, on or before 18 November 2014 in accordance with the Listing Rules.

Completion is conditional upon, among other things, the satisfaction of the conditions of the Acquisition Agreement, and the Acquisition may or may not materialise. Shareholders and investors are reminded to exercise caution when dealing in the Shares.

On 28 October 2014, the Company, Ever Power (a wholly-owned subsidiary of the Company) and COHL entered into the Acquisition Agreement, whereby Ever Power conditionally agree to acquire and COHL conditionally agree to sell 100% of the issued share capital of COP and the shareholder's loan in the amount of HK\$450,000,000 at the Consideration of HK\$1,310,000,000. The Consideration shall be satisfied by the issue of 117,278,000 Consideration Shares to COHL at the Issue Price of HK\$11.17 per Consideration Share (with the balance to be satisfied in cash).

THE ACQUISITION

The principal terms of the Acquisition Agreement are as follows:

Date

28 October 2014

Parties

- (a) COHL as seller;
- (b) Ever Power as purchaser; and
- (c) the Company.

Subject matter of the Acquisition Agreement

- (a) the Sale Shares, representing 100% of the total issued share capital in COP; and
- (b) the Sale Loan in the amount of HK\$450,000,000.

Consideration

Pursuant to the Acquisition Agreement, the Consideration of HK\$1,310,000,000 comprises:

- (a) HK\$450,000,000 for the Sale Loan, being the face value of the total amount of the Sale Loan; and
- (b) HK\$860,000,000 for the Sale Shares.

The Consideration shall be satisfied at Completion in the following manners:

- (i) HK\$1,309,995,260 shall be satisfied by the issue of a total of 117,278,000 Consideration Shares at the Issue Price of HK\$11.17 per Consideration Share to COHL; and
- (ii) the balance, being HK\$4,740, shall be paid by Ever Power to COHL in cash.

The Consideration was determined based on arm's length negotiation between the parties with reference to the amount of the Sale Loan on a dollar-for-dollar basis, and the financial position and business prospect of the COP Group. The Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

The Consideration would be satisfied by the issue of the Consideration Shares to COHL at an Issue Price of HK\$11.17 per Consideration Share, which represents:

- (a) a premium of approximately 2.85% to the closing price of HK\$10.86 per Share on the Last Trading Day;
- (b) a premium of approximately 1.82% to the average closing price of HK\$10.97 per Share for the last five trading days up to and including the Last Trading Day; and
- (c) a premium of approximately 1.73% to the average closing price of HK\$10.98 per Share for the last 10 trading days up to and including the Last Trading Day.

The Issue Price was arrived at after arm's length negotiations with reference to the prevailing market price of the Shares.

The 117,278,000 Consideration Shares represent approximately 3.01% of the issued share capital of the Company prior to the issue of the Consideration Shares and approximately 2.92% of the issued share capital of the Company as enlarged by the Consideration Shares.

The Consideration Shares will be issued pursuant to a specific mandate subject to the Independent Shareholder's approval at the EGM.

The Consideration Shares shall at all times rank pari passu among themselves and with the Shares in issue as at the date of issue of the Consideration Shares.

The Company will make application to the Stock Exchange for the listing of and permission to deal in the Consideration Shares. There is no restriction which apply to the subsequent sale of the Consideration Shares.

Conditions Precedent

Completion shall be subject to and conditional upon the fulfillment (or waiver, as the case may be) of the following conditions:

- (a) the sale and purchase of the Sale Shares, the Sale Loan and the issue of the Consideration Shares having been approved by the Independent Shareholders;
- (b) the listing committee of the Stock Exchange granting listing approval for, and permission to deal in, the Consideration Shares to be issued pursuant to the Acquisition Agreement;

- (c) there being no material adverse change in the business, operations, assets, profits or prospects of the COP Group since 31 December 2013;
- (d) all warranties given by COHL in respect of the COP Group remaining true and correct at all times as from the signing of the Acquisition Agreement up to Completion, as if they were made on and as of Completion; and
- (e) all necessary legal and government approvals, authorizations, filings and registrations (excluding the approvals mentioned in paragraphs (a) and (b) above) and third party consents required of COHL and/or the COP Group having been obtained to effect the sale and purchase of the Sale Shares and the Sale Loan.

If the above conditions have not been fulfilled or waived by Ever Power (other than conditions set out in paragraphs (a) and (b) above which may not be waived) on or before 31 March 2015, the Acquisition Agreement shall immediately terminate and all rights and liabilities by any party under the Acquisition Agreement shall cease (except for any accrued rights and obligations).

Completion

Completion shall take place on the third Business Day after the day on which the conditions set out in paragraphs (a) or (b) is fulfilled, whichever is the later (or such other date as may be agreed between the parties).

Impact on the shareholding structure of the Company

COHL and its associates are interested in 2,218,813,659 Shares, representing approximately 57% of the issued share capital of the Company as at the date of this announcement. The table below illustrates the shareholding structure of the Company (1) as at the date of this announcement; and (2) on issue of the Consideration Shares as at Completion, assuming in all cases that there are no other changes to the share capital of the Company:

	As at the date of this announcement		On issue of the Consideration Shares as at Completion, assuming in all cases that there are no other changes to the share capital of the Company	
	Number of Shares held	Approximate percentage to the total number of issued shares of the Company	Number of Shares held	Approximate percentage to the total number of issued shares of the Company
COHL and its associates <i>(Note 1)</i>	2,218,813,659	57.00%	2,336,091,659	58.26%
Directors <i>(Note 2)</i>	12,582,249	0.33%	12,582,249	0.31%
Public Shareholders	<u>1,661,003,019</u>	<u>42.67%</u>	<u>1,661,003,019</u>	<u>41.43%</u>
Total	<u>3,892,398,927</u>	<u>100.00%</u>	<u>4,009,676,927</u>	<u>100.00%</u>

Notes:

1. Amongst the total number of 2,218,813,659 Shares, 2,122,675,308 Shares were held by COHL while 96,138,351 Shares were held by Silver Lot Development Limited, a wholly-owned subsidiary of COHL.
2. The Directors, Mr. Zhou Yong, Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew, Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See, held 2,273,780; 3,300,000; 2,605,138; 167,471; 581,584; 913,569; 913,569; 913,569 and 913,569 Shares respectively.

INFORMATION ON THE COP GROUP

The COP Group is principally engaged in port operations in the PRC and the provision of logistics services in Shenzhen of the PRC.

The unaudited consolidated net asset value of COP as at 30 June 2014 was approximately HK\$656,326,000. The unaudited consolidated profits before and after taxation and extraordinary items of COP for the year ended 31 December 2012 were approximately HK\$25,900,000 and approximately HK\$25,701,000 respectively. The unaudited consolidated profits before and after taxation and extraordinary items of COP for the year ended 31 December 2013 were approximately HK\$45,875,000 and approximately HK\$42,184,000 respectively. The unaudited consolidated profits before and after taxation and extraordinary items of COP for the six months period ended 30 June 2014 were approximately HK\$29,438,000 and approximately HK\$26,547,000 respectively.

Upon Completion, COP will become a wholly-owned subsidiary of the Company and accordingly, the financial results of the COP Group will be consolidated into the consolidated financial statements of the Company.

The original acquisition costs of COP to COHL was HK\$1,328,000,000.

INFORMATION ON THE GROUP AND THE COHL GROUP

The Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy businesses. Ever Power is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The COHL Group has been engaging in investments holding and property development.

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition can further consolidate the position of the Group as the platform for infrastructure investments and operations management of its holding company and expand the operating assets portfolio of the Group which generate stable sources of income.

The Directors consider that the COP Group's business has good growth potential which will enhance the rapid growth of the Group.

The Acquisition can improve the financial structure of the Group and lower its net gearing ratio by enlarging the shareholder's equity of the Company.

The satisfaction of the Consideration which is mainly by the issue of Consideration Shares reflects support from the holding company of the Group.

The Directors (excluding the independent non-executive Directors who will give their recommendation taking into consideration the advice of the independent financial adviser to be appointed) are of the view that the Acquisition Agreement was entered into on normal commercial terms in the ordinary and usual course of business of the Group after arm's length negotiation, and the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

No Director has material interest in the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares) and accordingly, none of them is required to abstain from voting on the Board resolutions for considering and approving the Acquisition Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

COHL is the controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the transactions contemplated under the Acquisition Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules in respect of the transactions contemplated under the Acquisition Agreement are more than 0.1% but less than 5% and the Consideration will be satisfied by, among others, the issue of Consideration Shares for which listing will be sought, the transactions contemplated under the Acquisition Agreement (including the issue of the Consideration Shares) constitute a share transaction and connected transaction for the Company under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

COHL and its associates will abstain from voting at the EGM to be convened to, among other things, consider the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares). As at the date of this announcement, COHL and its associates are interested in 2,218,813,659 Shares, representing approximately 57% of the issued share capital of the Company.

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder (including the

issue of the Consideration Shares). An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares). A circular containing, among other things, details of the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares), a letter of advice from the Independent Board Committee, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and a notice of the EGM will be despatched to the Shareholders, on or before 18 November 2014 in accordance with the Listing Rules.

Completion is conditional upon, among other things, the satisfaction of the conditions of the Acquisition Agreement, and the Acquisition may or may not materialise. Shareholders and investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan by Ever Power from COHL under the Acquisition Agreement;
“Acquisition Agreement”	the agreement relating to the Acquisition entered into by the Company, Ever Power and COHL on 28 October 2014;
“associate(s)”; “connected person(s)”; “controlling shareholder(s); and “percentage ratio(s)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day other than a Saturday, on which banks are open in Hong Kong to the general public for business;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company;

“COHL Group”	COHL and its subsidiaries;
“COP”	China Overseas Ports Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of COHL as at the date of this announcement;
“COP Group”	COP, its subsidiaries and its joint ventures;
“Company”	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);
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms of the Acquisition Agreement;
“Consideration”	the consideration payable under the Acquisition Agreement in the amount of HK\$1,310,000,000;
“Consideration Share(s)”	117,278,000 Shares to be issued at the Issue Price to COHL (or its nominee) to satisfy the Consideration;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be convened to consider, and if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares);
“Ever Power”	Ever Power Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See, to advise the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares);
“Independent Shareholders”	Shareholders, other than COHL and its associates, who are not required to abstain from voting on the resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares);
“Issue Price”	HK\$11.17 per Share;
“Last Trading Day”	27 October 2014, being the last full trading day on which the Shares were traded on the Stock Exchange prior to the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Sale Loan”	the unsecured and non-interest bearing shareholder’s loan repayable on demand owing by COP to COHL as at Completion, and in the amount of HK\$450,000,000 as at the date of this announcement;
“Sale Shares”	64,100,000 ordinary share of US\$1.00 each, being the entire issued capital of COP and held by COHL as at the date of this announcement;
“Share(s)”	the ordinary share(s) of HK\$0.025 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“US\$” United States dollar, the lawful currency of the United States of America; and

“%” per cent.

By Order of the Board
**China State Construction
International Holdings Limited**
Zhou Yong
Chairman and Chief Executive Officer

Hong Kong, 28 October 2014

As at the date of this announcement, the Board comprises Mr. Zhou Yong (Chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew and Mr. Wu Mingqing as Executive Directors; Mr. Li Jian as Non-executive Director; and Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.