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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)

**CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)
AND
唐山曹妃甸發展投資集團有限公司
(TANGSHAN CAOFEIDIAN DEVELOPMENT INVESTMENT GROUP LIMITED)**

FORMATION OF JOINT VENTURE

On 8 July 2016, CSCICL (a wholly-owned subsidiary of the Company), CSCECL and Tangshan Caofeidian entered into the JV Agreement, pursuant to which the parties agreed to establish the Tangshan JV on a 72:18:10 basis. The Tangshan JV is formed in response to the PRC government's promotion of the public-private partnership model to accelerate the urbanisation of the Caofeidian District, Tangshan City, Hebei Province, the PRC by financing and investing in the Infrastructure Projects (i.e. municipal engineering, construction of housing, construction of landscaping projects and operation and management of municipal facilities.)

LISTING RULES IMPLICATIONS

CSCECL is a subsidiary held as to more than 50% by CSCEC, the ultimate holding company of the Company. Accordingly, CSCECL is a connected person of the Company and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since all of the applicable percentage ratios as defined in Rule 14A.06 of the Listing Rules calculated with reference to the Transaction exceed 0.1% but are less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

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JV AGREEMENT

Date

8 July 2016

Parties

- (1) CSCIICL, a wholly-owned subsidiary of the Company;
- (2) CSCECL, a subsidiary of CSCEC, the ultimate holding company of the Company; and
- (3) Tangshan Caofeidian.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of the announcement, Tangshan Caofeidian and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject Matter

CSCIICL, CSCECL and Tangshan Caofeidian shall establish the Tangshan JV for financing and investing in the Infrastructure Projects in Caofeidian District, Tangshan City, Hebei Province, the PRC. CSCIICL, CSCECL and Tangshan Caofeidian shall hold 72%, 18% and 10% equity interests in the Tangshan JV respectively. Upon establishment, the Tangshan JV will be accounted for as a joint venture of the Group.

Registered Capital

The Tangshan JV shall have a registered capital of RMB527,330,000 (equivalent to approximately HK\$627,774,000), which shall be contributed by each of CSCIICL, CSCECL and Tangshan Caofeidian as to RMB379,680,000 (equivalent to approximately HK\$452,000,000), RMB94,920,000 (equivalent to approximately HK\$113,000,000) and RMB52,730,000 (equivalent to approximately HK\$62,774,000), respectively. The registered capital shall be contributed by each of the Parties in cash into the Tangshan JV within two years from the establishment of the Tangshan JV, with the first payment being not less than 20% of each Parties' respective total contribution to the registered capital.

The amount of the registered capital of the Tangshan JV is determined after arm's length negotiations between the Parties with reference to current plans and estimated capital requirements of the Infrastructure Projects in Tangshan, Hebei Province, the PRC.

Profit/loss sharing

The profit/loss in respect of the Tangshan JV shall be shared by the Parties in proportion to their respective equity interests in the Tangshan JV.

Restrictions on equity transfers

Neither CSCIICL nor CSCECL may transfer its equity interest in Tangshan JV to a third party (not being an original shareholder or its affiliate) without the prior written consent of the other Parties and approval from the relevant authority. Tangshan Caofeidian may not transfer its equity interest in Tangshan JV to a third party (not being the original shareholder or its affiliate) without the prior written consent of the other Parties where such transfer will adversely affect the financing of the Infrastructure Projects. In the event that any Party proposes to transfer its equity interest in Tangshan JV to a third party (not being an original shareholder or its affiliate), the other Parties shall have a right of first refusal to such equity interest.

Management

The board of directors of the Tangshan JV shall comprise of seven directors, of which five directors shall be appointed by CSCIICL, one director shall be appointed by CSCECL and one director shall be appointed by Tangshan Caofeidian. The chairman of the board shall be a director appointed by CSCIICL, who shall also be the legal representative of the Tangshan JV. Decisions of the board of directors of the Tangshan JV shall be resolved by two thirds of the Directors pursuant to the JV Agreement, save for certain reserved matters (including but not limited to

amendment of articles of association, profit sharing, approval of Tangshan JV's development strategies, production and operational plans, investment plans, annual budget, merger dissolution or winding-up of Tangshan JV etc) which shall be resolved by all the directors unanimously.

The Tangshan JV shall have three supervisors, of which one shall be appointed by CSCECL, one shall be appointed by Tangshan Caofeidian and the remaining employee representative supervisor shall be elected through an employee representative congress of the Tangshan JV.

The general manager, deputy general manager and the chief financial officer of the Tangshan JV shall be appointed by CSCECL and be responsible for the management of the normal operations of Tangshan JV and reporting to the board of directors of Tangshan JV.

Future funding

Any additional funding requirements (other than the registered capital) of the Tangshan JV shall be arranged by the Tangshan JV.

INFORMATION ABOUT THE TANGSHAN JV

The Tangshan JV will be engaged in financing and investing in the Infrastructure Projects (i.e. municipal engineering, construction of housing, construction of landscaping projects and operation and management of municipal facilities) in Tangshan City, Hebei Province, the PRC. It is currently anticipated that the Tangshan JV will focus on the basic infrastructure public-private partnership project in Caofeidian District, Tangshan City, Hebei Province, the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTION

CSCECL has substantial experience in the PRC construction industry. The Transaction provides the Company with the opportunity to participate in infrastructure projects in the PRC with CSCECL as its joint venture partner. The Directors believe that such arrangement will generate synergetic effects, which will be beneficial to the Group.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary course of business, on normal commercial terms after arm's length negotiations between the Parties, and the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

CSCIICL is a wholly owned subsidiary of the Company. The Group is principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business.

CSCECL is a subsidiary held as to more than 50% by CSCEC, the ultimate holding company of the Company and is principally engaged in construction works in various cities in the PRC.

Tangshan Caofeidian is a limited liability company established in the PRC and is principally engaged in project preparation, agency approval, construction surveyance, project investment, investment consulting and advisory services, municipal public facilities management, water conservancy project construction, highway management and maintenance, etc.

LISTING RULES IMPLICATIONS

CSCECL is a subsidiary of CSCEC, the ultimate holding company of the Company. Accordingly, CSCECL is a connected person of the Company and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since all of the applicable percentage ratios as defined in Rule 14A.06 of the Listing Rules calculated with reference to the Transaction exceed 0.1% but are less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

As none of the Directors has a material interest in the Transaction, none of the Directors are required to abstain from voting on the board resolution approving the JV Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“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);
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“connected person(s)”, “subsidiaries”	each has the meaning ascribed to it in the Listing Rules;
“CSCEC”	中國建築工程總公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC, being the ultimate holding company of the Company;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC (the shares of which are listed on The Shanghai Stock Exchange), which is held as to more than 50% by CSCEC;
“CSCIICL”	中建國際投資(中國)有限公司 (China State Construction International Investments (China) Limited), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
“Directors”	the directors 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;
“Infrastructure Projects”	municipal engineering, construction of housing, construction of landscaping projects and operation and management of municipal facilities in Caofeidian District, Tangshan City, Hebei Province, the PRC;
“JV Agreement”	the joint venture agreement entered into between CSCIICL, CSCECL and Tangshan Caofeidian dated 8 July 2016 in relation to the formation of the Tangshan JV;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Party” or “Parties”	CSCIICL, CSCECL, Tangshan Caofeidian, each a Party and together the Parties

“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the shareholders of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tangshan Caofeidian”	唐山曹妃甸發展投資集團有限公司 (Tangshan Caofeidian Development Investment Group Limited), a limited liability company established in the PRC;
“Tangshan JV”	a joint venture company established as a limited liability company pursuant to the JV Agreement;
“Transaction”	the entering into of the JV Agreement and the transactions contemplated thereunder; and
“%”	per cent..

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of RMB0.84 = HK\$1.00. 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.

The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.

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

Hong Kong, 8 July 2016

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; 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.