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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)

On 5 April 2017, CSCICL (a wholly-owned subsidiary of the Company) and CSCECL entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Chengdu JV for the purpose of investing into the Chengdu Project; and (ii) regulate their respective rights and obligations in Chengdu JV.

CSCECL is the intermediate holding company of the Company, and hence is a connected person of the Company. The Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (as defined under 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 independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 5 April 2017, CSCIIICL (a wholly-owned subsidiary of the Company) and CSCECL entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Chengdu JV for the purpose of investing into the Chengdu Project; and (ii) regulate their respective rights and obligations in Chengdu JV.

COOPERATION AGREEMENT

Date

5 April 2017

Parties

- (i) CSCIIICL, a wholly-owned subsidiary of the Company; and
- (ii) CSCECL, the intermediate holding company of the Company.

Formation of Chengdu JV

Pursuant to the Cooperation Agreement, CSCIIICL and CSCECL shall establish Chengdu JV for project financing investment, survey, design, construction management and transfer of the Chengdu Project. CSCIIICL and CSCECL shall hold 60% and 40% equity interest in Chengdu JV, respectively. Chengdu JV will be accounted for as a joint venture of the Group.

CSCIIICL and CSCECL agreed to the following major terms concerning Chengdu JV in the Cooperation Agreement:

Capital commitment: Registered capital of Chengdu JV

Chengdu JV shall have a registered capital of RMB100,000,000 (equivalent to approximately HK\$112,359,551), which shall be contributed by CSCIIICL and CSCECL in proportion to their respective equity interest in Chengdu JV as follows:

CSCIICL RMB60,000,000 (equivalent to approximately HK\$67,415,730)

CSCECL RMB40,000,000 (equivalent to approximately HK\$44,943,821)

Project Capital of Chengdu JV

Chengdu JV shall have a project capital (including the registered capital of Chengdu JV) of RMB505,390,000 (equivalent to approximately HK\$567,853,933), which shall be contributed by CSCIICL and CSCECL in proportion to their respective equity interest in Chengdu JV as follows:

CSCIICL RMB303,234,000 (equivalent to approximately HK\$340,712,360)

CSCECL RMB202,156,000 (equivalent to approximately HK\$227,141,573)

The respective contribution to the registered capital and the project capital of Chengdu JV is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Chengdu Project and the parties' interest in Chengdu JV.

Performance bond

A performance bond in the sum of RMB176,518,030 (equivalent to approximately HK\$198,334,865) shall be provided to the local government institution after successful bidding, which shall be contributed by CSCIICL and CSCECL in proportion to their respective equity interest in Chengdu JV as follows:

CSCIICL	RMB105,910,818 (equivalent to approximately HK\$119,000,919)
CSCECL	RMB70,607,212 (equivalent to approximately HK\$79,333,946)

Such performance bond shall remain effective until the date which is 28 days after Chengdu JV having received the acceptance certificate upon construction completion of the Chengdu Project.

Board composition: Chengdu JV shall establish a board of directors. The specific composition and appointment shall be separately negotiated and decided by CSCIICL and CSCECL. However, the appointment and the rights and obligations enjoyed by and borne by CSCIICL and CSCECL shall be in proportion to their respective equity interest in Chengdu JV.

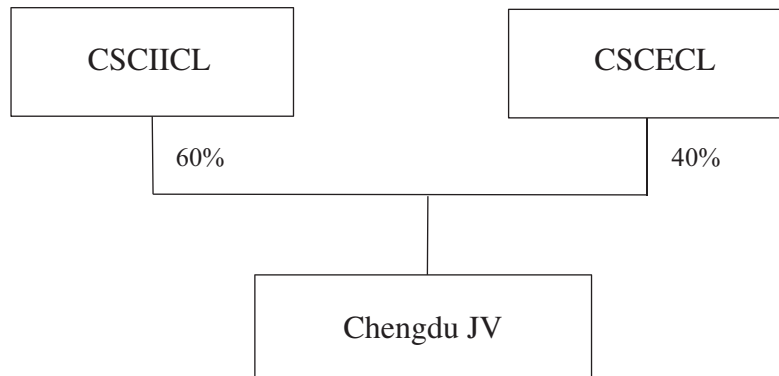
Profit/loss sharing: The profit/loss after tax and expenses in respect of Chengdu JV shall be shared by CSCIICL and CSCECL in proportion to their respective equity interest in Chengdu JV.

Future financing: Any additional funding requirements of Chengdu JV (other than the project capital) shall be arranged by Chengdu JV with banks or financial institutions.

Restriction on transfers: Neither CSCIICL nor CSCECL may transfer or assign all or any part of its equity interest in Chengdu JV without written consent from the other party.

OWNERSHIP STRUCTURE OF CHENGDU JV

The chart below shows the ownership structure of Chengdu JV upon its establishment:



INFORMATION ON CHENGDU JV AND CHENGDU PROJECT

Recently, CSCIICL and CSCECL jointly submitted a bid for the Chengdu Project. Pursuant to the tender documents, upon successful bidding, the parties shall establish Chengdu JV and enter into a supplemental project agreement with the local government institution, under which Chengdu JV shall be responsible for the project financing investment, survey, design, construction management and transfer of the Chengdu Project.

The Chengdu Project is a road construction general contracting project with respect to Xichuang Road and Science City West Road at Xinjin County, Chengdu, Sichuan Province. Subject to the approval of the relevant governmental authority, (i) Xichuang Road shall have a length and width of approximately 10,985 metres and 60 metres, respectively; and (ii) Science City West Road shall have a length and width of approximately 8,895 metres and 60 metres, respectively. The construction period is expected to be seventeen months.

Pursuant to the tender documents, Chengdu JV shall receive project fees for its services provided with respect to the Chengdu Project. Upon completion and satisfactory acceptance of construction works, the project shall be transferred back to the relevant governmental authority.

REASONS FOR AND BENEFITS OF THE TRANSACTION

CSCECL has substantial experience in construction markets. The Transaction provides the Company with the opportunity to participate in infrastructure construction projects in the PRC with CSCECL as joint venture partner, and bring synergy effect between the parties. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience of CSCECL.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual 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 interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Transaction.

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 contractor which is principally engaged in construction works in various cities of the PRC.

CSCECL is the intermediate holding company of the Company, and hence is a connected person of the Company. The Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (as defined under 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 independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Chengdu Project”	the project involving project financing investment, survey, design, construction management and transfer of road construction contracting project with respect to Xichuang Road and Science City West Road at Xinjin County, Chengdu, Sichuan Province details of which are set out in the section headed “Information on Chengdu JV and Chengdu Project” of this announcement;
“Chengdu JV”	a joint venture company to be established as a limited liability company pursuant to the Cooperation Agreement;
“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);
“connected persons”, “percentage ratios”, “subsidiary”	each has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	the cooperation agreement between CSCIICL and CSCECL dated 5 April 2017 in relation to the formation of Chengdu JV for the purpose of investing into the Chengdu Project;
“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), the intermediate holding company of the Company indirectly interested in more than 50% of the Company;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“Transaction”	the entering into of the Cooperation Agreement and the transactions contemplated thereunder; and
“%”	per cent.

Unless otherwise specified in this announcement, amounts denominated in Renminbi have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of RMB0.89 = 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, 5 April 2017

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.