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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**

**中建方程投資發展有限公司**

**(CHINA CONSTRUCTION FANGCHENG INVESTMENT &  
DEVELOPMENT CO., LTD.)**

On 21 July 2017, CSCIIICL (a wholly-owned subsidiary of the Company) and China Fangcheng entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Shunyi JV for the purpose of investing into the Shunyi Project; and (ii) regulate their respective rights and obligations in Shunyi JV.

China Fangcheng is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, China Fangcheng is a connected person of the Company and 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 21 July 2017, CSCIIICL (a wholly-owned subsidiary of the Company) and China Fangcheng entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Shunyi JV for the purpose of investing into the Shunyi Project; and (ii) regulate their respective rights and obligations in Shunyi JV.

## COOPERATION AGREEMENT

### Date

21 July 2017

### Parties

- (i) CSCIICL, a wholly-owned subsidiary of the Company; and
- (ii) China Fangcheng, a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company.

### Formation of Shunyi JV

Pursuant to the Cooperation Agreement, CSCIICL (through its designated subsidiary) and China Fangcheng shall establish Shunyi JV for investment, construction and operation of the Shunyi Project. CSCIICL (through its designated subsidiary) and China Fangcheng shall hold 40% and 60% equity interest in Shunyi JV, respectively. Shunyi JV will be accounted for as a joint venture of the Group.

CSCIICL and China Fangcheng agreed to the following major terms concerning Shunyi JV in the Cooperation Agreement:

Capital commitment: Registered capital of Shunyi JV

Shunyi JV shall have a registered capital of RMB500,000,000 (equivalent to approximately HK\$574,712,644), which shall be contributed by CSCIICL and China Fangcheng in proportion to their respective equity interest in Shunyi JV as follows:

CSCIICL	RMB200,000,000 (equivalent to approximately HK\$229,885,058), among which RMB100,000,000 shall be paid upon establishment of Shunyi JV with the remainder be paid in full before 31 December 2017
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China RMB300,000,000 (equivalent to  
Fangcheng approximately HK\$344,827,586),  
among which RMB150,000,000  
shall be paid upon establishment of  
Shunyi JV with the remainder be  
paid in full before 31 December  
2017

Project Capital of Shunyi JV

Shunyi JV shall have a project capital (inclusive of the registered capital of Shunyi JV) of RMB4,897,886,000 (equivalent to approximately HK\$5,629,754,023), which shall be contributed by CSCIIICL and China Fangcheng in proportion to their respective equity interest in Shunyi JV as follows:

CSCIIICL RMB1,959,154,400 (equivalent to  
approximately HK\$2,251,901,609)

China RMB2,938,731,600 (equivalent to  
Fangcheng approximately HK\$3,377,852,414)

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

Board composition: The board of directors of the Shunyi JV shall comprise five directors; two of whom shall be nominated by CSCIIICL and three shall be nominated by China Fangcheng.

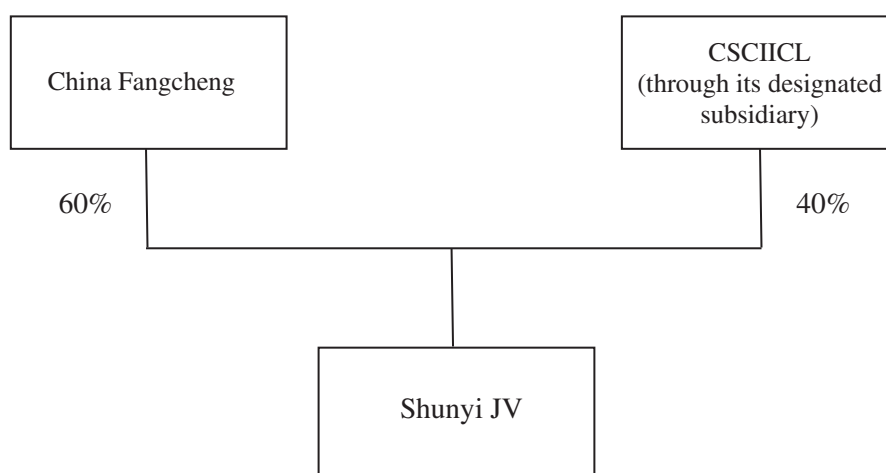
Profit/loss sharing: The profit/loss after tax and expenses in respect of Shunyi JV shall be shared by CSCIIICL and China Fangcheng in proportion to their respective equity interest in Shunyi JV.

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

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

## **OWNERSHIP STRUCTURE OF SHUNYI JV**

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



## **INFORMATION ON SHUNYI JV AND THE SHUNYI PROJECT**

The Shunyi Project is a shanty-town property redevelopment project in Yangzhen, Shunyi District, Beijing, the PRC. The project involves comprehensive land redevelopment in six villages of Yangzhen, which includes but is not limited to the preliminary town planning and design, land consolidation, construction of resettlement properties and infrastructure facilities. The Shunyi JV shall also provide the local government with the industrial planning, operating and management services for the Shunyi Project. Shunyi JV shall receive general contracting fees and property redevelopment fees for its services provided with respect to the Shunyi Project.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

China Fangcheng has substantial experience in new-type urbanization specialized investment. The Transaction provides the Company with the opportunity to participate in property redevelopment projects in the PRC with China Fangcheng as joint venture partner. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience of China Fangcheng.

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.

China Fangcheng is principally engaged in investment management, project investment, investment consultancy, corporate management service, corporate management consultancy, planning management, property development, construction, construction project management.

China Fangcheng is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, China Fangcheng is a connected person of the Company and 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:

“China Fangcheng”                      中建方城投資發展有限公司 (China Construction Fangcheng Investment & Development Co., Ltd.), a limited liability company established in the PRC and a subsidiary of CSCECL;

“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 China Fangcheng dated 21 July 2017 in relation to the formation of Shunyi JV for the purpose of investing into the Shunyi 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; or where the context so requires, its designated subsidiary;
“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 only, 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;
“Shunyi JV”	a joint venture company to be established as a limited liability company pursuant to the Cooperation Agreement;
“Shunyi Project”	the shanty-town property redevelopment project involving investment, construction and operation in Yangzhen, Shunyi District, Beijing, the PRC, details of which are set out in the section headed “Information on Shunyi JV and the Shunyi Project” of this announcement;
“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 RMB 0.87= 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, 21 July 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, Mr. Wu Mingqing and Mr. Zhang Haipeng 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.*