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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**

**中建工程設計有限公司**

**(China State Construction Engineering & Design Company Limited)**

**For Xinyi Project**

On 2 November 2018, CSCIICL (a wholly-owned subsidiary of the Company), SCOC (a wholly-owned subsidiary of the Company) and CSCED entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Xinyi JV with Xuzhou Xinyi for the purposes of investing into the Xinyi Project; and (b) regulate their respective rights and obligations in Xinyi JV.

CSCED is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, CSCED is a connected person of the Company and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios 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**

Recently, CSCIICL (a wholly-owned subsidiary of the Company), SCOC (a wholly-owned subsidiary of the Company) and CSCED formed the tender consortium and jointly submitted a bid for the Xinyi Project. The tender consortium was awarded the bid for the Xinyi Project. Initially, CSCIICL and Xuzhou Xinyi formed Xinyi JV at the equity interest ratio of 90% and 10%. Pursuant to the tender documents and after negotiation between the local government and the tender consortium, CSCIICL

and Xuzhou Xinyi shall transfer part of their equity interests in Xinyi JV to SCOC and CSCED, all of whom shall further contribute to the registered capital of Xinyi JV. Upon which, Xinyi JV will be owned by CSCIICL, SCOC, CSCED and Xuzhou Xinyi as to 88.5%, 1%, 0.5% and 10%.

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## **COOPERATION AGREEMENT**

### **Date**

2 November 2018

### **Parties**

- (a) CSCIICL, a wholly-owned subsidiary of the Company;
- (b) SCOC, a wholly-owned subsidiary of the Company; and
- (c) CSCED, a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company.

### **Formation of Xinyi JV**

CSCIICL, SCOC, CSCED and Xuzhou Xinyi shall hold 88.5%, 1%, 0.5% and 10% equity interests in Xinyi JV respectively. Xinyi JV will be accounted for as a subsidiary of the Group.

CSCIICL, SCOC and CSCED agreed to the following major terms concerning Xinyi JV in the Cooperation Agreement:

Capital commitment : Registered Capital of Xinyi JV

Xinyi JV shall have a registered capital of RMB 287,500,000 (equivalent to approximately HK\$323,033,708), which shall be contributed by the equity interest holders of Xinyi JV in proportion to their respective equity interests in Xinyi JV as follows:

CSCIICL RMB254,437,500 (equivalent to approximately HK\$285,884,831)

SCOC RMB2,875,000 (equivalent to approximately HK\$3,230,337)

CSCED RMB1,437,500 (equivalent to approximately HK\$1,615,169)

Xuzhou RMB28,750,000 (equivalent to  
Xinyi approximately HK\$32,303,371)

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

Performance Bond by CSCIICL

CSCIICL shall contribute to a performance bond for the construction period in the sum of RMB20,000,000 (equivalent to approximately HK\$22,471,910) in favour of the relevant government authority within 14 business days from the effective date of the PPP Project Agreement. This performance bond shall have effect from the date of the provision of performance bond and up to the date on which the Xinyi Project is accepted as having been duly completed.

CSCIICL shall contribute to a performance bond for the operation period in the sum of RMB1,000,000 (equivalent to approximately HK\$1,123,596) in favour of the relevant government authority on the commencement date of the operation of the Xinyi Project. This performance bond shall have effect from the date on which the Xinyi Project is accepted as having been duly completed and up to the commencement date of the transfer of the Xinyi Project.

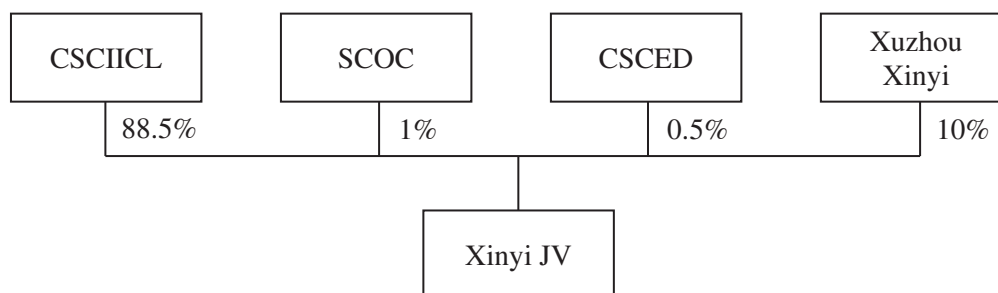
Prior to six months before the expiry of the Xinyi Project, CSCIICL shall contribute to a performance bond for the transfer of the project in the sum of RMB1,000,000 (equivalent to approximately HK\$1,123,596) in favour of the relevant government authority. This performance bond shall have effect from the commencement date of the transfer of the Xinyi Project and up to the completion date of the transfer.

- Board composition : The board of directors of Xinyi JV shall comprise five directors; four of whom shall be appointed by CSCIICL and one of whom shall be appointed by Xuzhou Xinyi.
- Profit/loss sharing : The profit/loss after tax and expenses to be derived from Xinyi JV under the PPP Project Agreement shall be shared by CSCIICL, SCOC and CSCED in proportion to their respective equity interests in Xinyi JV.

- Future financing : Any additional funding requirements of the Xinyi Project (other than the registered capital) shall be arranged by Xinyi JV with banks or financial institutions and guaranteed by CSCIICL, SCOC and CSCED in proportion to their respective equity interests in Xinyi JV.
- Restriction on transfers : Neither CSCIICL, SCOC nor CSCED may transfer or assign all or any part of its equity interest in Xinyi JV without written consent from the other parties.

## OWNERSHIP STRUCTURE OF XINYI JV

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



## INFORMATION ON XINYI JV AND XINYI PROJECT

Xinyi JV is a joint venture company to be invested by CSCIICL, SCOC, CSCED and Xuzhou Xinyi for the purposes of project financing, investment, construction, operation, maintenance and transfer of the Xinyi Project.

The Xinyi Project is a Public-Private-Partnership (PPP) project relating to construction, operation and transfer of the Science and Technology Innovation Park in the Xinyi Economic Development Zone, Jiangsu, the PRC (江蘇新沂經濟開發區科創園PPP項目). The Xinyi Project includes, but not limited to, the construction of workshops, warehouses, science and technology research and development centres, enterprise research institutes, residential buildings, canteens, commercial facilities and infrastructure. The gross floor area of the Xinyi Project is estimated to be 300,000 square metres.

Pursuant to the Cooperation Agreement, the construction period and the operation period for the Xinyi Project shall be 2 years and 8 years respectively. Xinyi JV has entered into the PPP Project Agreement with relevant government authority in relation to the Xinyi Project pursuant to which Xinyi JV will be granted a right for the management and operation of the Xinyi Project. Xinyi JV will receive service fees from the local government authority for its services provided with respect to the Xinyi Project. Upon expiry of the operation period, the Xinyi Project shall be transferred back to the relevant government authority.

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

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

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group, 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 of the Company as a whole. None of the Directors has a material interest in the Transaction and no Director is required to abstain from voting on the board resolution(s) approving the Transaction.

## **GENERAL**

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

CSCED is principally engaged in urban planning and design, municipal project design, large-scale public construction design, civil construction design, landscape design, project budget planning, project supervision and project contracting.

Xuzhou Xinyi is a company established in the PRC with limited liability and is authorised to represent the local government to make capital contribution into the Xinyi Project. It is principally engaged in property development, introduction of investment projects and related services, construction of roads and bridges, landscaping construction and sale of construction materials.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, Xuzhou Xinyi and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## LISTING RULES IMPLICATIONS

CSCED is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, CSCED is a connected person of the Company and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios 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:

|   |   |
|---|---|
| “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 person(s)”,<br>“percentage ratios”,<br>“subsidiary(ies)” | each has the meaning ascribed to it in the Listing Rules;   |
| “Cooperation Agreement”   | the cooperation agreement between CSCIICL, SCOC and CSCED dated 2 November 2018 in relation to the formation of Xinyi JV with Xuzhou Xinyi for the purposes of investing into the Xinyi 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 issued shares of the Company; |

|                         |   |
|-------------------------|---|
| “CSCED”                 | 中建工程設計有限公司 (China State Construction Engineering & Design Company Limited*), a limited liability company established in the PRC and a subsidiary of CSCECL;   |
| “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;  |
| “PPP Project Agreement” | an agreement entered into between Xinyi JV and relevant government authority in relation to the Xinyi Project pursuant to which Xinyi JV will be granted a right for the management and operation of the Xinyi Project; |
| “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;   |
| “SCOC”                  | 深圳中海建築有限公司(Shenzhen China Overseas Construction Company Limited*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;   |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited;  |
| “Transaction”           | the entering into of the Cooperation Agreement and the transactions contemplated thereunder;  |



|                 |  |
|-----------------|--|
| “Xinyi JV”      | a joint venture company established as a limited liability company pursuant to the Cooperation Agreement;  |
| “Xinyi Project” | the Public-Private-Partnership (PPP) project relating to construction, operation and transfer of the Science and Technology Innovation Park in the Xinyi Economic Development Zone, Jiangsu, the PRC (江蘇新沂經濟開發區科創園PPP項目), details of which are set out in the section headed “Information on Xinyi JV and Xinyi Project” of this announcement; |
| “Xuzhou Xinyi”  | 徐州市新沂經濟技術開發總公司 (Xuzhou Xinyi Economic and Technological Development Corporation*), a limited liability company established in the PRC and is authorised to represent the local government to make capital contribution into the Xinyi Project; 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 Executive Director*

Hong Kong, 2 November 2018

*As at the date of this announcement, the Board comprises Mr. Zhou Yong (Chairman), Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew 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.*