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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

中國建築第五工程局有限公司

(China Construction Fifth Engineering Division Corp. Ltd.*)

for the Zhejiang Project

On 27 September 2019, CSCICL (a wholly-owned subsidiary of the Company) and CCFED entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Zhejiang JV with Nanning Guoda for the purpose of investing into the Zhejiang Project; and (b) regulate their respective rights and obligations in Zhejiang JV.

CCFED is a subsidiary of CSCECL which, in turn, is the intermediate holding company of the Company. Accordingly, CCFED 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, CSCICL (a wholly-owned subsidiary of the Company), CCFED and Nanning Guoda formed a tender consortium and jointly submitted a bid for the Zhejiang Project. The tender consortium was awarded the bid for the Zhejiang Project. Pursuant to the tender documents, CSCICL, CCFED and Nanning Guoda will form Zhejiang JV at the equity interest ratio of 98.9%, 0.1% and 1% respectively for the purpose of investing into the Zhejiang Project.

On 27 September 2019, CSCIICL and CCFED entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Zhejiang JV with Nanning Guoda for the purpose of investing into the Zhejiang Project; and (b) regulate their respective rights and obligations in Zhejiang JV.

COOPERATION AGREEMENT

Date

27 September 2019

Parties

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

Formation of Zhejiang JV

CSCIICL, CCFED and Nanning Guoda shall hold 98.9%, 0.1% and 1% equity interests in Zhejiang JV respectively. Zhejiang JV will be accounted for as a subsidiary of the Group.

CSCIICL and CCFED agreed to the following major terms concerning Zhejiang JV in the Cooperation Agreement:

Capital commitment : The amount of the social capital investment is tentatively fixed at RMB1,031,910,000 (equivalent to approximately HK\$1,146,566,667), 20% of which is the project capital (inclusive of the registered capital of Zhejiang JV). The project capital is tentatively fixed at RMB207,000,000 (equivalent to approximately HK\$230,000,000) and shall be contributed by the equity interest holders of Zhejiang JV in proportion to their approximate equity interests in Zhejiang JV as follows:

CSCIICL	RMB204,723,000 (equivalent to approximately HK\$227,470,000)
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CCFED	RMB207,000 (equivalent to approximately HK\$230,000)
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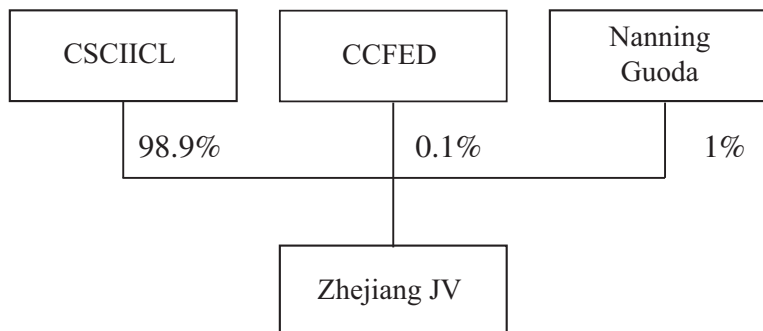
Nanning RMB2,070,000 (equivalent to
Guoda approximately HK\$2,300,000)

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

- Board composition : The board of directors of Zhejiang JV shall be formed pursuant to the articles of association of Zhejiang JV. No directors will be appointed by CCFED.
- Profit/loss sharing : The profits/loss after tax and expenses in respect of Zhejiang JV shall be solely distributed to or borne by CSCIICL.
- Future financing : Any additional funding requirements of the Zhejiang Project (other than the registered capital and the project capital) shall be arranged by Zhejiang JV with banks or financial institutions.
- Restriction on transfers : It is not until the beginning of the third year of the operation period of the Zhejiang Project that CSCIICL, CCFED and Nanning Guoda may transfer or assign all or part of their respective equity interests in Zhejiang JV pursuant to the PPP Project Agreement.

OWNERSHIP STRUCTURE OF ZHEJIANG JV

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



INFORMATION ON ZHEJIANG JV AND ZHEJIANG PROJECT

Zhejiang JV is a joint venture company to be formed by CSCIICL, CCFED and Nanning Guoda for the purposes of project financing, investment, construction, operation, maintenance and transfer of the Zhejiang Project.

The Zhejiang Project is a Public-Private-Partnership (PPP) project relating to the construction, operation and establishment of a sports park in Hu Shan, Jiang Shan, Quzhou, Zhejiang, the PRC (浙江衢州江山虎山運動公園項目). The land involved in the Zhejiang Project is approximately 402 mu (畝) (equivalent to approximately 268,000 square metres). The Zhejiang Project involves the construction of a sports complex which comprises a stadium, a fitness centre, a sports park and storerooms.

Pursuant to the Cooperation Agreement, the construction period and the operation period for the Zhejiang Project shall be 3 years and 12 years respectively. Zhejiang JV will enter into the PPP Project Agreement with Jiangshan Sports Bureau in relation to the Zhejiang Project pursuant to which Zhejiang JV will be granted a right for the construction, management and operation of the Zhejiang Project for a period of 15 years (including the construction period of 3 years and the operation period of 12 years). Upon expiry of the operation period, the Zhejiang Project shall be transferred back to the relevant government authority.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

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 its shareholders 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 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.

CCFED is a contractor based in the PRC which is principally engaged in the undertaking of construction and engineering works.

Nanning Guoda is a company established in the PRC with limited liability and will be one of the equity interest holders of Zhejiang JV to make capital contribution to Zhejiang JV. It is principally engaged in operation of sports facilities and hosting of sports events.

Jiangshan Sports Bureau is a PRC local government authority and is authorized to represent the local government in the signing of the PPP Project Agreement.

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, Nanning Guoda and Jiangshan Sports Bureau and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

CCFED is a subsidiary of CSCECL which, in turn, is the intermediate holding company of the Company. Accordingly, CCFED 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:

“CCFED” 中國建築第五工程局有限公司 (China Construction Fifth Engineering Division Corp. 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 person(s)”, “percentage ratios”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	the cooperation agreement between CSCIICL and CCFED dated 27 September 2019 in relation to the formation of Zhejiang JV for the purpose of investing into the Zhejiang Project;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company established 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;
“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;
“Jiangshan Sports Bureau”	江山市體育局 (Jiangshan Sports Bureau*), a PRC local government authority authorized to represent the local government in the signing of the PPP Project Agreement;

“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange;
“Nanning Guoda”	南寧市國達體育文化有限公司 (Nanning Guoda Sports and Culture Co., Ltd.*), a company established in the PRC with limited liability;
“PPP Project Agreement”	an agreement to be entered into between Zhejiang JV and Jiangshan Sports Bureau in relation to the Zhejiang Project pursuant to which Zhejiang JV will be granted a right for the construction, management and operation of the Zhejiang Project for a period of 15 years (including the construction period of 3 years and the operation period of 12 years);
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the entering into of the Cooperation Agreement and the transactions contemplated thereunder;
“Zhejiang JV”	a joint venture company to be established in the PRC as a limited liability company pursuant to the Cooperation Agreement;
“Zhejiang Project”	the Public-Private-Partnership (PPP) project relating to the construction, operation and establishment of a sports park in Hu Shan, Jiang Shan, Quzhou, Zhejiang, the PRC (浙江衢州江山虎山運動公園項目), details of which are set out in the section headed “Information on Zhejiang JV and Zhejiang Project” of this announcement; 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 RMB0.9 = 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 purpose only. If there is any inconsistency, the Chinese name shall prevail.*

By Order of the Board
**China State Construction International
Holdings Limited**
Yan Jianguo
Chairman and Non-executive Director

Hong Kong, 27 September 2019

As at the date of this announcement, the Board comprises Mr. Yan Jianguo as Chairman and Non-executive Director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew as Executive Directors; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.