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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 Changsha Project**

On 7 January 2020, CSCIIL (a wholly-owned subsidiary of the Company), CSCIE (a wholly-owned subsidiary of the Company) and CCFED entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Changsha JV with Changsha West City and Changsha Wangcheng for the purpose of investing into the Changsha Project; and (b) regulate their respective rights and obligations in Changsha 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**

CSCIIL (a wholly-owned subsidiary of the Company), CSCIE (a wholly-owned subsidiary of the Company) and CCFED formed a tender consortium and jointly submitted a bid for the Changsha Project. The tender consortium was awarded the bid for the Changsha Project. Pursuant to the tender documents, CSCIIL, CSCIE, CCFED, Changsha West City and Changsha Wangcheng will form Changsha JV at the equity interest ratio of 32%, 1%, 18%, 39% and 10% respectively for the purpose of investing into the Changsha Project.

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**COOPERATION AGREEMENT**

**Date**

7 January 2020

**Parties**

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

**Formation of Changsha JV**

CSCIIL, CSCIE, CCFED, Changsha West City and Changsha Wangcheng shall hold 32%, 1%, 18%, 39% and 10% equity interests in Changsha JV respectively. Changsha JV will be accounted for as a joint venture of the Group.

CSCIIL, CSCIE and CCFED agreed to the following major terms concerning Changsha JV in the Cooperation Agreement:

Capital commitment : Registered capital of Changsha JV

Changsha JV shall have a registered capital of RMB 200,000,000 (equivalent to approximately HK\$227,272,727), which shall be contributed by the equity interest holders of Changsha JV in proportion to their respective equity interests in Changsha JV as follows:

CSCIIL	RMB64,000,000	(equivalent to approximately HK\$72,727,273)
CSCIE	RMB2,000,000	(equivalent to approximately HK\$2,272,727)

CCFED	RMB36,000,000	(equivalent to approximately HK\$40,909,091)
Changsha West City	RMB78,000,000	(equivalent to approximately HK\$88,636,363)
Changsha Wangcheng	RMB20,000,000	(equivalent to approximately HK\$22,727,273)

Project Capital of Changsha JV

Changsha JV shall have a project capital (exclusive of the registered capital of Changsha JV) of RMB985,410,000 (equivalent to approximately HK\$1,119,784,091), which shall be contributed by the equity interest holders of Changsha JV in proportion to their respective equity interests in Changsha JV as follows:

CSCIIL	RMB315,331,200	(equivalent to approximately HK\$358,330,909)
CSCIE	RMB9,854,100	(equivalent to approximately HK\$11,197,841)
CCFED	RMB177,373,800	(equivalent to approximately HK\$201,561,136)
Changsha West City	RMB384,309,900	(equivalent to approximately HK\$436,715,796)
Changsha Wangcheng	RMB98,541,000	(equivalent to approximately HK\$111,978,409)

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

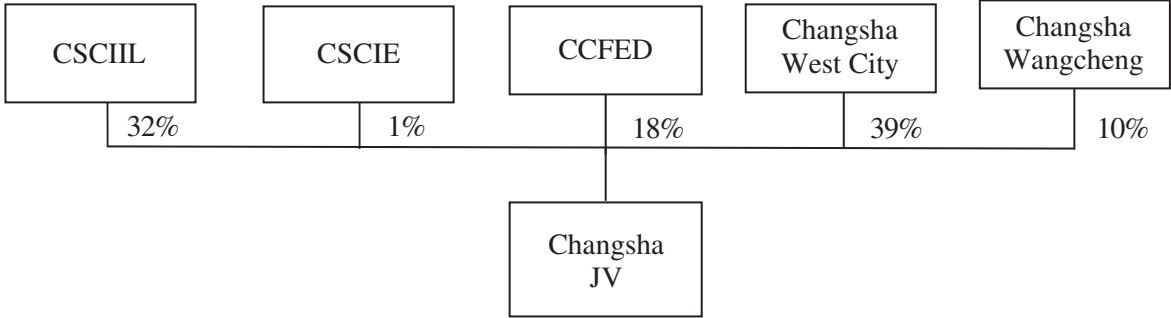
Performance bond for construction by CSCIL, CSCIE and CCFED

CSCIL, CSCIE and CCFED shall provide a performance bond in the sum of RMB6,274,510 (equivalent to approximately HK\$7,130,125), RMB196,078 (equivalent to approximately HK\$222,816) and RMB3,529,412 (equivalent to approximately HK\$4,010,695) respectively to the Relevant Local Authority and Government within seven days upon receipt of the notice on the award of the bid for the Changsha Project. The performance bond shall have effect from its commencement date and up to the date on which the performance bond for the construction period of the Changsha Project submitted by Changsha JV takes effect.

- Board composition : The board of directors of Changsha JV shall comprise seven directors; three of whom shall be appointed by Changsha West City and Changsha Wangcheng; three of whom (including one employee director) shall be appointed by CSCIL; one of whom shall be appointed by CCFED.
- Profit/loss sharing : The profits in respect of Changsha JV shall be shared by CSCIL, CSCIE and CCFED in proportion to their respective capital contribution in Changsha JV. The losses in respect of Changsha JV shall be shared by CSCIL, CSCIE and CCFED in proportion to and up to their respective capital contribution in Changsha JV.
- Future financing : Any additional construction funding of the Changsha Project shall be arranged by Changsha JV with banks or financial institutions.
- Restriction on transfers : Neither CSCIL, CSCIE, CCFED, Changsha West City and Changsha Wangcheng may transfer or assign all or any part of its equity interest in Changsha JV without written consent from the other parties.

**OWNERSHIP STRUCTURE OF CHANGSHA JV**

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



**INFORMATION ON CHANGSHA JV AND CHANGSHA PROJECT**

Changsha JV is a joint venture company to be formed by CSCIIL, CSCIE, CCFED, Changsha West City and Changsha Wangcheng for the purposes of project financing, investment, survey and design, construction, management, operation, maintenance, seeking business opportunities and transfer of the Changsha Project.

The Changsha Project is a Public-Private-Partnership (PPP) project (phase I) relating to the construction, management and operation of a new industrial city at West Station of Changsha High-speed Railway, Hunan, the PRC (湖南長沙高鐵西站產業新城一期工程PPP項目). The land involved in the Changsha Project is approximately 4.65 square kilometres. The Changsha Project involves the construction of roads, green fields, a community centre, car parks, high-speed railway infrastructure facilities and ground levelling.

Pursuant to the Cooperation Agreement, the construction period and the operation period for the Changsha Project shall be stipulated under the PPP Project Agreement to be made between Changsha JV and the Relevant Local Authority and Government in relation to the Changsha Project pursuant to which Changsha JV will be granted a right for the construction, management and operation of the Changsha Project. Upon expiry of the operation period, the Changsha 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 a construction project 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**

CSCIIL and CSCIE are wholly-owned subsidiaries 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. CCFED is a subsidiary of CSCECL, which is a non-wholly owned subsidiary of CSCEC.

CSCECL is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

CSCEC is the ultimate holding company of each of the Company and CSCECL. Its principal businesses are building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

Changsha West City and Changsha Wangcheng are companies owned by local government and are authorized to represent the local government to be the shareholders of Changsha JV.

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, Changsha West City and Changsha Wangcheng 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:

“Board”	the board of Directors;
“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;
“Changsha JV”	a joint venture company to be established in the PRC as a limited liability company pursuant to the Cooperation Agreement;
“Changsha Project”	the Public-Private-Partnership (PPP) project (phase I) relating to the construction, management and operation of a new industrial city at West Station of Changsha High-speed Railway, Hunan, the PRC (湖南長沙高鐵西站產業新城一期工程PPP項目), details of which are set out in the section headed “Information on Changsha JV and Changsha Project” of this announcement;
“Changsha Wangcheng”	長沙市望城區城市建設投資集團有限公司 (Changsha Wangcheng Urban Construction Investment Group Co., Ltd.*), a limited liability company established in the PRC and one of the shareholders of Changsha JV representing the local government;
“Changsha West City”	長沙先導高鐵西城建設投資有限公司 (Changsha Pilot High Speed Rail West City Construction & Investment Co., Ltd.*), a limited liability company established in the PRC and one of the shareholders of Changsha JV representing the local government;
“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 CSCIL, CSCIE and CCFED dated 7 January 2020 in relation to the formation of Changsha JV for the purpose of investing into the Changsha Project;
“CSCEC”	中國建築集團有限公司(China State Construction Engineering Corporation*), a state-owned corporation organized and existing under the laws of the PRC, and 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 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 and a non-wholly owned subsidiary of CSCEC;
“CSCIE”	中建國際工程有限公司(China State Construction International Engineering Limited*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
“CSCIIL”	中建國際投資集團有限公司 (China State Construction International Investments 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 to be entered into between Changsha JV and the Relevant Local Authority and Government in relation to the Changsha Project pursuant to which Changsha JV will be granted a right for the construction, management and operation of the Changsha Project;
“PRC”	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;
“Relevant Local Authority and Government”	湖南湘江新區管委會 (The Management Committee of Hunan Xiangjiang New District*) and 望城區人民政府 (The People’s Government of Wangcheng District*);
“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; 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 RMB0.88 = 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, 7 January 2020

*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.*