

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

中國建築第七工程局有限公司

(China Construction Seventh Engineering Division Corp. Ltd.)

On 5 June 2013, CSCIICL (a wholly-owned subsidiary of the Company) and CCSED entered into the JV Agreement, pursuant to which the parties agree to form the Zhengzhou JV on an 80:20 basis to undertake the Projects in Zhengzhou, Henan Province, the PRC.

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

Since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the Group's financial commitment under the JV Agreement are greater than 0.1% but less than 5%, the JV Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

INTRODUCTION

On 5 June 2013, CSCIICL (a wholly-owned subsidiary of the Company) and CCSED entered the JV Agreement, pursuant to which the parties agree to form the Zhengzhou JV on an 80:20 basis to undertake the Projects (i.e. projects relating to the construction of roads, bridges, tunnels and urban infrastructure; the engineering of water conservation and environment and public facilities; urban landscaping; and the construction of urbanisation projects and ancillary facilities) in Zhengzhou, Henan Province, the PRC.

THE JV AGREEMENT

Date

5 June 2013

Parties

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

Subject

CSCIICL and CCSED shall form the Zhengzhou JV to undertake the Projects in Zhengzhou, Henan Province, the PRC. CSCIICL and CCSED shall hold 80% and 20% equity interests in the Zhengzhou JV respectively. Upon establishment, the Zhengzhou JV will be accounted for as a jointly controlled entity of the Group.

Capital Commitment

The aggregate investment in the Zhengzhou JV shall be RMB295 million (equivalent to approximately HK\$373 million). The registered capital of the Zhengzhou JV shall be RMB100 million (equivalent to approximately HK\$126 million).

CSCIICL and CCSED will respectively pay into the Zhengzhou JV as its registered capital RMB80 million (equivalent to approximately HK\$101 million) and RMB20 million (equivalent to approximately HK\$25 million) in cash in proportion to their respective equity interests in the Zhengzhou JV within 6 months after the issue of business licence of the Zhengzhou JV. The payment to be made by CSCIICL will be funded by the internal resources of the Group.

The amounts of the aggregate investment and the registered capital are determined after arm's length negotiations between the parties with reference to their proposed capital requirements of the Projects in Zhengzhou, Henan Province, the PRC.

Profit/loss sharing

The profit/loss in respect of the Zhengzhou JV shall be shared by CSCIICL and CCSED in proportion to their respective equitable interests in the Zhengzhou JV.

No party shall assign all or any part of its equity interests in the Zhengzhou JV without written consent from the other party and approval from the relevant authority.

Management

The board of directors of the Zhengzhou JV shall comprise three persons; two directors shall be nominated by CSCIIICL and one director shall be nominated by CCSED. The chairman of the board of directors of the Zhengzhou JV, who shall also be the legal representative of the Zhengzhou JV, shall be nominated by CSCIIICL, whereas the vice-chairman shall be nominated by CCSED. The board resolutions of the Zhengzhou JV shall be resolved unanimously by all the directors.

There shall be three supervisors; each of CSCIIICL and CCSED shall nominate one supervisor and the remaining supervisor shall be a representative of the employees of the Zhengzhou JV.

The general manager and financial controller of the Zhengzhou JV shall be nominated by CSCIIICL, whereas the vice-general manager and the finance manager shall be nominated by CCSED.

REASONS FOR AND BENEFITS OF THE JV TRANSACTION

The Group is principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business.

CCSED is a contractor mainly participating in the PRC construction market.

CCSED has substantial experience in construction markets. The JV Transaction would provide the Group with the opportunity to participate in the Projects in Zhengzhou, Henan Province, the PRC with CCSED as a joint venture partner. The Board believes that such arrangement will bring synergy effect to the Group and is in line with the Company's strategy of developing infrastructure investment businesses in the PRC.

The Directors (including the Independent Non-executive Directors) consider that the JV 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 JV Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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

Since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the Group's financial commitment under the JV Agreement are greater than 0.1% but less than 5%, the JV Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

None of the Directors has a material interest in the JV Transaction and none of them has abstained from voting on the board resolution.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“CCSED”	中國建築第七工程局有限公司 (China Construction Seventh Engineering Division Corp. Ltd.), a limited liability company established in the PRC and a subsidiary of CSCECL;
“Company”	China State Construction International Holdings Limited (Stock Code: 3311), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange;
“connected person”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“CSCEC”	中國建築工程總公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC, being 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 and a non-wholly owned subsidiary of CSCEC;
“CSCIICL”	中建國際投資(中國)有限公司 (China State Construction International Investments (China) Limited), a company established in PRC and a wholly-owned subsidiary of the Company;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Zhengzhou JV”	鄭州海嘉建設有限公司, a joint venture company to be established in the PRC as a limited liability company pursuant to the JV Agreement;
“JV Agreement”	the joint venture formation cooperation agreement between CSCIICL and CCSED dated 5 June 2013 in relation to the formation of the Zhengzhou JV;
“JV Transaction”	the entering into of the JV Agreement for the formation of the Zhengzhou JV;
“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;
“Projects”	the projects relating to the construction of roads, bridges, tunnels and urban infrastructure; the engineering of water conservation and environment and public facilities; urban landscaping; urbanisation; and the construction of ancillary facilities;
“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; and
“%” per cent.

For the purpose of this announcement and for illustration purpose only, conversion of HK\$ to RMB is based on the exchange rate of HK\$1.00 = RMB0.79. No representation is made that any amounts in RMB have been or could be converted at the above rate or at 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**
Kong Qingping
Chairman and Non-executive Director

Hong Kong, 5 June 2013

As at the date of this announcement, the Board comprises Mr. Kong Qingping as Chairman and Non-executive Director; Mr. Zhou Yong (Vice-chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie and Mr. Hung Cheung Shew as Executive Directors; Mr. Li Jian as Non-executive Director; 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.