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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**

**中建海峽建設發展有限公司**

**(CSCEC Strait Construction and Development Co., Ltd.)**

On 28 May 2014, CSCIICL (a wholly-owned subsidiary of the Company) and CSCDCL entered into the JV Agreement, pursuant to which the parties agreed to establish the Fuzhou JV on an 80:20 basis to undertake the Infrastructure Works in Fuzhou, Fujian Province, the PRC.

CSCDCL is a subsidiary of CSCECL, the intermediate holding company of the Company. Accordingly, CSCDCL 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 28 May 2014, CSCIICL (a wholly-owned subsidiary of the Company) and CSCDCL entered into the JV Agreement, pursuant to which the parties agreed to establish the Fuzhou JV on an 80:20 basis to undertake the Infrastructure Works (i.e. engineering works relating to the construction of roads, tunnels, bridges and urban infrastructure; water conservation, environmental and public utilities; urban landscaping and greening works) in Fuzhou, Fujian Province, the PRC.

## **THE JV AGREEMENT**

### **Date**

28 May 2014

### **Parties**

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

### **Subject Matter**

CSCIICL and CSCDCL shall establish the Fuzhou JV to undertake the Infrastructure Works in Fuzhou, Fujian Province, the PRC. CSCIICL and CSCDCL shall hold 80% and 20% equity interests in the Fuzhou JV respectively. Upon establishment, the Fuzhou JV will be accounted for as a joint venture of the Group.

### **Capital Commitment**

The aggregate investment in the Fuzhou JV shall be RMB600 million (equivalent to approximately HK\$750 million). The registered capital of the Fuzhou JV shall be RMB240 million (equivalent to approximately HK\$300 million).

CSCIICL and CSCDCL will respectively pay RMB192 million (equivalent to approximately HK\$240 million) and RMB48 million (equivalent to approximately HK\$60 million) in cash into the Fuzhou JV as its registered capital, which shall be paid by instalments within one year after the issue of business licence of the Fuzhou 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 of the Fuzhou JV are determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Infrastructure Works in Fuzhou, Fujian Province, the PRC.

## **Profit/loss sharing**

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

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

## **Management**

The board of directors of the Fuzhou JV shall comprise three directors; two of whom shall be nominated by CSCIICL and one shall be nominated by CSCDCL. The chairman of the board of directors of the Fuzhou JV, who shall also be the legal representative of the Fuzhou JV, shall be nominated by CSCIICL, whereas the vice-chairman shall be nominated by CSCDCL. The board resolutions of the Fuzhou JV shall be resolved unanimously by all the directors.

There shall be two supervisors; CSCIICL and CSCDCL shall each nominate one supervisor. The general manager of the Fuzhou JV shall be nominated by CSCIICL, whereas the vice-general manager shall be nominated by CSCDCL.

## **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.

CSCDCL is a contractor based in Fujian Province, the PRC which is principally engaged in the undertaking of construction and engineering works.

CSCDCL has substantial experience in construction markets. The JV Transaction would provide the Group with the opportunity to participate in the Infrastructure Works in Fuzhou, Fujian Province, the PRC with CSCDCL 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

CSCDCL is a subsidiary of CSCECL, the intermediate holding company of the Company. Accordingly, CSCDCL 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;
“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;
“CSCDCL”	中建海峽建設發展有限公司 (CSCEC Strait Construction and Development Co., Ltd.), a limited liability company established in the PRC and a subsidiary of CSCECL;
“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;
“Fuzhou JV”	福州海嘉建設有限公司 (Fuzhou Hai Jia Construction Co., Ltd.), a joint venture company to be established in the PRC as a limited liability company pursuant to the JV Agreement;
“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;
“Infrastructure Works”	engineering works relating to the construction of roads, tunnels, bridges and urban infrastructure; water conservation, environmental and public utilities; urban landscaping and greening works;
“JV Agreement”	the joint venture formation cooperation agreement between CSCIICL and CSCDCL dated 28 May 2014 in relation to the formation of the Fuzhou JV;
“JV Transaction”	the entering into of the JV Agreement for the formation of the Fuzhou 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;
“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 = RMB0.80. 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**  
**Zhou Yong**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 May 2014

*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 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.*