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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 JOINTLY CONTROLLED ENTITY

On 9 March 2016, CSCIICL (a wholly-owned subsidiary of the Company), CSCECL and CCFED entered into the JV Agreement, pursuant to which the parties agreed to (i) form the Investment Consortium for the purposes of investing into the Guizhou Expressway Project; (ii) regulate their respective rights and obligations in the Investment Consortium; and (iii) set out the principles underlying the Project Company to be formed by the Investment Consortium with the Project Partner.

CSCECL is the intermediate holding company of the Company. CCFED is a subsidiary of CSCECL and hence an associate of CSCECL. Accordingly, each of CSCECL and CCFED is a connected person of the Company and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in Rule 14A.06 of the Listing Rules 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), CSCECL and CCFED has jointly submitted its bid for the Guizhou Expressway Project to Guizhou Provincial Transportation Department. Pursuant to the tender documents, if the bid for the Guizhou Expressway Project is awarded to CSCIICL, CSCECL and CCFED, CSCIICL, CSCECL and CCFED will enter into further documents with Guizhou Provincial Transportation Department or its designated entity in relation to the Guizhou Expressway Project.

On 9 March 2016, CSCIICL, CSCECL and CCFED entered into the JV Agreement, pursuant to which the parties agreed to (i) form the Investment Consortium for the purposes of investing into the Guizhou Expressway Project; (ii) regulate their respective rights and obligations in the Investment Consortium; and (iii) set out the principles underlying the Project Company to be formed by the Investment Consortium with the Project Partner.

JV AGREEMENT

Date

9 March 2016

Parties

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

(A) Formation of the Investment Consortium

Parties' interest : CSCIICL, CSCECL and CCFED shall be interested in the Investment Consortium as to 50%, 10% and 40%, respectively.

Purpose : The Investment Consortium is a contractual association of CSCIICL, CSCECL and CCFED for the purpose of investing in the Guizhou Expressway Project. The Investment Consortium is not an independent legal entity. Please refer to the section headed "Information on the Guizhou Expressway Project" below for further details of the Guizhou Expressway Project.

Pursuant to the tender documents, if the bid for the Guizhou Expressway Project is awarded to CSCIICL, CSCECL and CCFED, members of the Investment Consortium and the Project Partner (the designated entity of Guizhou Provincial Transportation Department) will further form the Project Company for

the project financing investment, construction management and operation and maintenance of the Guizhou Expressway Project. Please refer to the section headed “JV Agreement — (B) Structure of the Project Company” below for further details of the Project Company to be formed.

Decision-making : All decisions made by the Investment Consortium shall be approved by CSCIICL, CSCECL and CCFED unanimously.

Capital Commitments : Registered Capital of the Project Company
CSCIICL, CSCECL, CCFED shall contribute towards 60% the registered capital of the Project Company (being the Investment Consortium’s aggregate interest in the Project Company) in proportion to their interest in the Investment Consortium. As detailed in the section headed “JV Agreement — (B) Structure of the Project Company” below, CSCIICL shall contribute RMB1,146,000,000 (equivalent to approximately HK\$1,374,101,000) towards the registered capital of the Project Company.

Performance Bond

Pursuant to the terms of the tender document, the Investment Consortium is required to provide a performance bond in the sum of RMB115,000,000 (equivalent to approximately HK\$137,890,000) to Guizhou Provincial Transportation Department prior to the entering into of the Investment Agreement, which shall be contributed by CSCIICL, CSCECL and CCFED in proportion to their respective interest in the Investment Consortium as follows:

CSCIICL	RMB57,500,000	(equivalent to approximately HK\$68,945,000)
CSCECL	RMB11,500,000	(equivalent to approximately HK\$13,789,000)
CCFED	RMB46,000,000	(equivalent to approximately HK\$55,156,000)

In addition, CSCIICL shall contribute towards 30% of the performance bond to be provided by the Project Company which corresponds to its interest in the Project Company. As detailed in the section headed “JV Agreement — (B) Structure of the Project Company” below, CSCIICL shall contribute RMB34,500,000 (equivalent to approximately HK\$41,367,000) towards such performance bond to be provided by the Project Company.

Accordingly, the aggregate capital commitment of CSCIICL in connection with the Guizhou Expressway Project amounts to RMB1,238,000,000 (equivalent to approximately HK\$1,484,412,000). All the finance and capital commitment to be provided by CSCIICL in respect of the Project Company will be funded by the internal resources of the Group.

(B) Structure of the Project Company

Pursuant to the tender documents, members of the Investment Consortium and the Project Partner shall establish the Project Company for the project financing investment, construction management and operation and maintenance of the Guizhou Expressway Project. CSCIICL, CSCECL, CCFED and the Project Partner shall hold 30%, 6%, 24% and 40% equity interest in the Project Company, respectively. The Project Company will be accounted for as a jointly controlled entity of the Group.

In accordance with the requirements set out in the tender documents, CSCIICL, CSCECL and CCFED agreed to the following major terms concerning the Project Company in the JV Agreement:

Registered Capital : The Project Company shall have a registered capital of RMB3,820,000,000 (equivalent to approximately HK\$4,580,336,000), which shall be contributed by CSCIICL, CSCECL, CCFED and the Project Partner in proportion to their respective equity interest in the Project Company as follows:

CSCIICL RMB1,146,000,000 (equivalent to approximately HK\$1,374,101,000)

CSCECL	RMB229,000,000	(equivalent to approximately HK\$274,580,000)
CCFED	RMB917,000,000	(equivalent to approximately HK\$1,099,520,000)
Project Partner	RMB1,528,000,000	(equivalent to approximately HK\$1,832,135,000)

The respective contribution to the registered capital of the Project Company is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Guizhou Expressway Project and the parties' interest in the Project Company.

Performance Bond : Pursuant to the terms of the tender documents, the Project Company is required to provide a performance bond in the sum of RMB115,000,000 (equivalent to approximately HK\$137,890,000) to Guizhou Provincial Transportation Department prior to the entering into of the Project Agreement, which shall be contributed by CSCIIICL, CSCECL, CCFED and the Project Partner in proportion to their respective interest in the Project Company as follows:

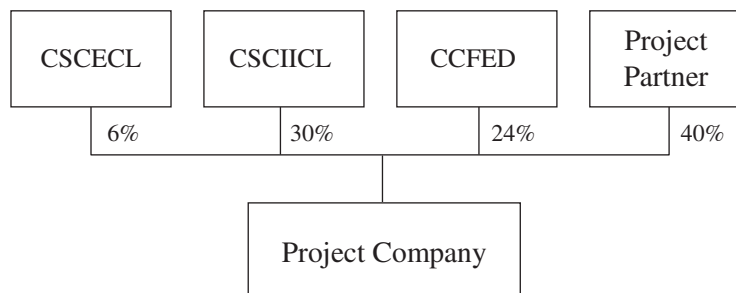
CSCIIICL	RMB34,500,000	(equivalent to approximately HK\$41,367,000)
CSCECL	RMB6,900,000	(equivalent to approximately HK\$8,273,000)
CCFED	RMB27,600,000	(equivalent to approximately HK\$33,094,000)
Project Partner	RMB46,000,000	(equivalent to approximately HK\$55,156,000)

The performance bond shall be effective from the date of the Project Agreement until the date which is 30 days after the acceptance examination upon completion for the Guizhou Expressway Project.

- Board composition : The Project Company shall establish the board of directors and the board of supervisors. The specific composition and appointment shall be negotiated and decided by the Investment Consortium and the Project Partner separately. However, the rights and obligations enjoyed by and borne by CSCIICL, CSCECL or CCFED shall be in proportion to their respective equity interest in the Project Company.
- Management and operation : Pursuant to the JV Agreement, it is intended that CSCECL will enter into a general construction contracting agreement with the Project Company, pursuant to which CSCECL will undertake the construction work of the Guizhou Expressway Project as a main contractor. The details of such construction contracting arrangement will be specified in the Investment Agreement and the Project Agreement.
- Future financing : Any additional funding requirements (other than the registered capital and performance bond) of the Project Company shall be arranged by the Project Company.
- Profit/loss sharing of the Project Company : The profit/loss in respect of the Project Company shall be shared by CSCIICL, CSCECL, CCFED and the Project Partner in proportion to their respective equity interest in the Project Company.
- Restriction on transfers : Neither CSCIICL, CSCECL or CCFED shall transfer or assign all or any part of its equity interest in the Project Company without written consent from the other parties.

OWNERSHIP STRUCTURE OF THE PROJECT COMPANY

The chart below shows the ownership structure of the Project Company upon its establishment:



INFORMATION ABOUT THE INVESTMENT CONSORTIUM AND THE PROJECT COMPANY

The Investment Consortium is a contractual association of CSCIICL, CSCECL and CCFED for the purpose of investing in the Guizhou Expressway Project. The Investment Consortium is not an independent legal entity.

The Project Company is a joint venture company formed by members of the Investment Consortium and the Project Partner for the project financing investment, construction management and operation and maintenance of the Guizhou Expressway Project.

INFORMATION ON THE GUIZHOU EXPRESSWAY PROJECT

The Guizhou Expressway Project is a Public-Private-Partnership (PPP) project in respect of the expressway connecting Zhengnan and Xishui in Zunyi city of Guizhou Province (貴州省正安至習水高速公路PPP項目). The expressway is a two-way four-lane expressway with a designed speed of 80 kilometre per hour, a total length of 128.25 kilometres and a land width of 24.5 metres. The construction period is expected to be four years.

It was tentatively agreed that upon completion of construction works, the relevant governmental authority will grant an exclusive operation license to the Project Company for the management and operation of the expressway for a period of 30 years. Upon expiry of the operation period, the expressway shall be transferred back to the relevant governmental authority at nil consideration.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Each of CSCECL and CCFED has substantial experience in construction markets. The Transaction provides the Company with the opportunity to participate in infrastructure construction projects in the PRC with CSCECL and CCFED as joint venture partners. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience of CSCECL and CCFED.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary course of business, 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 interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in 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.

CSCECL is a contractor which is principally engaged in construction works in various cities of the PRC.

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

CSCECL is the intermediate holding company of the Company. CCFED is a subsidiary of CSCECL and hence an associate of CSCECL. Accordingly, each of CSCECL and CCFED is a connected person of the Company and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in Rule 14A.06 of the Listing Rules 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”	中國建築第四工程局有限公司 (China Construction Fourth 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)”, “controlling shareholder”, “percentage ratios”, “subsidiaries”	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 incorporated in the PRC (the shares of which are listed on The Shanghai Stock Exchange), which is held as to more than 50% by CSCEC;
“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;

“Guizhou Expressway Project”	the Public-Private-Partnership (PPP) project in relation to expressway connecting Zhengan city and Xishui city in Guizhou Province (貴州省正安至習水高速公路PPP項目), details of which are set out in the section headed “Information on the Guizhou Expressway Project” of this announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Agreement”	an agreement to be entered into among CSCIICL, CSCECL, CCFED and Guizhou Provincial Transportation Department with respect to the Guizhou Expressway Project in relation to the investment arrangements of the Guizhou Expressway Project;
“Investment Consortium”	a contractual organisation formed by CSCIICL, CSCECL and CCFED for the purpose of investing in the Guizhou Expressway Project;
“JV Agreement”	the joint venture agreement between CSCIICL, CSCECL and CCFED dated 9 March 2016 in relation to the formation of the Investment Consortium and the Project Company for and the purposes of investing into the Guizhou Expressway Project;
“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;
“Project Agreement”	an agreement to be entered into among CSCIICL, CSCECL, CCFED and the Project Partner relating to the formation of the Project Company and its project financing, investment, construction management and operation and maintenance of the Guizhou Expressway Project;
“Project Company”	a joint venture company to be established as a limited liability company pursuant to the Investment Agreement;

“Project Partner”	貴州高速公路集團有限公司 (Guizhou Expressway Group Co., Ltd.), a company established under the laws of the PRC, which will own 40% equity interest in the Project Company upon its establishment;
“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;
“Transaction”	the entering into of the JV 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 RMB0.834 = 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 Chief Executive Officer

Hong Kong, 9 March 2016

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, Mr. Hung Cheung Shew and Mr. Wu Mingqing 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.