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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

中國建築第八工程局有限公司

(CHINA CONSTRUCTION EIGHTH ENGINEERING DIVISION CORP. LTD)

On 21 March 2017, CSCIICL (a wholly-owned subsidiary of the Company), CCEED and CSGWI (a wholly-owned subsidiary of the Company) entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Foshan JV with New City Development for the purpose of investing into the Tanzhou Exhibition Centre Project; and (b) regulate their respective rights and obligations in Foshan JV.

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

Since the applicable percentage ratios as defined under 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 is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 21 March 2017, CSCIICL (a wholly-owned subsidiary of the Company), CCEED and CSGWI (a wholly-owned subsidiary of the Company) entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Foshan JV with New City Development for the purpose of investing into the Tanzhou Exhibition Centre Project; and (b) regulate their respective rights and obligations in Foshan JV.

COOPERATION AGREEMENT

Date

21 March 2017

Parties

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

Formation of Foshan JV

CSCIICL, CCEED, CSGWI and New City Development shall each hold 54%, 16%, 10% and 20% equity interest in Foshan JV, respectively. Foshan JV will be accounted for as a joint venture of the Group.

CSCIICL, CCEED and CSGWI agreed to the following major terms concerning Foshan JV in the Cooperation Agreement:

Capital Commitment : Foshan JV shall have a registered capital of RMB494,220,000 (equivalent to approximately HK\$555,303,370), which shall be contributed by the equity interest holders of Foshan JV in proportion to their respective equity interest as follows:

CSCIICL	RMB266,878,800 (equivalent to approximately HK\$299,863,820)
CCEED	RMB79,075,200 (equivalent to approximately HK\$88,848,539)
CSGWI	RMB49,422,000 (equivalent to approximately HK\$55,530,337)
New City Development	RMB98,844,000 (equivalent to approximately HK\$111,060,674)

The respective contribution to the registered capital of Foshan JV is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Tanzhou Exhibition Centre Project and the parties' interest in Foshan JV.

Future funding: Foshan JV shall have a tentative total investment (including the registered capital) of RMB2,471,100,000 (equivalent to approximately HK2,776,516,854). The total investment (other than the registered capital) and any additional funding requirements of Foshan JV shall be arranged by Foshan JV with banks or financial institutions.

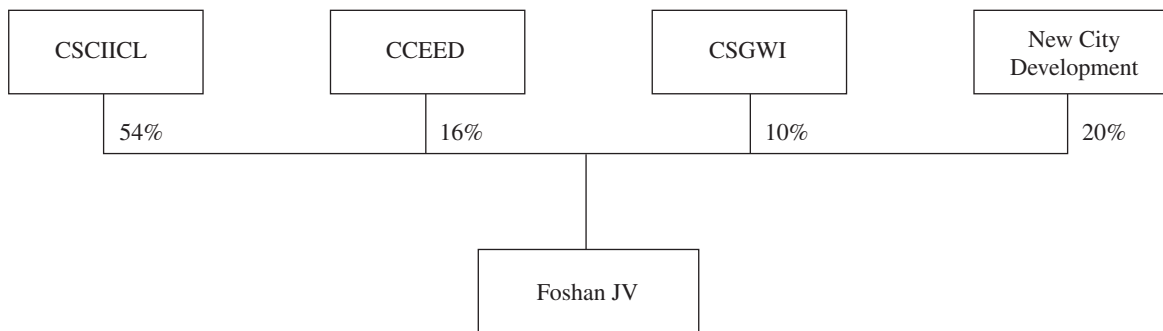
Board composition: The specific composition and appointment of the board shall be separately negotiated and decided by the equity interest holders of Foshan JV. However, the appointment and the rights and obligations enjoyed by and borne by CSCIICL, CCEED and CSGWI shall be in proportion to their respective equity interest in Foshan JV.

Profit/loss sharing: The profit/loss after tax in respect of Foshan JV shall be shared by equity interest holders of Foshan JV in proportion to their respective equity interest in Foshan JV.

Restriction on transfers: The parties may not transfer or assign all or any part of its equity interest in Foshan JV without the written consent from the other parties.

OWNERSHIP STRUCTURE OF FOSHAN JV

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



INFORMATION ON FOSHAN JV AND THE TANZHOU EXHIBITION CENTRE PROJECT

Recently, CSCIICL, CCEED and CSGWI jointly submitted a bid for the Tanzhou Exhibition Centre Project. Pursuant to the tender documents, upon successful bidding, the parties shall establish Foshan JV and enter into a supplemental service agreement with the Shunde Public Utilities Bureau. Foshan JV shall be responsible for the financing, design, construction management, operation, maintenance and transfer of the Tanzhou Exhibition Centre Project.

The Tanzhou Exhibition Centre Project is a project in respect of construction, operation and management of the Guangdong Tanzhou international Exhibition Centre Phase II and its ancillary facilities in Shunde district, Foshan city, Guangdong province. The total construction area is estimated to be 146,000 square meters with facilities including entrance lobby, standard exhibition halls, multi-functional halls and energy centre and outdoor constructions including tunnels and high tension power cables. The construction period is expected to be 1.5 years.

Upon completion of the construction works, the relevant governmental authority will grant an exclusive operation right to Foshan JV for the management and operation of the Tanzhou Exhibition Centre Project for a period of 8.5 years. Pursuant to the tender documents, Foshan JV shall receive service fees, management fees and subsidy for its services provided under the supplemental service agreement with the Shunde Public Utilities Bureau. Upon expiry of the operation period, the Tanzhou Exhibition Centre Project shall be transferred back to the relevant governmental authority.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

The Directors (including the independent non-executive Directors) consider that the 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 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.

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

CSGWI is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. The principal activity of CSGWI is investment holding.

New City Development is principally engaged in the municipal public facilities management, infrastructure construction, land development and landscape management. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of the announcement, New City Development and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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

Since the applicable percentage ratios as defined under 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 is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

“Directors”	the directors of the Company;
“Foshan JV “	a joint venture company to be established as a limited liability company pursuant to the Cooperation Agreement;
“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;
“ New City Development”	佛山市新城開發建設有限公司 (Foshan City New City Development Construction Company, Limited*), a company incorporated in PRC with limited liability and is authorised to represent the local government;
“PRC”	the People’s Republic of China, and for the sole 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;
“Shareholders”	the shareholders of the Company from time to time;
“Shunde Public Utilities Bureau”	佛山市順德區公用事業管理局 (Foshan City Shunde District Public Utilities Bureau*), an institution under the government of Shunde district, Foshan city, Guangdong province, and is principally engaged in the construction management of investment projects by local government;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Tanzhou Exhibition Centre Project”	Guangdong (Tanzhou) International Convention and Exhibition Center Project (廣東(潭洲)國際會展中心二期及配套項目I), details of which are set out in the section headed “Information on Foshan JV and the Tanzhou Exhibition Centre Project” of this announcement;
“Transaction”	the entering into of the Cooperation Agreement and the transaction contemplated thereunder; and
“%”	per cent.

* *For identification purpose only*

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 RMB0.89 = 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, 21 March 2017

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.