

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

中國建築第八工程局有限公司

(China Construction Eighth Engineering Division Corp. Ltd.*)

On 25 April 2018, CSCIICL (a wholly-owned subsidiary of the Company) and CCEED entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Hangzhou JV with Nanning Guoda and Jianggan Development for the purposes of investing into the Niutian Project; and (ii) regulate their respective rights and obligations in Hangzhou 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.

As one or more 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

Recently, CSCIICL (a wholly-owned subsidiary of the Company), CCEED and Nanning Guoda formed the tender consortium and jointly submitted a bid for the Niutian Project. The tender consortium was awarded the bid for the Niutian Project. Pursuant to the tender documents, CSCIICL, CCEED, Nanning Guoda and Jianggan Development will form Hangzhou JV at the equity interest ratio of 93%, 1%, 1% and 5% for the purposes of investing into the Niutian Project.

On 25 April 2018, CSCIICL and CCEED entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Hangzhou JV with Nanning Guoda and Jianggan Development for the purposes of investing into the Niutian Project; and (ii) regulate their respective rights and obligations in Hangzhou JV.

COOPERATION AGREEMENT

Date

25 April 2018

Parties

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

Formation of Hangzhou JV

CSCIICL, CCEED, Nanning Guoda and Jianggan Development shall hold 93%, 1%, 1% and 5% equity interests in Hangzhou JV respectively. Hangzhou JV will be accounted for as a subsidiary of the Group.

CSCIICL and CCEED agreed to the following major terms concerning Hangzhou JV in the Cooperation Agreement:

Capital Commitment : Registered capital of Hangzhou JV

Hangzhou JV shall have a registered capital of RMB116,000,000 (equivalent to approximately HK\$145,000,000), which shall be contributed by equity interest holders of Hangzhou JV in proportion to their respective equity interests in Hangzhou JV as follows:

CSCIICL	RMB107,880,000 (equivalent to approximately HK\$134,850,000)
CCEED	RMB1,160,000 (equivalent to approximately HK\$1,450,000)
Nanning Guoda	RMB1,160,000 (equivalent to approximately HK\$1,450,000)
Jianggan Development	RMB5,800,000 (equivalent to approximately HK\$7,250,000)

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

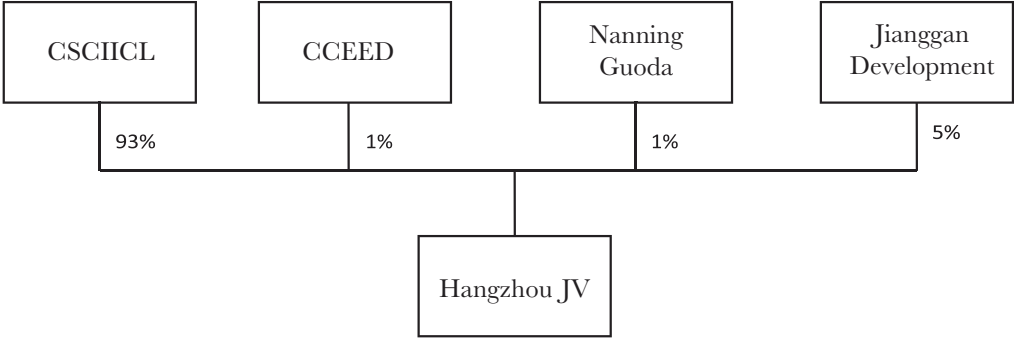
Performance bond by CCEED

A performance bond in the sum of RMB14,000,000 (equivalent to approximately HK\$17,500,000) shall be provided to the relevant government authority within 15 business days after the signing of the PPP Project Agreement. The performance bond shall be solely contributed by CCEED.

- Board composition : Hangzhou JV shall establish the board of directors. The specific composition and appointment shall be separately negotiated and decided by CSCIICL and Jianggan Development. CCEED and Nanning Guoda will not nominate or appoint any directors of Hangzhou JV.
- Profit/loss sharing : The profit/loss after tax and expenses in respect of the operation of the Niutian Project shall be solely distributed to CSCIICL. CCEED, Nanning Guoda and Jianggan Development will not share any profit or loss of Hangzhou JV.
- Future financing : Any additional funding requirement of the Niutian Project (other than the registered capital) shall be arranged by Hangzhou JV with banks or financial institutions.
- Restriction on transfers : The equity interest holders of Hangzhou JV shall not transfer or assign all or any part of its equity interests in Hangzhou JV from the date of the PPP Project Agreement to the date which is the second anniversary of the operation period of the Niutian Project. Thereafter, they may transfer or assign all or any part of the equity interests in Hangzhou JV pursuant to the PPP Project Agreement.

OWNERSHIP STRUCTURE OF HANGZHOU JV

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



INFORMATION ON HANGZHOU JV AND NIUTIAN PROJECT

Hangzhou JV is a joint venture company to be formed by CSCIICL, CCEED, Nanning Guoda and Jianggan Development for the purpose of project financing investment, construction, operation, maintenance and transfer of the Niutian Project.

The Niutian Project is a Public-Private-Partnership (PPP) project in relation to construction, operation and management of recreation and sports facilities on a parcel of land (unit G11/C3/C4-01) in Niutian, Jianggan District, Hangzhou, Zhejiang Province, the PRC (浙江杭州江干區牛田單元G11/C3/C4-01地塊公園及文體中心PPP項目). The Niutian Project includes, but not limited to, the construction of a recreation and sports centre, underground sports facilities, a underground car park and ancillary facilities. The total construction site area and gross floor area of the Niutian Project are estimated to be 57,928 square metres and 71,613 square metres respectively.

Pursuant to the Cooperation Agreement, the construction period is expected to be 3 years and the operation period of the Niutian Project shall be 10 years. Hangzhou JV will enter into the PPP Project Agreement with the relevant government authority in relation to the Niutian Project pursuant to which Hangzhou JV will be granted a right for the management and operation of the Niutian Project for a period of 10 years. Hangzhou JV will earn operation income by charging fees from the public and receive subsidies from the local government authority for its services provided with respect to the Niutian Project. Upon expiry of the operation period, the Niutian Project shall be transferred back to the relevant government 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 recreation and sports facilities construction projects in the PRC with CCEED 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 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 interests of the Company and the 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

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.

Nanning Guoda is a company established in the PRC with limited liability. It is principally engaged in operation of sports facilities and hosting of sports events.

Jiangan Development is a company established in the PRC with limited liability and is authorised to represent the local government to make capital contribution into the Niutian Project. It is principally engaged in infrastructure construction and property management.

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, Nanning Guoda, Jiangan Development and their respective 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.

As one or more 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:

“CCEED”	中國建築第八工程局有限公司 (China Construction Eighth 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)”, “percentage ratios”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	the cooperation agreement between CSCICL and CCEED dated 25 April 2018 in relation to the formation of Hangzhou JV with other parties for the purposes of investing into the Niutian Project;
“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), the intermediate holding company of the Company indirectly interested in more than 50% of the issued shares of the Company;

“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;
“Hangzhou JV”	a joint venture company to be established as a limited liability company pursuant to the Cooperation Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jianggan Development”	杭州江干區城市建設綜合開發有限公司 (Hangzhou Jianggan District Urban Construction and Integrated Development Co., Ltd.*), a company established in the PRC with limited liability and is authorised to represent the local government to make capital contribution into the Niutian Project;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Nanning Guoda”	南寧市國達體育文化有限公司 (Nanning Guoda Sports and Culture Co., Ltd.*), a company established in the PRC with limited liability;
“Niutian Project”	a Public-Private-Partnership (PPP) project in relation to construction, operation and management of recreation and sports facilities on a parcel of land (unit G11/C3/C4-01) in Niutian, Jianggan District, Hangzhou, Zhejiang Province, the PRC (浙江杭州江干區牛田單元G11/C3/C4-01地塊公園及文體中心PPP項目), details of which are set out in the section headed “Information on Hangzhou JV and Niutian Project” of this announcement;

“PPP Project Agreement”	an agreement to be entered into between Hangzhou JV and the relevant government authority for the purpose of project financing investment, construction, operation, maintenance and transfer of the Niutian Project;
“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;
“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 RMB0.8 = 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, 25 April 2018

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, Mr. Wu Mingqing and Mr. Zhang Haipeng 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.