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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

中國建築西南設計研究院有限公司

(China Southwest Architectural Design and Research Institute Corp., Ltd.*)

On 25 April 2018, CSCIICL (a wholly-owned subsidiary of the Company), CSCIE (a wholly-owned subsidiary of the Company) and CSADRI entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Licheng JV with Licheng Property for the purposes of investing into the Licheng Project; and (b) regulate their respective rights and obligations in Licheng JV.

CSADRI is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, CSADRI 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 of 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), CSCIE (a wholly-owned subsidiary of the Company) and CSADRI formed the tender consortium and jointly submitted a bid for the Licheng Project. The tender consortium was awarded the bid for the Licheng Project. Pursuant to the tender documents, CSCIICL, CSCIE, CSADRI and Licheng Property will form Licheng JV at the equity interest ratio of 79%, 0.99%, 0.01% and 20% for the purposes of investing into the Licheng Project.

On 25 April 2018, CSCIICL, CSCIE and CSADRI entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Licheng JV with Licheng Property for the purposes of investing into the Licheng Project; and (b) regulate their respective rights and obligations in Licheng JV.

COOPERATION AGREEMENT

Date

25 April 2018

Parties

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

Formation of Licheng JV

CSCIICL, CSCIE, CSADRI and Licheng Property shall hold 79%, 0.99%, 0.01% and 20% equity interests in Licheng JV respectively. Licheng JV will be accounted for as a subsidiary of the Group.

CSCIICL, CSCIE and CSADRI agreed to the following major terms concerning Licheng JV in the Cooperation Agreement:

Capital Commitment : Registered capital of Licheng JV

Licheng JV shall have a registered capital of RMB100,000,000 (equivalent to approximately HK\$125,000,000), which shall be contributed by the equity interest holders of Licheng JV in proportion to their respective equity interests in Licheng JV as follows:

CSCIICL	RMB79,000,000	(equivalent to approximately HK\$98,750,000)
CSCIE	RMB990,000	(equivalent to approximately HK\$1,237,500)
CSADRI	RMB10,000	(equivalent to approximately HK\$12,500)

Licheng Property RMB20,000,000 (equivalent to approximately HK\$25,000,000)

Project Capital of Licheng JV

Licheng JV shall have a project capital (exclusive of the registered capital of Licheng JV) of RMB453,640,000 (equivalent to approximately HK\$567,050,000), which shall be contributed by the equity interest holders of Licheng JV in proportion to their approximate equity interests in Licheng JV as follows:

CSCIICL RMB358,375,600 (equivalent to approximately HK\$447,969,500)

CSCIE RMB4,491,036 (equivalent to approximately HK\$5,613,795)

CSADRI RMB45,364 (equivalent to approximately HK\$56,705)

Licheng Property RMB90,728,000 (equivalent to approximately HK\$113,410,000)

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

Performance bond by CSCIICL, CSCIE and CSADRI

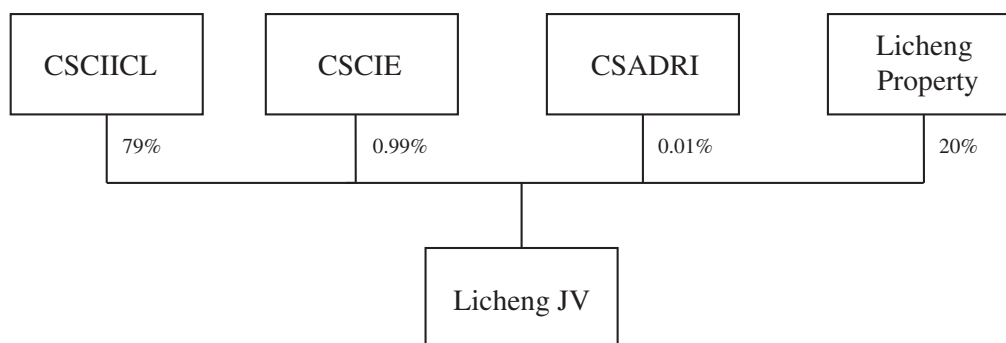
As the substantive construction, design and operation works of Licheng Project will be undertaken by CSCIICL, CSCIE and CSADRI, a performance bond in the sum of RMB50,000,000 (equivalent to approximately HK\$62,500,000) shall be provided to the relevant government authority within 30 calendar days after issuance of the notice on award of the bid for Licheng Project. The performance bond shall be contributed by CSCIICL, CSCIE and CSADRI in proportion to their respective interest in Licheng JV (after excluding the interest of Licheng Property) as follows:

CSCIICL RMB49,375,000 (equivalent to approximately HK\$61,718,750)

	CSCIE	RMB618,750 (equivalent to approximately HK\$773,438)
	CSADRI	RMB6,250 (equivalent to approximately HK\$7,812)
Board composition	:	The board of directors of Licheng JV shall comprise five directors; four of whom shall be appointed by CSCICL and one of whom shall be appointed by Licheng Property.
Profit/loss sharing	:	The profit/loss after tax and expenses in respect of Licheng JV shall be shared by CSCICL, CSCIE, CSADRI and Licheng Property in proportion to their respective equity interests in Licheng JV.
Future financing	:	Any additional funding requirements of the Licheng Project (other than the registered capital and project capital) shall be arranged by Licheng JV with banks or financial institutions.
Restriction on transfers	:	Neither CSCICL, CSCIE, CSADRI nor Licheng Property may transfer or assign all or any part of its equity interest in Licheng JV without written consent from the other parties.

OWNERSHIP STRUCTURE OF LICHENG JV

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



INFORMATION ON LICHENG JV AND LICHENG PROJECT

Licheng JV is a joint venture company to be formed by CSCIICL, CSCIE, CSADRI and Licheng Property for the purposes of project financing, investment, survey and design, construction, operation, maintenance and transfer of the Licheng Project.

The Licheng Project is a Public-Private-Partnership (PPP) project relating to property redevelopment and infrastructure construction of a shanty-town in Licheng District, Quanzhou, Fujian Province, the PRC (福建泉州鯉城區棚戶區改造及基礎設施建設PPP項目). The project mainly involves construction of resettlement properties and infrastructure facilities, including but not limited to, roads, schools, gardens, green areas for environmental protection, a car park, a cultural activities centre, a stadium and a sports ground.

Pursuant to the Cooperation Agreement, the construction period and the operation period for the Licheng Project shall be no more than 3 years and 12 years respectively. Licheng JV will enter into the PPP project agreement with relevant government authority in relation to the Licheng Project pursuant to which Licheng JV will be granted a right for the management and operation of the Licheng Project for a period of no more than 12 years. Licheng JV will receive service fees from the local government authority for its services provided with respect to the Licheng Project. Upon expiry of the operation period, the Licheng Project shall be transferred back to the relevant government authority.

REASONS FOR AND BENEFITS OF THE TRANSACTION

CSADRI has substantial experience in design markets. The Transaction provides the Company with the opportunity to participate in property redevelopment projects in the PRC with CSADRI 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 CSADRI.

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 of the Company 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

CSCIE and CSCIICL are wholly-owned subsidiaries of the Company. The Group is principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business.

CSADRI is a company established in the PRC with limited liability. It is principally engaged in provision of comprehensive architectural engineering and design services including planning and design, general contracting and investment.

Licheng Property is a company established in the PRC with limited liability and is authorised to represent the local government to make capital contribution into the Licheng Project. It is principally engaged in property development.

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, Licheng Property and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

CSADRI is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, CSADRI 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 of 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:

“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 CSCIICL, CSCIE and CSADRI dated 25 April 2018 in relation to the formation of Licheng JV with other party for the purposes of investing into the Licheng Project;
“CSADRI”	中國建築西南設計研究院有限公司 (China Southwest Architectural Design and Research Institute Corp., Ltd.*), a company established in the PRC with limited liability;
“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;
“CSCIE”	中建國際工程有限公司(China State Construction International Engineering Limited*), a limited liability company established in the PRC and a wholly-owned subsidiary 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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Licheng JV”	a joint venture company to be established as a limited liability company pursuant to the Cooperation Agreement;
“Licheng Project”	the Public-Private-Partnership (PPP) project relating to property redevelopment and infrastructure construction of a shanty-town in Licheng District, Quanzhou, Fujian Province, the PRC (福建泉州鯉城區棚戶區改造及基礎設施建設PPP項目), details of which are set out in the section headed “Information on Licheng JV and Licheng Project” of this announcement;
“Licheng Property”	泉州市鯉城房地產公司 (Quanzhou Licheng Property Development Co., Ltd.*), a limited liability company established in the PRC and is authorised to represent the local government to make capital contribution into the Licheng 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;
“RMB”	Renminbi, the lawful currency of the PRC;
“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 RMB0.80 = 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.