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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

中國建築第二工程局有限公司

(China Construction Second Engineering Bureau Ltd.)

for Chuzhou Project

On 27 July 2018, CSCIIICL (a wholly-owned subsidiary of the Company), CSCIE (a wholly-owned subsidiary of the Company) and CCSEB entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Chuzhou JV with Chuzhou Tongchuang for the purposes of investing into the Chuzhou Project; and (b) regulate their respective rights and obligations in Chuzhou JV.

CCSEB is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, CCSEB 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, CSCIIICL (a wholly-owned subsidiary of the Company), CSCIE (a wholly-owned subsidiary of the Company) and CCSEB formed the tender consortium and jointly submitted a bid for the Chuzhou Project. The tender consortium was awarded the bid for the Chuzhou Project. Pursuant to the tender documents, CSCIIICL, CSCIE, CCSEB and Chuzhou Tongchuang will form Chuzhou JV at the equity interest ratio of 64%, 5%, 1% and 30% for the purposes of investing into the Chuzhou Project.

On 27 July 2018, CSCIICL, CSCIE and CCSEB entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Chuzhou JV with Chuzhou Tongchuang for the purposes of investing into the Chuzhou Project; and (b) regulate their respective rights and obligations in Chuzhou JV.

COOPERATION AGREEMENT

Date

27 July 2018

Parties

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

Formation of Chuzhou JV

CSCIICL, CSCIE, CCSEB and Chuzhou Tongchuang shall hold 64%, 5%, 1% and 30% equity interests in Chuzhou JV respectively. Chuzhou JV will be accounted for as a subsidiary of the Group.

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

Capital commitment : Registered Capital of Chuzhou JV

Chuzhou JV shall have a registered capital of RMB 100,000,000 (equivalent to approximately HK\$116,279,070), which shall be contributed by the equity interest holders of Chuzhou JV in proportion to their respective equity interests in Chuzhou JV as follows:

CSCIICL	RMB 64,000,000 (equivalent to approximately HK\$74,418,605)
CSCIE	RMB5,000,000 (equivalent to approximately HK\$5,813,953)
CCSEB	RMB1,000,000 (equivalent to approximately HK\$1,162,791)

Chuzhou RMB30,000,000 (equivalent to Tongchuang approximately HK\$34,883,721)

Project Capital of Chuzhou JV

Chuzhou JV shall have a project capital (exclusive of the registered capital of Chuzhou JV) of approximately RMB524,542,400 (equivalent to approximately HK\$609,933,023), which shall be contributed by the equity interest holders of Chuzhou JV in proportion to their approximate equity interests in Chuzhou JV as follows:

CSCIICL RMB335,707,200 (equivalent to approximately HK\$390,357,209)

CSCIE RMB26,227,100 (equivalent to approximately HK\$30,496,628)

CCSEB RMB5,245,400 (equivalent to approximately HK\$6,099,302)

Chuzhou RMB157,362,700 (equivalent to Tongchuang approximately HK\$182,979,884)

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

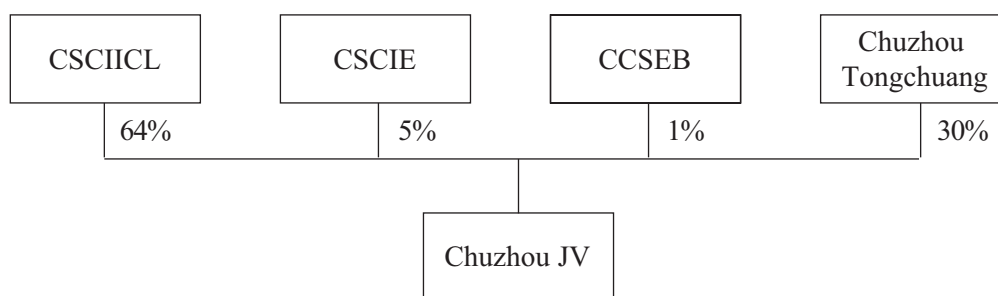
Performance Bond by CSCIICL

CSCIICL shall provide a performance bond in the sum of RMB20,000,000 (equivalent to approximately HK\$23,255,814) to the relevant government authority within 15 calendar days after signing of the PPP Project Agreement in relation to the Chuzhou Project. The performance bond shall have effect from the date of the provision of performance bond and up to five business days following the formal operation of the Chuzhou Project.

Board composition	:	The board of directors of Chuzhou JV shall comprise five directors; three of whom shall be appointed by CSCIICL and two of whom shall be appointed by Chuzhou Tongchuang.
Profit/loss sharing	:	The profit/loss after tax and expenses in respect of Chuzhou JV shall be shared by CSCIICL, CSCIE and CCSEB in proportion to their respective capital contribution in Chuzhou JV.
Future financing	:	Any additional funding requirements of the Chuzhou Project (other than the registered capital and the project capital) shall be arranged by Chuzhou JV with banks or financial institutions.
Restriction on transfers	:	Neither CSCIICL, CSCIE, CCSEB nor Chuzhou Tongchuang may transfer or assign all or any part of its equity interest in Chuzhou JV without written consent from the other parties.

OWNERSHIP STRUCTURE OF CHUZHOU JV

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



INFORMATION ON CHUZHOU JV AND CHUZHOU PROJECT

Chuzhou JV is a joint venture company to be formed by CSCIICL, CSCIE, CCSEB and Chuzhou Tongchuang for the purposes of project financing, investment, construction, operation, maintenance and transfer of the Chuzhou Project.

The Chuzhou Project is a Public-Private-Partnership (PPP) project relating to construction, operation and transfer of the phase 1 of the Innovative Science and Technology City in the Chuzhou Economic and Technological Development Zone,

Anhui Province, the PRC (滁州原創科技城一期PPP項目). The Chuzhou Project includes, but not limited to, the construction of office buildings, a public laboratory, residential buildings, a garden and ancillary facilities. The above-ground gross floor area and underground gross floor area of the Chuzhou Project are estimated to be 355,200 square metres and 120,000 square metres respectively.

Pursuant to the Cooperation Agreement, the construction period and the operation period for the Chuzhou Project shall be 3 years and 12 years respectively. Chuzhou JV will enter into the PPP Project Agreement with relevant government authority in relation to the Chuzhou Project pursuant to which Chuzhou JV will be granted a right for the management and operation of the Chuzhou Project for a period of 12 years. Chuzhou JV will receive service fees from the local government authority for its services provided with respect to the Chuzhou Project. Upon expiry of the operation period, the Chuzhou Project shall be transferred back to the relevant government authority.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group, 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.

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

Chuzhou Tongchuang is a company established in the PRC with limited liability and is authorised to represent the local government to make capital contribution into the Chuzhou Project. It is principally engaged in land consolidation, infrastructure investment and civil engineering.

“Chuzhou Tongchuang”	滁州市同創建設投資有限責任公司 (Chuzhou Tongchuang Construction Investment Co., Ltd.*), a limited liability company established in the PRC and is authorised to represent the local government to make capital contribution into the Chuzhou Project;
“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 CCSEB dated 27 July 2018 in relation to the formation of Chuzhou JV with other party for the purposes of investing into the Chuzhou 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;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PPP Project Agreement”	an agreement to be entered into between Chuzhou JV and relevant government authority in relation to the Chuzhou Project pursuant to which Chuzhou JV will be granted a right for the management and operation of the Chuzhou Project for a period of 12 years;
“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 RMB0.86 = 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, 27 July 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.