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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.\*)**

**for the Jiangmen Project**

On 9 April 2019, 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 Jiangmen JV for the purpose of investing into the Jiangmen Project; and (b) regulate their respective rights and obligations in Jiangmen 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 a tender consortium (the “**Tender Consortium**”) and jointly submitted a bid for the Jiangmen Project. The Tender Consortium was awarded the bid for the Jiangmen Project. Pursuant to the tender documents, (i) the Tender Consortium will enter into the PPP Project Agreement with the Relevant Local Government, and (ii) CSCIICL, CSCIE and CSADRI will form Jiangmen JV at the equity interest ratio of 89.99%, 10% and 0.01% respectively for the purpose of investing into the Jiangmen Project.

Then, CSCIICL, CSCIE, CSADRI and Jiangmen JV will enter into the Succession Agreement with the Relevant Local Government in relation to the Jiangmen Project, pursuant to which Jiangmen JV will take over the rights and obligations of CSCIICL, CSCIE, CSADRI and Jiangmen JV under the PPP Project Agreement.

On 9 April 2019, CSCIICL, CSCIE and CSADRI entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form Jiangmen JV for the purposes of investing into the Jiangmen Project; and (b) regulate their respective rights and obligations in Jiangmen JV.

## **COOPERATION AGREEMENT**

Date

9 April 2019

### **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 Jiangmen JV**

CSCIICL, CSCIE and CSADRI shall hold 89.99%, 10% and 0.01% equity interests in Jiangmen JV respectively. Jiangmen JV will be accounted for as a subsidiary of the Group.

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

Capital commitment : Registered capital of Jiangmen JV

Jiangmen 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 Jiangmen JV in proportion to their respective equity interests in Jiangmen JV as follows:

- CSCIICL RMB 89,990,000 (equivalent to approximately HK\$104,639,535)
- CSCIE RMB10,000,000 (equivalent to approximately HK\$11,627,907)
- CSADRI RMB10,000 (equivalent to approximately HK\$11,628)

Project Capital of Jiangmen JV

Jiangmen JV shall have a project capital (exclusive of the registered capital of Jiangmen JV) of approximately RMB400,140,000 (equivalent to approximately HK\$465,279,070), which shall be contributed by the equity interest holders of Jiangmen JV in proportion to their approximate equity interests in Jiangmen JV as follows:

- CSCIICL RMB360,090,000 (equivalent to approximately HK\$418,709,302)
- CSCIE RMB40,010,000 (equivalent to approximately HK\$46,523,256)
- CSADRI RMB40,000 (equivalent to approximately HK\$46,512)

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

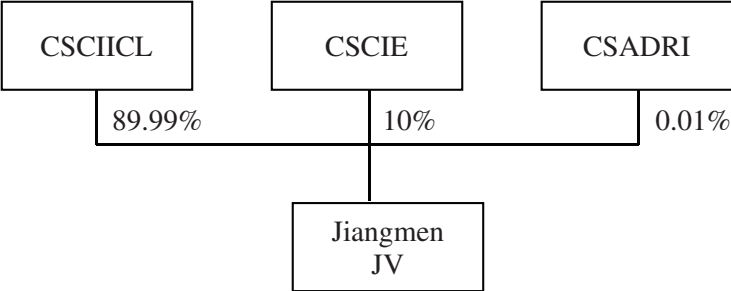
Performance bond for construction by CSCIICL

CSCIICL (for itself and CSCIE) and CSADRI shall provide a performance bond for construction in the sum of RMB29,997,000 (equivalent to approximately HK\$34,880,233) and RMB3,000 (equivalent to approximately HK\$3,488) respectively to the Relevant Local Government within 30 business days after signing of the PPP Project Agreement in relation to the Jiangmen Project. The performance bond shall have effect from the effective date of the PPP Project Agreement and up to the date on which the Jiangmen Project has been completed and the performance bond for operation and maintenance of the Jiangmen Project having been submitted by Jiangmen JV.

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

**OWNERSHIP STRUCTURE OF JIANGMEN JV**

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



**INFORMATION ON JIANGMEN JV AND JIANGMEN PROJECT**

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

The Jiangmen Project is a Public-Private-Partnership (PPP) project relating to the construction, operation, and establishment of infrastructure facilities in the Siqian Park (Pilot Zone) of the Equipment Manufacturing Park in Xinhui, Jiangmen Municipality, Guangdong Province, the PRC (江門市新會裝備產業園司前園區(啟動區)基礎配套設施工程PPP項目). The total area of the entire Siqian Park is 10,248 mu (畝) (equivalent to approximately 6,832,000 square metres). The development of the Jiangmen Project will be divided into three phases. The area of the Pilot Zone of the Siqian Park is 4,000 mu (equivalent to approximately 2,666,667 square metres). The Jiangmen Project includes, but not limited to, the improvement and reconstruction of road networks, construction of a sewage treatment plant, sewage pipes and infrastructure facilities, greening, relocation of electricity cables, land levelling and requisition, and reconstruction of drainage pipes network.

Pursuant to the Cooperation Agreement, the construction period and the operation period for the Jiangmen Project shall be 3 years and not more than 15 years (varying with different sub-projects) respectively. The Tender Consortium will enter into the PPP Project Agreement with the Relevant Local Government, pursuant to which the Tender Consortium will be granted a right for the management and operation of the Jiangmen Project. Then, CSCIICL, CSCIE, CSADRI and Jiangmen JV will enter into the Succession Agreement with the Relevant Local Government in relation to the Jiangmen Project, pursuant to which Jiangmen JV will take over the rights and obligations of CSCIICL, CSCIE, CSADRI and Jiangmen JV under the PPP Project

Agreement. Jiangmen JV will receive service fees from the Relevant Local Government for its services provided with respect to the Jiangmen Project. Upon expiry of the operation period, the Jiangmen Project shall be transferred back to the relevant government authority.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

CSADRI has substantial experience in architectural design. The Transaction provides the Company with the opportunity to participate in construction of infrastructure facilities in the PRC with CSADRI as the Company's joint venture partner, and will 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 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 its 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 and CSCIE 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.

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, the Relevant Local Government 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 9 April 2019 in relation to the formation of Jiangmen JV for the purposes of investing into the Jiangmen 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;
“Jiangmen JV”	a joint venture company to be established as a limited liability company pursuant to the Cooperation Agreement;
“Jiangmen Project”	the Public-Private-Partnership (PPP) project relating to the construction, operation and establishment of infrastructure facilities in the Siqian Park (Pilot Zone) of the Equipment Manufacturing Park in Xinhui, Jiangmen Municipality, Guangdong Province, the PRC (江門市新會裝備產業園司前園區(啟動區)基礎配套設施工程PPP項目), details of which are set out in the section headed “Information on Jiangmen JV and Jiangmen Project” of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PPP Project Agreement”	an agreement to be entered into between the Tender Consortium and the Relevant Local Government in relation to the Jiangmen Project, pursuant to which the Tender Consortium will be granted a right for the management and operation of the Jiangmen 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;



“Relevant Local Government”	新會區司前鎮人民政府 (the People’s Government of Siqian Town, Xinhui District*);
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Succession Agreement”	an agreement to be entered into among CSCIICL, CSCIE, CSADRI, Jiangmen JV and the Relevant Local Government in relation to the Jiangmen Project, pursuant to which Jiangmen JV will take over the rights and obligations of CSCIICL, CSCIE, CSADRI and Jiangmen JV under the PPP Project Agreement;
“Tender Consortium”	has the meaning as defined under the section headed “INTRODUCTION” of this announcement;
“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**  
**Yan Jianguo**  
*Chairman and Non-executive Director*

Hong Kong, 9 April 2019

*As at the date of this announcement, the Board comprises Mr. Yan Jianguo as Chairman and Non-executive Director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew 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.*