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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**

**中國建築第四工程局有限公司**

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

**and**

**中建三局集團有限公司**

**(China Construction Third Engineering Bureau Group Co. Ltd.)**

On 23 September 2016, CSCICL (a wholly-owned subsidiary of the Company), CCFED and CCTEB entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Yinxiu JV for the purposes of investing into the Yinxiu Expressway Project; and (ii) regulate their respective rights and obligations in Yinxiu JV.

Each of CCFED and CCTEB is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, each of CCFED and CCTEB 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 in Rule 14A.06 of 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 exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Recently, CSCICL (a wholly-owned subsidiary of the Company), CCFED, CCTEB, CSCECL and China Merchants Chongqing has formed the Tender Consortium and jointly submitted a bid for the Yinxiu Expressway Project to Tongren District Transportation Department. Pursuant to the tender documents, if the bid for the Yinxiu Expressway Project is awarded to the tender consortium, each member of the

Tender Consortium will jointly enter into the Investment Agreement with Tongren District Transportation Department, whereby Yinxiu JV will enter into the Project Agreement with Tongren District Transportation Department in relation to the Yinxiu Expressway Project.

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## **COOPERATION AGREEMENT**

### **Date**

23 September 2016

### **Parties**

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

### **Formation of Yinxiu JV**

Pursuant to the Cooperation Agreement, CSCICL, CCFED and CCTEB shall establish Yinxiu JV for project financing investment, survey and design, construction management, operation, maintenance and transfer of the Yinxiu Expressway Project. CSCICL, CCFED and CCTEB shall hold 50%, 30% and 20% equity interest in Yinxiu JV, respectively. CCFED may nominate its holding company or subsidiary to take up part of the equity interest in Yinxiu JV to be subscribed by it. Yinxiu JV will be accounted for as a joint venture of the Group.

In accordance with the requirements set out in the tender documents, CSCICL, CCFED and CCTEB agreed to the following major terms concerning Yinxiu JV in the Cooperation Agreement:

Capital Commitment : Registered capital of Yinxiu JV

Yinxiu JV shall have a registered capital of RMB1,776,500,000 (equivalent to approximately HK\$2,115,000,000), which shall be contributed by equity interests holders of the Project Company in proportion to their respective equity interest in Yinxiu JV as follows:

CSCIICL	RMB888,250,000 (equivalent to approximately HK\$1,057,000,000)
CCFED (and its nominee (if any))	RMB532,950,000 (equivalent to approximately HK\$635,000,000)
CCTEB	RMB355,300,000 (equivalent to approximately HK\$423,000,000)

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

Performance bond by equity interests holders of the Project Company

A performance bond in the sum of RMB88,840,000 (equivalent to approximately HK\$106,000,000) shall be provided to Tongren District Transportation Department prior to the entering into of the Investment Agreement. The performance bond shall be contributed by equity interests holders of the Project Company in proportion to their respective interest in Yinxiu JV as follows:

CSCIICL	RMB44,420,000 (equivalent to approximately HK\$53,000,000)
CCFED (and its nominee (if any))	RMB26,652,000 (equivalent to approximately HK\$32,000,000)
CCTEB	RMB17,768,000 (equivalent to approximately HK\$21,000,000)

Such performance bond shall be effective from the date of the Investment Agreement until the date which is 30 days after the acceptance examination upon completion for the Yinxiu Expressway Project.

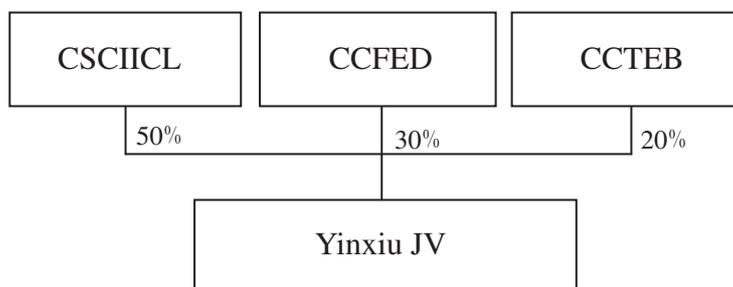
Performance bond by Yinxiu JV

Yinxiu JV is required to provide a performance bond in the sum of RMB88,840,000 (equivalent to approximately HK\$106,000,000) to Tongren District Transportation Department prior to the entering into of the Project Agreement. Such performance bond shall be returned in batches according to the agreed project schedule.

- Board composition : Yinxiu JV shall establish the board of directors with not more than seven members and the board of supervisors with not more than three members. The specific composition and appointment shall be separately negotiated and decided by the parties to the Cooperation Agreement. However, the appointment and the rights and obligations enjoyed by and borne by equity interests holders of the Project Company shall be in proportion to their respective equity interest in Yinxiu JV.
- Profit/loss sharing : The profit/loss in respect of Yinxiu JV shall be shared by equity interests holders of the Project Company in proportion to their respective equity interest in Yinxiu JV.
- Future financing : Capital for the Yinxiu Expressway Project shall be financed by the registered capital of Yinxiu JV. Any additional funding requirements of Yinxiu JV shall be arranged by Yinxiu JV with banks or financial institutions.
- Restriction on transfers : The equity interests holders of the Project Company shall not transfer or assign all or any part of its equity interest in Yinxiu JV without written consent from the other parties.

## OWNERSHIP STRUCTURE OF YINXIU JV

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



## INFORMATION ON YINXIU JV AND YINXIU EXPRESSWAY PROJECT

Yinxiu JV is a joint venture company to be formed by CSCIICL, CCFED (and its nominee (if any)) and CCTEB for the purpose of project financing investment, survey and design, construction management, operation, maintenance and transfer of the Yinxiu Expressway Project.

The Yinxiu Expressway Project is a Public-Private-Partnership (PPP) project in respect of construction, operation and management of the expressway connecting Xiushan (Qianyujie) and Yinjiang in Guizhou Province (貴州省秀山(黔渝界)至印江高速公路PPP項目). The expressway is a two-way four-lane expressway with a total length of 52.68 kilometres, a designed speed of 80 kilometre per hour and a land width of 24.5 metres with 34 bridges and 12 tunnels. The construction period is expected to be three years.

It was tentatively agreed that upon completion of construction works, the relevant governmental authority will grant an exclusive operation license to Yinxiu JV for the management and operation of the expressway for a period of 30 years. Upon expiry of the operation period, the expressway shall be transferred back to the relevant governmental authority.

## REASONS FOR AND BENEFITS OF THE TRANSACTION

Each of CCFED and CCTEB has substantial experience in construction markets. The Transaction provides the Company with the opportunity to participate in infrastructure construction projects in the PRC with CCFED and CCTEB as 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 CCFED and CCTEB.

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.

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

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

CSCECL is a contractor which is principally engaged in construction works in various cities of the PRC.

China Merchants Chongqing is principally engaged in survey and design work. 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, China Merchants Chongqing and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Each of CCFED and CCTEB is a subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, each of CCFED and CCTEB 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 in Rule 14A.06 of 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 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:

- “CCFED” 中國建築第四工程局有限公司 (China Construction Fourth Engineering Division Corp. Ltd.), a limited liability company established in the PRC and a subsidiary of CSCECL;
- “CCTEB” 中建三局集團有限公司 (China Construction Third Engineering Bureau Group Co. Ltd.), a limited liability company established in the PRC and a subsidiary of CSCECL;
- “China Merchants Chongqing” 招商局重慶交通科研設計院有限公司 (China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd.), a limited liability company established in the PRC;
- “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 persons”,  
“percentage ratios”,  
“subsidiary” each has the meaning ascribed to it in the Listing Rules;
- “Cooperation Agreement” the cooperation agreement between CSCIICL, CCFED and CCTEB dated 23 September 2016 in relation to the formation of Yinxiu JV for the purposes of investing into the Yinxiu Expressway 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 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;
“Investment Agreement”	an agreement to be entered into between each member of the Tender Consortium and Tongren District Transportation Department in relation to the investment arrangements of the Yinxiu Expressway 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;
“Project Agreement”	an agreement to be entered into between Yinxiu JV and Tongren District Transportation Department for the purpose of project financing investment, survey and design, construction management, operation, maintenance and transfer of Yinxiu Expressway Project;
“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;
“Tender Consortium”	a contractual organisation formed by CSCICL, CCFED, CCTEB, CSCECL and China Merchants Chongqing for the purpose of submitting the tender relating to the Yinxiu Expressway Project;
“Transaction”	the entering into of the Cooperation Agreement and the transactions contemplated thereunder;
“Yinxiu JV”	a joint venture company to be established as a limited liability company pursuant to the Cooperation Agreement;

“Yinxiu Expressway Project”

the Public-Private-Partnership (PPP) project in relation to construction, operation and management of the expressway connecting Xiushan (Qianyujié) and Yinjiang in Guizhou Province (貴州省秀山(黔渝界)至印江高速公路PPP項目), details of which are set out in the section headed “Information on Yinxiu JV and Yinxiu Expressway Project” of this announcement; 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 RMB0.84 = 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, 23 September 2016

*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.*