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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 INVESTMENT CONSORTIUM IN FOSHAN
DEVELOPMENT PROJECT**

On 7 April 2016, CSCIICL and CCEED entered into the JV Agreement, pursuant to which the parties agreed to (i) form the Investment Consortium for the purposes of investing into the Foshan Development Project; (ii) regulate their respective rights and obligations in the Investment Consortium; and (iii) set out the principles underlying the Project Company to be formed by the Investment Consortium with the Project Partner.

CCEED is a wholly-owned 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 for 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, CSCIICL and CCEED has jointly submitted its bid for the Foshan Development Project to Foshan Shunde Urban Construction of Land and Water Conservancy Bureau. Pursuant to the tender documents, if the bid for the Foshan Development Project is awarded to CSCIICL and CCEED, CSCIICL and CCEED will enter into further documents with Foshan Shunde Urban Construction of Land and Water Conservancy Bureau or its designated entity in relation to the Foshan Development Project.

On 7 April 2016, CSCIICL and CCEED entered into the JV Agreement, pursuant to which the parties agreed to (i) form the Investment Consortium for the purposes of investing into the Foshan Development Project; (ii) regulate their respective rights and obligations in the Investment Consortium; and (iii) set out the principles underlying the Project Company to be formed by the Investment Consortium with the Project Partner.

JV AGREEMENT

Date

7 April 2016

Parties

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

(A) Formation of the Investment Consortium

Parties' interest : CSCIICL and CCEED shall be interested in the Investment Consortium as to 80% and 20%, respectively.

Purpose : The Investment Consortium is established for the purpose of investing into the Foshan Development Project. Please refer to the section headed "Information on the Foshan Development Project" below for further details of the Foshan Development Project.

Pursuant to the tender documents, if the bid for the Foshan Development Project is awarded to CSCIICL and CCEED, members of the Investment Consortium and the Project Partner (the designated entity of Foshan Shunde Urban Construction of Land and Water Conservancy Bureau) will further form the Project Company for the project financing investment, construction management and payments receivable of the Foshan Development Project. Please refer to the section headed "JV Agreement — (B) Structure of the Project Company" below for further details of the Project Company to be formed.

Decision-making : All decisions made by the Investment Consortium shall be approved by CSCIICL and CCEED unanimously.

Capital Commitments : CSCIICL and CCEED shall contribute towards 80% the registered capital of the Project Company (being the Investment Consortium's aggregate interest in the Project Company) in proportion to their interest in the Investment Consortium. As detailed in the section headed "JV Agreement — (B) Structure of the Project Company" below, CSCIICL shall contribute RMB128,000,000 (equivalent to approximately HK\$153,477,218) towards the registered capital of the Project Company.

(B) Structure of the Project Company

Pursuant to the tender documents, members of the Investment Consortium and the Project Partner shall establish the Project Company for the project financing investment, construction management and payments receivable of the Foshan Development Project. CSCIICL, CCEED and the Project Partner shall hold 64%, 16% and 20% equity interest in the Project Company, respectively.

In accordance with the requirements set out in the tender documents, CSCIICL and CCEED agreed to the following major terms concerning the Project Company in the JV Agreement:

Registered Capital : The Project Company shall have a registered capital of RMB200,000,000 (equivalent to approximately HK\$239,808,153), which shall be contributed by CSCIICL, CCEED and the Project Partner in proportion to their respective equity interest in the Project Company as follows:

CSCIICL	RMB128,000,000 (equivalent to approximately HK\$153,477,218)
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CCEED	RMB32,000,000 (equivalent to approximately HK\$38,369,305)
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Project Partner	RMB40,000,000 (equivalent to approximately HK\$47,961,631)
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The respective contribution to the registered capital of the Project Company is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Foshan Development Project and the parties' interest in the Project Company.

Board composition : The Project Company shall establish the board of directors. The specific composition and appointment shall be negotiated and decided by the Investment Consortium and the Project Partner separately. However, the rights and obligations enjoyed by and borne by CSCIICL or CCEED shall be in proportion to their respective equity interest in the Project Company.

Management and operation : Pursuant to the JV Agreement, it is intended that CCEED will enter into a general construction contracting agreement with the Project Company, pursuant to which CCEED will undertake the construction work of the Foshan Development Project as a main contractor. The details of such construction contracting arrangement will be specified in the investment construction agreement to be entered into between the Project Company and the Foshan Shunde Urban Construction of Land and Water Conservancy Bureau relating to the project financing investment, construction management and payments receivable of the Foshan Development Project.

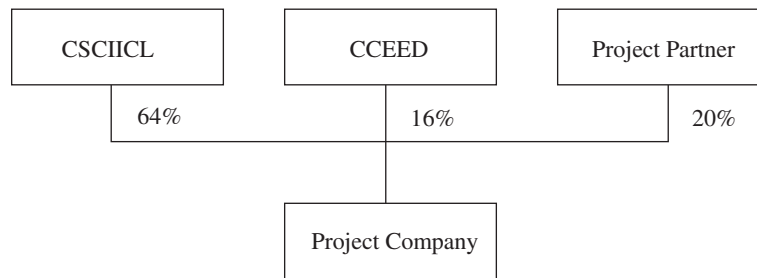
Future financing : Any additional funding requirements (other than the registered capital) of the Project Company shall be arranged by the Project Company.

Profit/loss sharing of the Project Company : The profit/loss in respect of the Project Company shall be shared by CSCIICL, CCEED and the Project Partner in proportion to their respective equity interest in the Project Company.

Restriction on transfers : Neither CSCIICL or CCEED shall transfer or assign all or any part of its equity interest in the Project Company without written consent from the other parties.

OWNERSHIP STRUCTURE OF THE PROJECT COMPANY

The chart below shows the ownership structure of the Project Company upon its establishment:



INFORMATION ABOUT THE INVESTMENT CONSORTIUM AND THE PROJECT COMPANY

The Investment Consortium is established for the purpose of investing into the Foshan Development Project. The Investment Consortium is not an independent legal entity.

The Project Company is a joint venture company formed by members of the Investment Consortium and the Project Partner and is expected to be commissioned to take charge of the project financing investment, construction management and payments receivable of the Foshan Development Project.

INFORMATION ON THE FOSHAN DEVELOPMENT PROJECT

The Foshan Development Project is a Public-Private-Partnership (PPP) project in respect of the construction of comprehensive municipal infrastructure facilities of the Yongfeng, Yunlu and Junan districts in Shunde, Foshan. The joint development period is expected to be no more than eight years and the construction period is expected to be no more than four years.

Upon expiration of the joint development period, the Foshan Development Project shall be transferred back to the relevant governmental authority.

REASONS FOR AND BENEFITS OF THE TRANSACTION

CCEED is a contractor in the PRC construction market. The Transaction provides the Company with the opportunity to participate in construction and development projects in the PRC with CCEED as a joint venture partner, and bringing synergy effect between both 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 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.

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

CCEED is a wholly-owned 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 for 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:

“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”, “percentage ratios”, “subsidiary”	each has the meaning ascribed to it in the Listing Rules;
“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 wholly-owned subsidiary of CSCECL;
“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;
“Foshan Development Project”	the Public-Private-Partnership (PPP) project in respect of the construction of comprehensive municipal infrastructure facilities of the Yongfeng, Yunlu and Junan districts in Shunde, Foshan, details of which are set out in the section headed “Information on the Foshan Development Project” of this announcement;
“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 Consortium”	a contractual organization formed by CSCIICL and CCEED for the purpose of investing into the Foshan Development Project;
“JV Agreement”	the joint venture agreement between CSCIICL and CCEED dated 7 April 2016 in relation to the formation of the Investment Consortium and the Project Company for the purposes of investing into the Foshan Development 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 Company”	a joint venture company to be established as a limited liability company by members of the Investment Consortium and the Project Partner and is expected to be commissioned to take charge of the project financing investment, construction management and payments receivable of the Foshan Development Project;
“Project Partner”	廣東順德東部新城投資開發有限公司 (Guangdong Shunde East Xincheng Investment Development Limited), a company established under the laws of the PRC, which will own 20% equity interest in the Project Company upon its establishment;
“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 JV 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 RMB0.834 = 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, 7 April 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.