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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO CONNECTION SERVICES FOR HEATING PIPES**

Reference is made to the announcement issued by the Company dated 26 June 2015 in relation to the Previous Master Connection Services Agreement entered into between the Company and COLI which will expire on 31 December 2018.

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
CONNECTION SERVICES FOR HEATING PIPES**

The Previous Master Connection Services Agreement will expire on 31 December 2018. The Directors expect that the Company (through SHTCL) will continue to participate in the provision of connection services for heating pipes for Heating Pipes Project(s) to COLI Group from time to time. In this connection, on 19 December 2018, the Company and COLI entered into the New Master Connection Services Agreement for a term of three years commencing from 1 January 2019 and ending on 31 December 2021 subject to the New Connection Services Cap.

LISTING RULES IMPLICATIONS

COHL is interested in approximately 55.99% of the issued share capital of COLI and approximately 64.66% of the issued share capital of the Company. Accordingly, members of the COLI Group are connected persons of the Group. The transactions contemplated under the New Master Connection Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New Master Connection Services Agreement (i.e. the New Connection Services Cap) exceed 0.1% but are less than 5%, the transactions contemplated under the New Master Connection Services Agreement are subject only to annual review, reporting and announcement requirements, and are exempt from independent shareholders' approval requirements.

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- (a) the Company (through SHTCL) may provide heating pipes connection services for Heating Pipes Project(s) that involve the connection of sets of heating pipes, which allow the provision of heat from thermal plants to Heating Pipes Project(s);
- (b) the parties may from time to time enter into further implementation agreements, which set out the detailed terms in relation to heating pipes connection services for Heating Pipes Project(s). The terms under further implementation agreements will be negotiated on an arm's length basis between the parties;
- (c) the maximum contract sums which may be awarded to the Group by COLI Group under the New Master Connection Services Agreement for each of the three years ending 31 December 2021 shall not exceed HK\$80 million (i.e. the New Connection Services Cap); and
- (d) the payment of service fees will be settled pursuant to the payment terms as detailed in specific implementation agreements.

Pricing policy and price determination

The fees for heating pipes connection services will be determined by the Group with reference to the prevailing market price of similar heating services offered by other comparable service providers in the vicinity of the Heating Pipes Project(s) as well as the coverage of heating services, the location, size and development status of the Heating Pipes Project(s), heat capacity and the cost of heating pipes connection. The Group will ensure that the fees for heating pipes connection services payable by COLI Group are no less favourable than those of the same or comparable connection service arrangements offered to an independent third party.

The prices and terms of the Group's tenders submitted to COLI Group for the heating pipes connection services are subject to the Group's tender submission procedures, which apply to tenders submitted to both connected persons and independent third parties. The Group will conduct initial assessment of technical requirements, customer's expectations and all possible risk factors. The Group will then perform site inspection, formulate a practicable construction program and conduct risk assessment. Thereafter, the Group will review the costs and materials supply information maintained by its in-house computer database from its previous projects, and pricing information from the open market. These information will assist the Group in

preparing a competitive tender report and conducting internal tender adjudication. A review committee, comprising the various department heads and senior management, will decide the contents and pricing term of the tender.

Calculation of the New Connection Services Cap

The New Connection Services Cap is calculated with reference to the following factors:

- (i) the total contract sum awarded to the Group by COLI Group under the Previous Master Connection Services Agreement for the year ended 31 December 2016 amounted to approximately HK\$36.1 million; for the year ended 31 December 2017 amounted to approximately HK\$47.4 million; and for the period between 1 January 2018 to 30 June 2018 amounted to approximately HK\$22.7 million; and
- (ii) future projection of the relevant project development plans of COLI Group in the three-year period commencing from 1 January 2019 and ending on 31 December 2021 and the Group's connection services capacity for such period.

Reasons for the Transactions

As the Previous Master Connection Services Agreement will expire on 31 December 2018, the Company and COLI have entered into the New Master Connection Services Agreement to renew and continue the cooperation and arrangement contemplated under the Previous Master Connection Services Agreement. COLI Group has a number of real estate projects in Shenyang and locations of some of such projects are within the coverage areas where SHTCL is capable to provide connection services for heating pipes. The Directors believe the transactions contemplated under the New Master Connection Services Agreement will not only continue to increase the income from the provision of the connection services for heating pipes, but will also continue to increase the heat supply area and the revenue generated from the supply of heat in the future.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the New Master Connection Services Agreement are expected to be entered into in the ordinary and usual course of business of the Group, and the New Master Connection Services Agreement (together with the New Connection Services Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New Master Connection Services Agreement (together with the New Connection Services Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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As none of the Directors has a material interest in the transactions contemplated under the New Master Connection Services Agreement, no Director is required to abstain from voting on the resolution of the Board approving the transactions contemplated under the New Master Connection Services Agreement.

Shareholders should note that the New Connection Services Cap represents the best estimate by the Directors of the amount(s) of the relevant transaction(s) for each of the three years ending on 31 December 2021 based on the information currently available. The New Connection Services Cap bears no direct relationship to, nor should be taken to have any direct bearing to, the Group's financial or potential financial performance. COLI Group may or may not engage the Company (through SHTCL) to provide heating pipes connection services for Heating Pipes Project(s) up to the level of the New Connection Services Cap.

INFORMATION OF THE PARTIES

The Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy businesses.

SHTCL is a company incorporated in the PRC and is a wholly-owned subsidiary of the Company. It is principally engaged in the provision of connection services for heating pipes, and the supply of heat, electricity and steam.

COLI Group is principally engaged in property development and investment and other operations.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors;
"COHL"	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, which is interested, directly and indirectly, in approximately 55.99% and 64.66% of the issued share capital of COLI and the Company respectively;
"COLI"	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);

"COLI Group"	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
"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)", "subsidiary(ies)"	each has the meaning ascribed to it under the Listing Rules;
"Directors"	the directors of the Company;
"Group"	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
"Heating Pipes Project(s)"	real estate project(s), which is (are) located in Shenyang, developed by COLI Group;
"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;
"Macau"	the Macao Special Administrative Region of the PRC;
"New Connection Services Cap"	the maximum total contract sum that may be awarded by COLI Group to the Group for each of the three years ending 31 December 2021 under the New Master Connection Services Agreement;
"New Master Connection Services Agreement"	the agreement entered into by the Company and COLI dated 19 December 2018 in relation to the provision of heating pipes connection services for Heating Pipes Project(s);
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
"Previous Master Connection Services Agreement"	the agreement entered into by the Company and COLI dated 26 June 2015 in relation to the provision of heating pipes connection services for Heating Pipes Project(s); details of which are mentioned in the announcement dated 26 June 2015 issued by the Company;

"Shareholder(s)"	holders of share(s) in the ordinary share capital of the Company;
"Shenyang"	Shenyang, Liaoning Province, the PRC;
"SHTCL"	瀋陽皇姑熱電有限公司(Shenyang Huanggu Thermoelectricity Company Limited), a company incorporated in the PRC and is a wholly-owned subsidiary of the Company, and is principally engaged in the provision of connection services for heating pipes, and the supply of heat, electricity and steam;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"%"	per cent..

By Order of the Board
**China State Construction International
Holdings Limited**
Zhou Yong
Chairman and Executive Director

Hong Kong, 19 December 2018

As at the date of this announcement, the Board comprises Mr. Zhou Yong (Chairman), 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.