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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.)

On 9 December 2016, CSCIICL (a wholly-owned subsidiary of the Company) and CCSEB entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Liupanshui JV with Liupanshui Transportation and the Financial Institution for the purpose of investing into the Liupanshui Highway Project; and (ii) regulate their respective rights and obligations in Liupanshui 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.

Since the applicable percentage ratios as defined under 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

On 9 December 2016, CSCIICL (a wholly-owned subsidiary of the Company) and CCSEB entered into the Cooperation Agreement, pursuant to which the parties agreed to (i) form Liupanshui JV with Liupanshui Transportation and the Financial Institution for the purpose of investing into the Liupanshui Highway Project; and (ii) regulate their respective rights and obligations in Liupanshui JV. It is contemplated

that Liupanshui JV will enter into the Concession Agreement with Liupanshui District Transportation Department whereby Liupanshui JV will be responsible for project financing investment, design, construction management, operation, maintenance and transfer of Liupanshui Highway Project.

COOPERATION AGREEMENT

Date

9 December 2016

Parties

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

Formation of Liupanshui JV

CSCIICL, CCSEB, Liupanshui Transportation and the Financial Institution shall establish Liupanshui JV for the purpose of investing into the Liupanshui Highway Project. CSCIICL, CCSEB, Liupanshui Transportation and the Financial Institution shall hold 15%, 15%, 20% and 50% equity interest in Liupanshui JV, respectively. Liupanshui JV will be accounted for as a joint venture of the Group.

CSCIICL and CCSEB agreed to the following major terms concerning Liupanshui JV in the Cooperation Agreement:

Capital Commitment : Registered capital of Liupanshui JV

Liupanshui JV shall have a registered capital of RMB100,000,000 (equivalent to approximately HK\$109,890,110), which shall be contributed by equity interest holders of Liupanshui JV in proportion to their respective equity interest in Liupanshui JV as follows:

CSCIICL	RMB15,000,000 (equivalent to approximately HK\$16,483,516)
CCSEB	RMB15,000,000 (equivalent to approximately HK\$16,483,516)

Liupanshui Transportation	RMB20,000,000 (equivalent to approximately HK\$21,978,022)
The Financial Institution	RMB50,000,000 (equivalent to approximately HK\$54,945,056)

Total investment amount of Liupanshui JV

Liupanshui JV shall have a total investment amount (including the registered capital of Liupanshui JV) of RMB1,343,090,000 (equivalent to approximately HK\$1,475,923,077), which shall be contributed by equity interest holders of Liupanshui JV in proportion to their respective equity interest in Liupanshui JV as follows:

CSCIICL	RMB201,463,500 (equivalent to approximately HK\$221,388,462)
CCSEB	RMB201,463,500 (equivalent to approximately HK\$221,388,462)
Liupanshui Transportation	RMB268,618,000 (equivalent to approximately HK\$295,184,615)
The Financial Institution	RMB671,545,000 (equivalent to approximately HK\$737,961,538)

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

Performance bond by CSCIICL and CCSEB

As CSCIICL and CCSEB will undertake the construction work of the Liupanshui Highway Project, a performance bond in the sum of RMB500,000,000 (equivalent to approximately HK\$549,450,550) shall be provided to Liupanshui District Transportation Department after the signing of the Concession Agreement. The performance bond shall be contributed by CSCIICL and CCSEB severally in equal shares as follows:

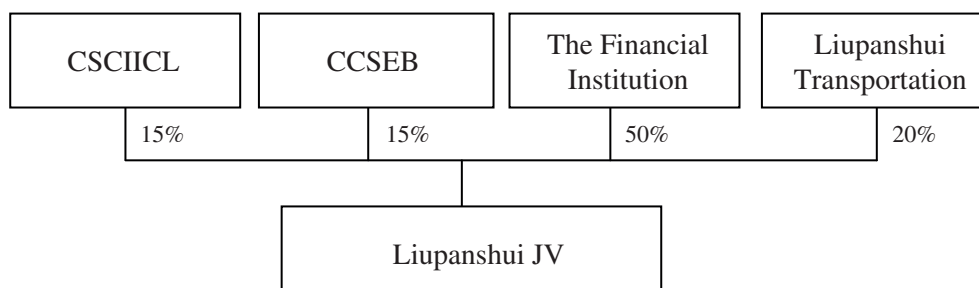
CSCIICL	RMB250,000,000 (equivalent to approximately HK\$274,725,275)
CCSEB	RMB250,000,000 (equivalent to approximately HK\$274,725,275)

Such performance bond shall remain effective until completion of the construction phase of Liupanshui Highway Project.

- Board composition : The specific composition and appointment shall be separately negotiated and decided by the equity interest holders of Liupanshui JV. However, the appointment and the rights and obligations enjoyed by and borne by CSCIICL and CCSEB shall be in proportion to their respective equity interest in Liupanshui JV.
- Profit/loss sharing : The specific profit/loss sharing in respect of Liupanshui JV shall be separately negotiated and decided by the equity interest holders of Liupanshui JV. However, so far as between CSCIICL and CCSEB, any such profit/loss shall be shared by them in equal proportions.
- Future financing : Capital for the Liupanshui Highway Project shall be financed by the registered capital and the total investment amount of Liupanshui JV. Any additional funding requirements of Liupanshui JV shall be arranged by Liupanshui JV with banks or financial institutions.
- Restriction on transfers : Neither CSCIICL nor CCSEB may transfer or assign all or any part of its equity interest in Liupanshui JV without written consent from the other parties.

OWNERSHIP STRUCTURE OF LIUPANSHUI JV

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



INFORMATION ON LIUPANSHUI JV AND LIUPANSHUI HIGHWAY PROJECT

Liupanshui JV is a joint venture company to be formed by CSCIICL, CCSEB, Liupanshui Transportation and the Financial Institution for the purpose of project financing investment, design, construction management, operation, maintenance and transfer of Liupanshui Highway Project.

The Liupanshui Highway Project is a Public-Private-Partnership (PPP) project in respect of construction, operation and management of the highway connecting Daipingzi and Dongdi in Liupanshui District, Guizhou Province (貴州省六盤水市大坪子至董地一級公路一期工程PPP項目). The highway is a two-way highway with two to six lanes. It has a total length of 45.76 kilometres, a designed speed up to 60 kilometre per hour and a land width up to 30 metres. The construction period is expected to be three years.

Upon completion of construction works, the relevant governmental authority will grant a concession to Liupanshui JV for the management and operation of the highway for a period of 27 years. Upon expiry of the operation period, the highway shall be transferred back to the relevant governmental 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 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, 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.

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

Liupanshui Transportation is a state-owned enterprise and is principally engaged in the investment and management of transportation construction projects, investment and development of lands and related infrastructure of transportation construction projects. The Financial Institution is a government recognised financial institution in the PRC. 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, each of Liupanshui Transportation and the Financial Institution and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

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.

Since the applicable percentage ratios as defined under 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:

- “CCSEB” 中國建築第二工程局有限公司 (China Construction Second Engineering Bureau Ltd.), a limited liability company established in the PRC and a subsidiary of CSCECL;
- “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);
- “Concession Agreement” an agreement to be entered into between Liupanshui JV and Liupanshui District Transportation Department for the purpose of project financing investment, design, construction management, operation, maintenance and transfer of Liupanshui Highway Project;
- “connected persons”, “percentage ratios”, “subsidiary” each has the meaning ascribed to it in the Listing Rules;
- “Cooperation Agreement” the cooperation agreement between CSCIICL and CCSEB dated 9 December 2016 in relation to the formation of Liupanshui JV for the purpose of investing into the Liupanshui Highway 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;
“Financial Institution”	a government recognised financial institution in the PRC;
“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;
“Liupanshui Highway Project”	the Public-Private-Partnership (PPP) project in relation to construction, operation and management of the highway connecting Daipingzi and Dongdi in Liupanshui District, Guizhou Province (貴州省六盤水市大坪子至董地一級公路一期工程PPP項目), details of which are set out in the section headed “Information on Liupanshui JV and Liupanshui Highway Project” of this announcement;
“Liupanshui JV”	a joint venture company to be established as a limited liability company pursuant to the Cooperation Agreement;
“Liupanshui Transportation”	六盤水市交通投資開發有限責任公司 (Liupanshui Transportation Investment Development Co., Ltd.), a limited liability company established in the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“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 Cooperation Agreement and the transaction 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 RMB0.91 = 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, 9 December 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.