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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)

**REVISION OF ANNUAL CAPS FOR
AND
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION
LIMITED)**

Reference is made to the announcement dated 28 October 2014 and the circular dated 18 November 2014 of the Company in relation to the Previous CSCECL Sub-construction Engagement Agreement entered into between the Company and CSCECL which will expire on 31 December 2017.

REVISION OF 2017 ANNUAL CAPS

On 6 October 2017, the Company and CSCECL entered into the Supplemental Agreement to revise the annual cap for each of the CSCECL Sub-construction Engagement Transactions and CSC Sub-construction Engagement Transactions contemplated under the Previous CSCECL Sub-construction Engagement Agreement for the year ending 31 December 2017.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

The Directors expect that the Group will continue to invite the CSCECL Group to participate in competitive tender as Contractors for the Group's construction works from time to time. The Directors also expect that the CSCECL Group will continue to invite the Group to participate in competitive tender as Contractors for the CSCECL Group's construction works from time to time. As the Previous CSCECL Sub-construction Engagement Agreement (as supplemented by the Supplemental Agreement) is due to expire on 31 December 2017, on 6 October 2017, the

Company and CSCECL entered into the New CSCECL Sub-construction Engagement Agreement to renew the Previous CSCECL Sub-construction Engagement Agreement for a term of three years commencing from 1 January 2018 and ending on 31 December 2020.

LISTING RULES IMPLICATIONS

CSCECL is the intermediate holding company of the Company. Accordingly, members of the CSCECL Group are connected persons of the Company. Each of the Revision of 2017 Annual Caps under the Supplemental Agreement, the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Supplemental Agreement

Since the applicable percentage ratios as defined under the Listing Rules in respect of the revised maximum total contract sum that may be awarded by the Group to the CSCECL Group for the year ending 31 December 2017 under the Supplemental Agreement, i.e. the Revised 2017 CSCECL Cap, exceed 5%, the revision to the Revised 2017 CSCECL Cap contemplated under the Supplemental Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the revised maximum total contract sum that may be awarded by the CSCECL Group to the Group for the year ending 31 December 2017 under the Supplemental Agreement, i.e. Revised 2017 CSC Cap, exceed 5%, the revision to the Revised 2017 CSC Cap contemplated under the Supplemental Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

New CSCECL Sub-construction Engagement Agreement

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded by the Group to the CSCECL Group for each year under the New CSCECL Sub-construction Engagement Agreement, i.e. the CSCECL Sub-construction Engagement Cap, exceed 5%, the CSCECL Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded by the CSCECL Group to the Group for each year under the New CSCECL Sub-construction Engagement Agreement, i.e. the CSC Sub-construction Engagement Cap, exceed 5%, the CSC Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

The independent board committee of the Company comprising all the Independent Non-executive Directors of the Company has been formed to advise the Independent Shareholders in respect of the Revision of 2017 Annual Caps, the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions. Innovax Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the Revision of 2017 Annual Caps, the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM will be expected to be despatched to the Shareholders on or before 26 October 2017 in accordance with the Listing Rules.

The Shareholders should note that each of the Revised 2017 CSCECL Cap, the Revised 2017 CSC Cap, the CSCECL Sub-construction Engagement Cap and the CSC Sub-construction Engagement Cap represents the best estimates by the Directors of the amount of the relevant transaction based on the information currently available. Each of the Revised 2017 CSCECL Cap, the Revised 2017 CSC Cap, the CSCECL Sub-construction Engagement Cap and the CSC Sub-construction Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The Group may or may not retain the CSCECL Group to engage in construction related works up to the level of the Revised 2017 CSCECL Cap or the CSCECL Sub-construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party Contractors. Similarly, the CSCECL Group may or may not retain the Group to engage in construction related works up to the level of the Revised 2017 CSC Cap or the CSC Sub-construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party Contractors.

Reference is made to the announcement dated 28 October 2014 and the circular dated 18 November 2014 of the Company in relation to the Previous CSCECL Sub-construction Engagement Agreement entered into between the Company and CSCECL which will expire on 31 December 2017.

(A) REVISION OF 2017 ANNUAL CAPS

On 28 October 2014, the Company and CSCECL entered into the Previous CSCECL Sub-construction Engagement Agreement, pursuant to which (a) the Group will invite the CSCECL Group to participate in competitive tender as Contractors for the Group's construction works from time to time; and (b) the CSCECL Group will invite the Group to participate in competitive tender as Contractors for the CSCECL Group's construction works from time to time, provided that (i) the maximum total contract sum that may be awarded by the Group to the CSCECL Group for each of the three financial years ending 31 December 2017 shall not exceed RMB15,000 million; and (ii) the maximum total contract sum that may be awarded by the CSCECL Group to the Group for each of the three financial years ending 31 December 2017 shall not exceed RMB3,000 million.

Due to the Company's expansion in the infrastructure construction industry, the Company has been more actively engaged in the implementation of infrastructure projects to accommodate the rapid change of market environment and maximize the investment return. The Company will leverage on the substantial experience of the CSCECL Group and closely cooperate with the CSCECL Group to ensure the work quality and progress of the infrastructure projects .

As a result, the Company and CSCECL expect that the respective annual transaction amount between the Group and CSCECL for the year ending 31 December 2017 under the Previous CSCECL Sub-construction Engagement Agreement will exceed the stated annual caps based on their respective business projections. In this connection, on 6 October 2017, the Company and CSCECL entered into the Supplemental Agreement to revise the annual caps under the Previous CSCECL Sub-construction Engagement Agreement as follows:

CSCECL Sub-construction Engagement Transactions

For the year ending 31 December 2017

RMB million

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|---|--------|
| Original annual cap | 15,000 |
| Revised annual cap (i.e. Revised 2017 CSCECL Cap) | 55,000 |

CSC Sub-construction Engagement Transactions

For the year ending 31 December 2017

RMB million

| | |
|--|--------|
| Original annual cap | 3,000 |
| Revised annual cap (i.e. Revised 2017 CSC Cap) | 25,000 |

The Revised 2017 CSCECL Cap is determined with reference to the actual implementation of the CSCECL Group's construction projects and the market price after taking into account the nature of the construction project and the location of such project.

The Revised 2017 CSC Cap is determined with reference to the actual implementation of the Group's construction projects and the market price after taking into account the nature of the construction project and the location of such project.

Save for the revisions to the annual caps set out above, the other terms of the Previous CSCECL Sub-construction Engagement Agreement remain unchanged.

The Revision of 2017 Annual Caps contemplated under the Supplemental Agreement (together with the Revised 2017 CSCECL Cap and the Revised 2017 CSC Cap) will take effect conditional upon the Independent Shareholders' approval having been obtained at the EGM.

In the event that the Supplemental Agreement does not become effective, the Previous CSCECL Sub-construction Engagement Agreement will remain in full force and binding on the Company and CSCECL.

(B) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

On 6 October 2017, the Company and CSCECL entered into the New CSCECL Sub-construction Engagement Agreement to renew the Previous CSCECL Sub-construction Engagement Agreement for a term of three years commencing from 1 January 2018 and ending on 31 December 2020.

CSCECL Sub-construction Engagement Transactions

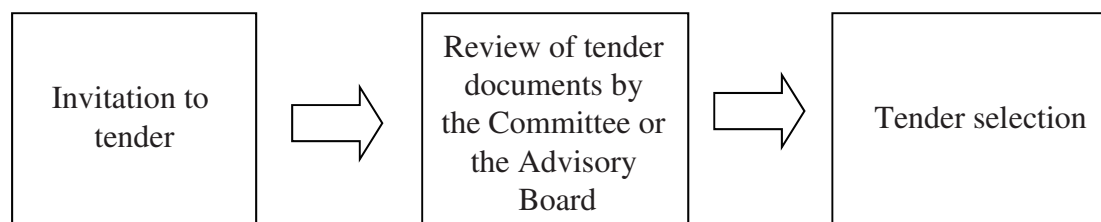
The Directors expect that the Group will continue to invite the CSCECL Group to participate in competitive tender as Contractors for the Group's construction works from time to time. Accordingly, under the New CSCECL Sub-construction Engagement Agreement, the Company and CSCECL agreed that, for a term of three years commencing from 1 January 2018 and ending on 31 December 2020:

- (a) the CSCECL Group may tender for the Group's construction works as Contractors in accordance with the tendering procedure of the Group from time to time and on the same and normal terms as offered to other independent third party Contractors;
- (b) if any contract is granted in favour of the CSCECL Group as a result of the above tender, the CSCECL Group may act as Contractors for the Group's construction works based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the Group to the CSCECL Group for each of the three financial years ending 31 December 2020 shall not exceed RMB55,000 million (i.e. the CSCECL Sub-construction Engagement Cap); and
- (c) the construction fees payable by the Group to the CSCECL Group will be settled pursuant to the payment terms set out in the tender documents for the specific sub-construction, project management, project consultancy and/or construction material supplying contracts.

Pricing basis of the contract sum awarded by the Group to the CSCECL Group

The contract sum and the terms awarded by the Group to the CSCECL Group for the Group's construction works will be negotiated on an arm's length basis and determined between the Group and the CSCECL Group subject to the standard and systematic tender review procedure maintained by the Group, which applies for tender obtained from both connected persons and independent third parties, in order to ensure that the contract sum and terms granted by the Group to the CSCECL Group is no more favourable than those granted to independent third parties.

The procedure generally involves three stages: (i) invitation to tender; (ii) review of tender documents; and (iii) tender selection. For amount of contract sum of less than RMB5,000,000, the Company's regional management team will form a committee (the "**Committee**") in reviewing the tender documents. For amount of contract sum of more than or equal to RMB5,000,000, the review of the tender documents will be conducted by the Group's sub-contracting advisory board (the "**Advisory Board**"), comprising not less than five members, which include Directors who are not employees and directors of the CSCECL Group or the COHL Group, the directors, management staff and supervisor of the relevant member of the Group and the finance personnel of the Group. In both cases, the members of the Committee or Advisory Board shall not be employees or directors of the CSCECL Group or the COHL Group and shall have no relationship with the CSCECL Group and the COHL Group.



The Group will invite submission of tender from at least three Contractors, including Contractors with or without prior working history with the Group. They are subject to qualification and evaluation from time to time based on selection criteria which are consistent with the selection criteria of Contractors by the Committee or Advisory Board as detailed in the paragraph below.

The Committee or Advisory Board will shortlist at least three tenders and make the final decision with reference to the following selection criteria:

- (1) quality of work;
- (2) measures on environmental protection, safety and workers' health undertaken;

- (3) time management and project management plan;
- (4) financial arrangement and financial ability;
- (5) material and supply management; and
- (6) past cooperation record with the Group, if any.

In determining the pricing terms, the Committee or Advisory Board will also review the cost information for materials and pricing information of previous tenders submitted to the Group in assessment of the pricing terms.

The Committee or the Advisory Board will also review and compare previous tender prices granted to both connected persons and independent third parties, so as to ensure that the tender price to be granted is not more favourable than those granted to independent third parties.

Having reviewed the above factors and information, the Committee or the Advisory Board will select the Contractor with the lowest tender amount on the condition that it also satisfies the selection criteria and principles as set out above and as set out in the tender invitation.

The relevant letter of award or contract will be issued once the final decision is made in the meeting of the Committee or the Advisory Board.

Calculation of the CSCECL Sub-construction Engagement Cap

The CSCECL Sub-construction Engagement Cap is calculated with reference to the following factors:

- (a) total contract sum of construction projects of the Group engaging the CSCECL Group for each of the two financial years ended 31 December 2016 amounted to RMB5,062,166,273.43 and RMB12,231,901,274.20, and in the period between 1 January 2017 to 30 June 2017 of RMB10,203,382,348.05;
- (b) the growth of the construction markets in the three-year period commencing from 1 January 2018 and ending on 31 December 2020 estimated by the Directors based on the increase of newly developed projects and market experience; and

- (c) the construction projects to be awarded by the Group in the three-year period commencing from 1 January 2018 and ending on 31 December 2020 as estimated by the Directors, which is based on the amount of construction work expected to be awarded to Contractors according to the Group's internal list of all projects planned to be carried out in the PRC in 2018, and the estimation that the amount of construction work and number of projects will be more or less the same in 2019 and 2020.

The CSCECL Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement (together with the CSCECL Sub-construction Engagement Cap) will take effect conditional upon the Independent Shareholders' approval having been obtained at the EGM.

CSC Sub-construction Engagement Transactions

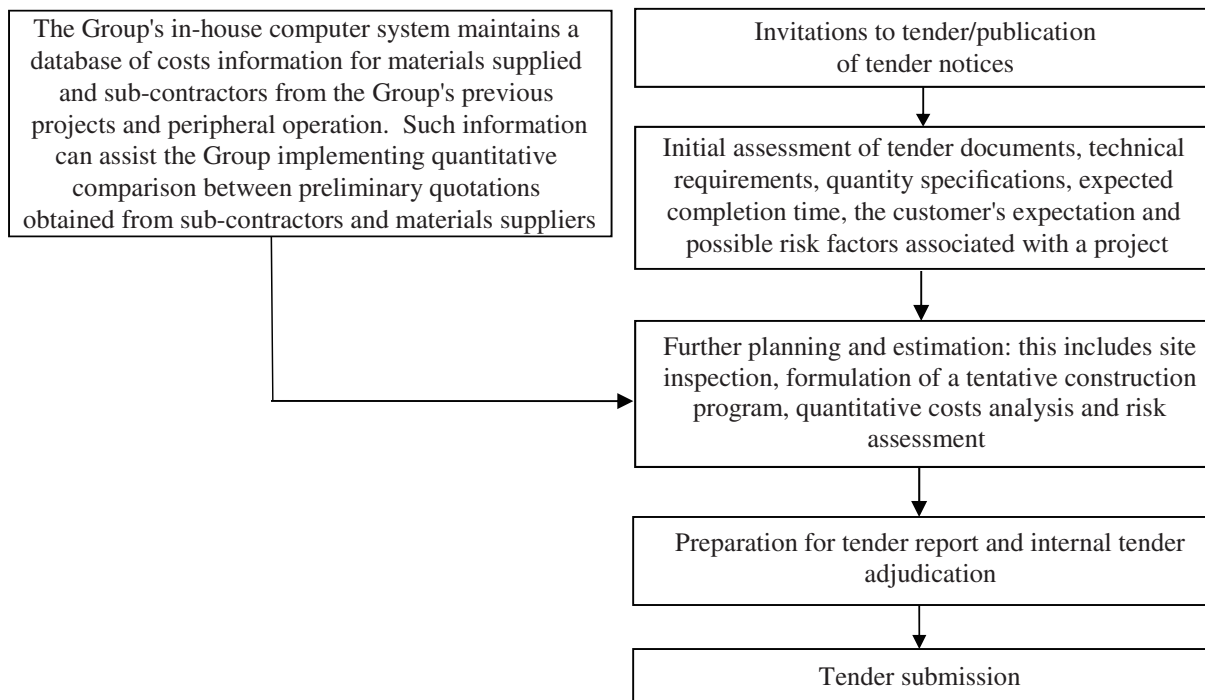
The Directors also expect that the CSCECL Group will continue to invite the Group to participate in competitive tender as Contractors for the CSCECL Group's construction works from time to time. Accordingly, under the New CSCECL Sub-construction Engagement Agreement, the Company and CSCECL also agreed, among other things, that for a term of three years commencing from 1 January 2018 and ending on 31 December 2020:

- (a) the Group may tender for the CSCECL Group's construction works as Contractors in accordance with the tendering procedure of the CSCECL Group from time to time and on the same and normal terms as offered to other independent third party Contractors;
- (b) if any contract is granted in favour of the Group as a result of the above tender, the Group may act as Contractors for the CSCECL Group's construction works based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the CSCECL Group to the Group for each of the three financial years ending 31 December 2020 shall not exceed RMB25,000 million (i.e. the CSC Sub-construction Engagement Cap); and
- (c) the construction fees payable by the CSCECL Group to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific sub-construction, project management, project consultancy and/or construction material supplying contracts.

Pricing basis of the Group's tenders submitted to the CSCECL Group

The price and terms of the Group's tenders submitted to the CSCECL Group for the CSCECL Group's construction works are subject to the standard and systematic tender submission procedure maintained by the Group, which applies for tender submitted to both connected persons and independent third parties, in order to ensure that the price and terms of the proposed tender submitted by the Group to the CSCECL Group is no more favourable than those submitted to independent third parties.

The standard and systematic tender submission procedure generally involves (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission. The procedure, as illustrated in the following diagram, will enable the Group to review the feasibility and profitability of the tender to be submitted and to decide the contents and pricing terms of the tender to be submitted.



In preparing and assessing the tender documents, the Group will take into account factors including the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible risk factors associated with the project. The Group will then perform site inspection, form a tentative construction program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the Group will review the costs information maintained by its in-house computer database for materials supplied and sub-contractors from the Group's previous projects and peripheral operation. These information will assist the Group to conduct quantitative comparison between quotations obtained from sub-contractors and on the costs of the materials. The Group will review the details of the tender to be submitted for bidding including the price analysis of each item in the tender for both tenders to be submitted to connected persons or independent third parties, and compare them with previous tenders submitted to both connected persons and independent third parties, so as to ensure that the terms and prices of the tender to be submitted are not more favourable than those submitted to independent third parties.

The review committee of the CSCECL Group which are independent of the Group (the "**Review Committee**") may approve or reject the tender submitted by the Group based on the analysis result of its tender review process. In addition, the Review Committee is also responsible for deciding the contents and pricing term of the proposed tender. If any contract is granted in favour of the Group as a result of the competitive tender, the relevant project owner of the CSCECL Group will issue a letter of award to the Group and the Group will act as the Contractor for the relevant construction works of the CSCECL Group based on the terms of the successful tender.

Calculation of the CSC Sub-construction Engagement Cap

The CSC Sub-construction Engagement Cap is calculated with reference to the following factors:

- (a) total contract sum of construction projects of the CSCECL Group engaging the Group for each of the two financial years ended 31 December 2016 amounted to RMB17,611,389 and RMB722,000,000;
- (b) total estimated contract sum of new construction projects of the CSCECL Group in the three-year period commencing from 1 January 2018 and ending on 31 December 2020, estimated with reference to the CSCECL Group's future growth and expansion for such period, which is based on the estimated amount of revenue of the CSCECL Group in 2018 and accordingly the construction work expected to be awarded to Contractors, and the estimation that such amount of revenue and construction work will be more or less the same in 2019 and 2020; and
- (c) the growth of the construction markets in the PRC in the three-year period commencing from 1 January 2018 and ending on 31 December 2020 estimated by the Directors based on the increase of newly developed projects and market experience.

The Group has not been engaged by the CSCECL Group as Contractors for the CSCECL Group's construction works in the period between 1 January 2017 to 30 June 2017 as the Group has neither identified any suitable projects from the CSCECL Group's construction works nor successfully been nominated by the CSCECL Group as Contractors through tenders.

The CSC Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement (together with the CSC Sub-construction Engagement Cap) will take effect conditional upon the Independent Shareholders' approval having been obtained at the EGM.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As the Previous CSCECL Sub-construction Engagement Agreement (as supplemented by the Supplemental Agreement) entered into between the Company and CSCECL will expire on 31 December 2017, the Company and CSCECL have entered into the New CSCECL Sub-construction Engagement Agreement.

CSCECL has substantial experience in construction markets. In the cases where the Group considers that sub-contracting its construction, project management and/or project consultancy works, and/or procuring project construction material from suppliers for its construction works would be more efficient and effective, the CSCECL Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement provides the Company with the option to engage the CSCECL Group (subject to successful tender) as Contractors for its construction works. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience and the specific construction qualifications of the CSCECL Group, and by better cost and time efficiency in managing its construction projects.

The CSCECL Group has been engaging in many construction works in various cities of the PRC. The Directors consider that the CSC Sub-construction Engagement Transactions will provide an opportunity for the Group to strengthen and further develop its construction related business and qualifications in the PRC through its participation in CSCECL Group's construction works in the PRC as Contractors. In addition, the Directors consider that the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions will allow the Group to draw on the substantial construction experiences and resources of the CSCECL Group in the PRC whereby creating favourable conditions for the Group's business development in the PRC.

The Directors (other than the Independent Non-executive Directors of the Company whose opinion will be provided after reviewing the advice of the independent

financial adviser) consider that the Revision of 2017 Annual Caps are expected to be entered into in the ordinary and usual course of business of the Group, and the Revision of 2017 Annual Caps contemplated under the Supplemental Agreement (together with the Revised 2017 CSCECL Cap and the Revised 2017 CSC Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Revision of 2017 Annual Caps (together with the Revised 2017 CSCECL Cap and the Revised 2017 CSC Cap) are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors (other than the Independent Non-executive Directors of the Company whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the CSCECL Sub-construction Engagement Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the CSCECL Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement (together with the CSCECL Sub-construction Engagement Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSCECL Sub-construction Engagement Transactions (together with the CSCECL Sub-construction Engagement Cap) are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors (other than the Independent Non-executive Directors of the Company whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the CSC Sub-construction Engagement Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the CSC Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement (together with the CSC Sub-construction Engagement Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSC Sub-construction Engagement Transactions (together with the CSC Sub-construction Engagement Cap) are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

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

The CSCECL Group is principally engaged as contractors in the PRC construction market.

CSCECL is the intermediate holding company of the Company. Accordingly, members of the CSCECL Group are connected persons of the Company. Each of the

Revision of 2017 Annual Caps under the Supplemental Agreement, the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Supplemental Agreement

Since the applicable percentage ratios as defined under the Listing Rules in respect of the revised maximum total contract sum that may be awarded by the Group to the CSCECL Group for the year ending 31 December 2017 under the Supplemental Agreement, i.e. the Revised 2017 CSCECL Cap, exceed 5%, the revision to the Revised 2017 CSCECL Cap contemplated under the Supplemental Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the revised maximum total contract sum that may be awarded by the CSCECL Group to the Group for the year ending 31 December 2017 under the Supplemental Agreement, i.e. Revised 2017 CSC Cap, exceed 5%, the revision to the Revised 2017 CSC Cap contemplated under the Supplemental Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

New CSCECL Sub-construction Engagement Agreement

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded by the Group to the CSCECL Group for each year under the New CSCECL Sub-construction Engagement Agreement, i.e. the CSCECL Sub-construction Engagement Cap, exceed 5%, the CSCECL Sub-construction Engagement Transactions contemplated under the New CSCECL Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded by the CSCECL Group to the Group for each year under the New CSCECL Sub-construction Engagement Agreement, i.e. the CSC Sub-construction Engagement Cap, exceed 5%, the CSC Sub-construction Engagement Transactions contemplated under the New CSCECL

Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

The independent board committee of the Company comprising all the Independent Non-executive Directors of the Company has been formed to advise the Independent Shareholders in respect of the Revision of 2017 Annual Caps, the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions. Innovax Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the Revision of 2017 Annual Caps, the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM will be expected to be despatched to the Shareholders on or before 26 October 2017 in accordance with the Listing Rules.

The Shareholders should note that each of the Revised 2017 CSCECL Cap, the Revised 2017 CSC Cap, the CSCECL Sub-construction Engagement Cap and the CSC Sub-construction Engagement Cap represents the best estimates by the Directors of the amount of the relevant transaction based on the information currently available. Each of the Revised 2017 CSCECL Cap, the Revised 2017 CSC Cap, the CSCECL Sub-construction Engagement Cap and the CSC Sub-construction Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The Group may or may not retain the CSCECL Group to engage in construction related works up to the level of the Revised 2017 CSCECL Cap or the CSCECL Sub-construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party Contractors. Similarly, the CSCECL Group may or may not retain the Group to engage in construction related works up to the level of the Revised 2017 CSC Cap or the CSC Sub-construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party Contractors.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

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| “associate(s)”, “connected person(s)”, “controlling shareholder(s)” and “subsidiary(ies)” | each has the meaning ascribed to it under the Listing Rules; |
| “Board” | the board of Directors; |
| “COHL” | China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company; |
| “COHL Group” | COHL and its subsidiaries from time to time (other than the Group and the COLI Group); |
| “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 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); |
| “Contractors” | collectively, construction sub-contractor, project management contractor, project consultant and/or construction material supplier; |
| “CSC Sub-construction Engagement Cap” | the maximum total contract sum of the construction sub-contracts, project management contracts, project consultancy contracts and construction material supplying contracts that may be awarded by the CSCECL Group to the Group for each year under the New CSCECL Sub-construction Engagement Agreement; |

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| “CSC Sub-construction Engagement Transactions” | the engagement by the CSCECL Group of the Group as Contractors for the CSCECL Group’s construction works as described under the sub-section headed “CSC Sub-construction Engagement Transactions” in this announcement; |
| “CSCEC” | 中國建築工程總公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC, being the ultimate holding company of the Company; |
| “CSCECL” | 中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company established in the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of CSCEC; |
| “CSCECL Group” | CSCECL and its subsidiaries (excluding the Group, the COHL Group and the COLI Group) from time to time; |
| “CSCECL Sub-construction Engagement Cap” | the maximum total contract sum of the construction sub-contracts, project management contracts, project consultancy contracts and construction material supplying contracts that may be awarded by the Group to the CSCECL Group for each year under the New CSCECL Sub-construction Engagement Agreement; |
| “CSCECL Sub-construction Engagement Transactions” | the engagement by the Group of the CSCECL Group as Contractors for the Group’s construction works as described under the sub-section headed “CSCECL Sub-construction Engagement Transactions” in this announcement; |
| “Directors” | the directors of the Company; |
| “EGM” | the extraordinary general meeting of the Company to be held to consider and approve, among other things, the Supplemental Agreement, the New CSCECL Sub-construction Engagement Agreement and the transactions contemplated thereunder; |
| “Group” | the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time; |

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| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Independent Shareholder(s)” | the Shareholder(s), other than CSCECL and its associates; |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange; |
| “Macau” | the Macao Special Administrative Region of the PRC; |
| “New CSCECL Sub-construction Engagement Agreement” | the engagement agreement entered into between the Company and CSCECL on 6 October 2017 in respect of the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions; |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement exclude Hong Kong, Macau and Taiwan; |
| “Previous CSCECL Sub-construction Engagement Agreement” | the engagement agreement entered into between the Company and CSCECL on 28 October 2014 in respect of continuing connected transactions of the Company involving (i) the engagement by the Group of the CSCECL Group as Contractors for the Group’s construction works; and (ii) the engagement by the CSCECL Group of the Group as Contractors for CSCECL Group’s construction; |
| “Revised 2017 CSC Cap” | the revised maximum total contract sum of the construction sub-contracts, project management contracts, project consultancy contracts and construction material supplying contracts that may be awarded by the CSCECL Group to the Group for the year ending 31 December 2017 under the Supplemental Agreement; |

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| “Revised 2017 CSCECL Cap” | the revised maximum total contract sum of the construction sub-contracts, project management contracts, project consultancy contracts and construction material supplying contracts that may be awarded by the Group to the CSCECL Group for the year ending 31 December 2017 under the Supplemental Agreement; |
| “Revision of 2017 Annual Caps” | the revision to the Revised 2017 CSCECL Cap and the Revised 2017 CSC Cap pursuant to the Supplemental Agreement; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Shareholder(s)” | the shareholder(s) of the Company from time to time; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Supplemental Agreement” | the supplemental agreement dated 6 October 2017 supplemental to the Previous CSCECL Sub-construction Engagement Agreement entered into between the Company and CSCECL in respect of the Revision of 2017 Annual Caps; and |
| “%” | per cent.. |

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

Hong Kong, 6 October 2017

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, Mr. Wu Mingqing and Mr. Zhang Haipeng 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.