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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
FOR ANHUI EXPRESSWAY PROJECT**

On 26 October 2017, CSCIICL (a wholly-owned subsidiary of the Company), CSCECL and CCCEG (a wholly-owned subsidiary of CSCECL) entered into the JV Agreement, pursuant to which the parties agreed to (i) form the Investment Consortium for the purposes of investing into the Anhui Expressway 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 CSCECL (as the representative of the Investment Consortium) with the Project Partners.

CCCEG is a wholly-owned subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, each of CSCECL and CCCEG 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 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

Recently, a consortium comprising CSCECL, China Railway Construction and Anhui Transportation won the bid for the Anhui Expressway Project. Pursuant to the tender documents, upon bid-winning, a project company will be established by CSCECL, China Railway Construction and Anhui Transportation on a 24.5%:24.5%:51% basis for the investment, construction and operation of the Anhui Expressway Project.

CSCECL proposes to engage CSCIICL (a wholly-owned subsidiary of the Company) and CCCEG (a wholly-owned subsidiary of CSCECL) to form an investment consortium to participate in the Anhui Expressway Project. On 26 October 2017, CSCIICL, CSCECL and CCCEG entered into the JV Agreement, pursuant to which the parties agreed to (i) form the Investment Consortium for the purposes of investing into the Anhui Expressway 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 CSCECL (as the representative of the Investment Consortium) with the Project Partners.

JV AGREEMENT

Date

26 October 2017

Parties

- (a) CSCIICL, a wholly-owned subsidiary of the Company;
- (b) CSCECL, the intermediate holding company of the Company; and
- (c) CCCEG, a wholly-owned subsidiary of CSCECL.

Formation of the Investment Consortium

Parties' interest : CSCIICL and CCCEG shall be interested in the Investment Consortium as to 70% and 30%, respectively.

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

Capital Commitments : Pursuant to the tender documents, upon bid-winning, a project company will be established by CSCECL, China Railway Construction and Anhui Transportation on a 24.5%:24.5%:51% basis for the investment, construction and operation of the Anhui Expressway Project. The Project Company shall have a registered capital of RMB4,579,000,000 (equivalent to approximately HK\$5,387,058,824). Of which, CSCECL (as the representative of the Investment Consortium) shall contribute towards 24.5% of the registered capital of the Project Company, or RMB1,121,855,000 (equivalent to approximately HK\$1,319,829,412), which shall be contributed by CSCIICL and CCCEG in proportion to their interest in the Investment Consortium as follows:

CSCIICL	RMB785,298,500	(equivalent to approximately HK\$923,880,588)
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CCCEG	RMB336,556,500	(equivalent to approximately HK\$395,948,824)
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The respective capital commitments is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Anhui Expressway Project and the parties' interest in the Investment Consortium and Project Company.

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

Revenue sharing : The revenue after tax and expenses in respect of the Project Company shall be shared by the equity interests holders of the Project Company in proportion to their respective interest in the Project Company. Of which, CSCIICL and CCCEG shall share such revenue attributable to CSCECL (as the representative of the Investment Consortium) in proportion to their interest in the Investment Consortium. The Project Company shall assume responsibility for its liabilities with its entire assets.

Restriction on transfers : The parties to the Investment Consortium shall neither transfer nor assign all or any part of its interest in the Investment Consortium without written consent from the other parties.

INFORMATION ABOUT THE INVESTMENT CONSORTIUM AND THE PROJECT COMPANY

The Investment Consortium is a contractual organisation established for the purpose of investing into the Anhui Expressway Project. The Investment Consortium is not an independent legal entity.

The Project Company is a joint venture company formed by CSCECL (as the representative of the Investment Consortium), China Railway Construction and Anhui Transportation on a 24.5%:24.5%:51% basis and is expected to be commissioned to take charge of the investment, construction and operation of the Anhui Expressway Project. The Project Company will be accounted for as an associate of the Group.

INFORMATION ON THE ANHUI EXPRESSWAY PROJECT

The Anhui Expressway Project is a Public-Private-Partnership (PPP) project in respect of two expressways in Anhui Province of the PRC, comprising (a) an expressway connecting Liyang to Ningde (Huangshan to Qiando Lake section) with a total length of 24.6 kilometres; and (b) an expressway connecting Shanghai to Wuhan (Wuwei to Yuexi section) with a total length of 196.8 kilometres.

The construction period of the Anhui Expressway Project is expected to be four years. It was tentatively agreed that upon completion of construction works, the relevant governmental authority will grant a concession licence to the Project Company for the management and operation of the expressways for a period of 30 years. Upon expiry of the concession period, the expressways shall be transferred back to the relevant governmental authority at nil consideration.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Each of CSCECL and CCCEG has substantial experience in the PRC construction markets. The Transaction provides the Company with the opportunity to participate in infrastructure construction projects in the PRC with CSCECL and CCCEG as joint venture partners, and bringing synergy effect among the parties. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience of CSCECL and CCCEG.

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.

CCCEG is principally engaged in investment, construction, operation and management of railway, highway, rail transit, integrated municipal transportation hub, large-scaled public works and infrastructure projects.

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

CCCEG is a wholly-owned subsidiary of CSCECL, which in turn is the intermediate holding company of the Company. Accordingly, each of CSCECL and CCCEG 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 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:

“Anhui Expressway Project”	the Public-Private-Partnership (PPP) project in respect of two expressways in Anhui Province of the PRC, comprising (a) an expressway connecting Liyang to Ningde (Huangshan to Qiando Lake section) with a total length of 24.6 kilometres; and (b) an expressway connecting Shanghai to Wuhan (Wuwei to Yuexi section) with a total length of 196.8 kilometres;
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“Anhui Transportation”	安徽省交通控股集團有限公司 (Anhui Transportation Holding Group Co., Ltd.), a company established under the laws of the PRC, which will own 51% equity interest in the Project Company upon its establishment;
“CCCEG”	中建交通建設集團有限公司 (China Construction Communications Engineering Group Corp. Ltd.), a limited liability company established in the PRC and a wholly-owned subsidiary of CSCECL;
“China Railway Construction”	中國鐵建股份有限公司 (China Railway Construction Corporation Limited), a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Main Board of the Stock Exchange (stock code: 1186) and The Shanghai Stock Exchange respectively, which will own 24.5% equity interest in the Project Company upon its establishment;
“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;
“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 Consortium”	a contractual organisation formed by CSCIICL, CSCECL and CCCEG for the purpose of investing into the Anhui Expressway Project;
“JV Agreement”	the joint venture agreement between CSCIICL, CSCECL and CCCEG dated 26 October 2017 in relation to the formation of the Investment Consortium for the purpose of investing into the Anhui 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 only, 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 CSCECL (as the representative of the Investment Consortium) and the Project Partners and is expected to be commissioned to take charge of the investment, construction and operation of the Anhui Expressway Project;
“Project Partners”	Anhui Transportation and China Railway Construction;
“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 RMB0.85=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, 26 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.