

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**DISCLOSEABLE TRANSACTION**  
**LAND DEVELOPMENT IN TIANJIN**

The Directors are pleased to announce that on 30 November 2007, the Company and Tianjin Binhai entered into the Co-operation Contract for the co-operation and investment through the formation of the Project Company in the consolidation and rehabilitation (which includes requisition of land, demolition and relocation work, re-allocation work, compensation, construction of fundamental infrastructures) of certain pieces of land in the Tuanbohu District on behalf of the People's Government of Jinghai County in Tianjin, PRC for sale at the Tianjin Land Transaction Centre by way of public tender and auction. The right to consolidate and rehabilitate such pieces of land is vested in Tianjin Binhai by the People's Government of Jinghai County in Tianjin, PRC under the Land Consolidation and Rehabilitation Contract dated 16 June 2006. The sale proceeds shall be first applied to repay the costs incurred in the consolidation and rehabilitation, while the People's Government of Jinghai County in Tianjin, PRC shall be entitled to 70% of the remaining proceeds and Tianjin Binhai and the Company shall share 30% of the remaining proceeds in such prescribed proportions as agreed under the Co-operation Contract.

Under the Co-operation Contract, Tianjin Binhai and SCOCL (a wholly-owned subsidiary of the Company) shall within 30 days after the signing of the Co-operation Contract (subject to an extension of a further period of not more than 30 days) establish the Project Company. The Project Company shall have a registered capital of RMB30 million (approximately HK\$31.5 million), of which RMB12 million (approximately HK\$12.6 million) shall be contributed in cash by Tianjin Binhai and RMB18 million (approximately HK\$18.9 million) in cash by SCOCL. Therefore, the Project Company will be established as a 60%-owned indirect subsidiary of the Company and the results and assets and liabilities of the Project Company will be consolidated into the Group's financial statements. In addition to the contribution to the registered capital of the Project Company, SCOCL shall inject in cash an additional amount of approximately RMB641 million (approximately HK\$673.05 million) as working capital for the Project. Such additional amount shall be injected by semi-annual instalments from January 2008 to December 2009. Tianjin Binhai shall contribute the consolidation and rehabilitation right of certain pieces of land covered by the Land Consolidation and Rehabilitation Contract into the Project. To the Company's understanding, the land use rights of such pieces of land will be granted by the land authority to the purchasers by public tender and auction only after they have undergone the consolidation and rehabilitation under the Project.

The Group's investment in the Project will be funded out of its internal resources.

As provided in the Co-operation Contract, the Project Company shall enter into a sub-contracting agreement with Tuanbohu Company, a branch company of Tianjin Binhai, for carrying out the consolidation and rehabilitation work under the Project by Tuanbohu Company. The terms of such sub-contracting agreement have not been agreed upon as at the date of this announcement and the Company and Tianjin Binhai will negotiate the terms in good faith. Upon the establishment of the Project Company, Tianjin Binhai will be a substantial shareholder of the Project Company and a connected person of the Company. Accordingly, the transactions contemplated under such sub-contracting agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements of Chapter 14A of the Listing Rules when such sub-contracting agreement is entered into.

The Project encompasses three pieces of land in the Tuanbohu District, which have an estimated total saleable area of approximately 38.4 hectares. Under the Co-operation Contract, the Company has the pre-emptive right to consolidate and rehabilitate other pieces of land covered by the Land Consolidation and Rehabilitation Contract, which have an estimated total saleable area of approximately 66.76 hectares. Detailed terms regarding the consolidation and rehabilitation of such pieces of land shall be determined by the Company and Tianjin Binhai after further negotiation. Should the Company decide to exercise such pre-emptive right, it will comply with all applicable requirements of the Listing Rules in relation thereto.

The Co-operation Contract also provides that if, after the completion of the Project, the Company and Tianjin Binhai shall decide not to proceed with new co-operation project, Tianjin Binhai agrees to transfer its 40% equity interest in the Project Company to the Company in accordance with the relevant law and on the terms to be agreed between the parties. Such transfer shall take place 90 days after the date on which the parties have agreed on the terms of transfer.

Based on the Group's total investment amount of RMB659 million (approximately HK\$691.95 million) in the Project, the entering of the Co-operation Contract by the Company constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

A circular containing, among others, details of the Co-operation Contract will be despatched to the shareholders of the Company as soon as practicable.

## **INTRODUCTION**

The Directors are pleased to announce that on 30 November 2007, the Company and Tianjin Binhai entered into the Co-operation Contract for the co-operation and investment through the formation of the Project Company in the consolidation and rehabilitation of certain pieces of land in the Tuanbohu District on behalf of the People's Government of Jinghai County in Tianjin, PRC for sale at the Tianjin Land Transaction Centre by way of public tender and auction. The right to consolidate and rehabilitate such pieces of land is vested in Tianjin Binhai by the People's Government of Jinghai County in Tianjin, PRC under the Land Consolidation and Rehabilitation Contract dated 16 June 2006. The sale proceeds shall be first applied to repay the costs incurred in the consolidation and rehabilitation, while the People's Government of Jinghai County in Tianjin, PRC shall be entitled to 70% of the remaining proceeds and Tianjin Binhai and the Company shall share 30% of the remaining proceeds in such prescribed proportions as agreed under the Co-operation Contract.

The consolidation and rehabilitation works contemplated under the Co-operation Contract include requisition of land, demolition and relocation work, re-allocation work, compensation, construction of fundamental infrastructures, with an aim of satisfying the conditions for sale by the relevant land authority by way of public tender and auction.

## **THE CO-OPERATION CONTRACT**

Date: 30 November 2007

Parties: the Company and Tianjin Binhai

To the Directors' best knowledge, information and belief having made all reasonable enquiry, Tianjin Binhai (a wholly state-owned enterprise) is independent of and not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates. None of the members of the Group had any prior transactions or relationship with Tianjin Binhai and/or its associates.

### **Formation of the Project Company**

Under the Co-operation Contract, Tianjin Binhai and SCOCL (a wholly-owned subsidiary of the Company) shall within 30 days after the signing of the Co-operation Contract (subject to an extension of a further period of not more than 30 days) establish the Project Company. The Project Company shall have a registered capital of RMB30 million (approximately HK\$31.5 million), of which RMB12 million (approximately HK\$12.6 million) shall be contributed in cash by Tianjin Binhai and RMB18 million (approximately HK\$18.9 million) in cash by SCOCL. Therefore, the Project Company will be established as a 60%-owned indirect subsidiary of the Company and the results and assets and liabilities of the Project Company will be consolidated into the Group's financial statements.

In addition to the contribution to the registered capital of the Project Company, SCOCL shall inject in cash an additional amount of approximately RMB641 million (approximately HK\$673.05 million) as working capital for the Project. Such additional amount, which is determined based on the area of the pieces of land and the agreed estimated unit costs of consolidation and rehabilitation, shall be injected by semi-annual instalments from January 2008 to December 2009. Tianjin Binhai shall contribute the consolidation and rehabilitation right of certain pieces of land covered by the Land Consolidation and Rehabilitation Contract into the Project. To the Company's understanding, the land use rights of such pieces of land will be granted by the land authority to the purchasers by public tender and auction only after they have undergone the consolidation and rehabilitation under the Project.

The Group's investment in the Project will be funded out of its internal resources.

The board of directors of the Project Company shall comprise three directors, two of which shall be nominated by the Company and the remaining one by Tianjin Binhai. The legal representative of the Project Company shall be the chairman of the Project Company nominated by the Company. The board of directors of the Project Company shall be the decision-making authority of the Project Company for all matters of the Project Company.

### **Sub-contracting arrangement**

As provided in the Co-operation Contract, the Project Company shall enter into a sub-contracting agreement with Tuanbohu Company, a branch company of Tianjin Binhai, for carrying out the consolidation and rehabilitation work under the Project by Tuanbohu Company. The terms of such sub-contracting agreement have not been agreed upon as at the date of this announcement and the Company and Tianjin Binhai will negotiate the terms in good faith. However, the subsidiaries of the Company (including SCOCL) may accept engagement to construct the infrastructures under the Project and participate in specific construction works in relation to the land consolidation and rehabilitation.

Upon the establishment of the Project Company, Tianjin Binhai will be a substantial shareholder of the Project Company and a connected person of the Company. Accordingly, the transactions contemplated under such sub-contracting agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements of Chapter 14A of the Listing Rules when such sub-contracting agreement is entered into.

### **Scheduled time of completion of the Project**

Tianjin Binhai and Tuanbohu Company shall by stages consolidate and rehabilitate all pieces of land under the Project so that they satisfy the criteria for sale by public tender and auction within the two years of 2009 and 2010 in accordance with the scope of obligations of Tianjin Binhai prescribed under the Land Consolidation and Rehabilitation Contract and procure that the sale procedures be completed within the same period.

### **Responsibilities of the parties**

The principal responsibilities of Tianjin Binhai include the following:

1. together with the Company, establishing a unit with relevant capabilities which will conduct the overall planning of the land under the Project;

2. obtaining the required approvals from the relevant government authorities for the Project, and coordinating with the relevant authorities to complete the advancement and approval works for the public sale procedures of the land use rights of the land consolidated and rehabilitated under the Project; and
3. supervising Tuanbohu Company in its carrying out certain consolidation and rehabilitation works under the Project, and guaranteeing that the land concerned will satisfy the criteria for sale by public tender and auction and the sale of the land concerned will be completed within the stipulated time.

The principal responsibilities of the Company include the following:

1. funding within the stipulated time schedule the working capital for the Project;
2. guaranteeing that the Project Company shall provide Tuanbohu Company with necessary funds within such time frame and in such amounts according to the agreed payment schedule; and
3. if, during the execution of the Project, the annual expenses for the Project exceed the agreed amount, procuring the Project Company to apply to the Company for adjustment of the required annual amount.

### **Pre-emptive right to consolidate and rehabilitate other pieces of land**

The Project encompasses three pieces of land in the Tuanbohu District, which have an estimated total saleable area of approximately 38.4 hectares. Under the Co-operation Contract the Company shall have the pre-emptive right over the consolidation and rehabilitation of other pieces of land covered by the Land Consolidation and Rehabilitation Contract, which have an estimated total saleable area of approximately 66.76 hectares. Detailed terms regarding the consolidation and rehabilitation of such pieces of land shall be determined by the Company and Tianjin Binhai after further negotiation.

Should the Company decide to exercise such pre-emptive right, it will comply with all applicable requirements of the Listing Rules in relation thereto.

### **Special terms**

1. Tianjin Binhai shall provide a guarantee in favour of the Company or SCOCL for any loss and damages that the Company or SCOCL may sustain as a result of a breach of the Co-operation Contract by Tianjin Binhai during the execution of the Project. It is expected that such guarantee will be given before the establishment of the Project Company.

2. Tianjin Binhai shall support the Project Company to obtain from the People's Government of Jinghai County in Tianjin, PRC its written confirmation as to the scope of the consolidation and rehabilitation works participated by the Project Company under the Project.
3. (1) If, after the completion of the Project, the Company or its designated entity participates in the public tender and auction for sale of the land consolidated and rehabilitated under the Project and obtains the relevant land use rights, Tianjin Binhai shall, after completion of the sale of the land, return in full the actual investment amount injected by the Company under the Project.  
  
(2) If, however, the Company or its designated entity does not obtain such land use rights under such tender and auction, Tianjin Binhai agrees to compensate the Company after the completion of the sale of the land and the compensation shall comprise:
  - (a) the actual investment amount injected by the Company under the Project;
  - (b) interest on the actual investment amount injected by the Company under the Project, calculated on the basis of the contemporary lending interest rate quoted by the People's Bank of China and accruing from the date on which the fund is credited to the bank account of Tuanbohu Company; and
  - (c) the profits generated from the Project to which the Company is entitled.  
(3) If the Company or its designated entity obtains the land use rights of only part of the land consolidated and rehabilitated under the Project, sub-paragraph 3(1) above shall apply in proportion to the area of the land whose land use rights are so obtained by the Company or its designated entity and sub-paragraph 3(2) above shall apply in proportion to the area of the land whose land use rights are not so obtained by the Company or its designated entity.

It is the present intention of the Group to participate in the public tender and auction to purchase the land consolidated and rehabilitated under the Project.

4. The parties agree that for a particular piece of land consolidated and rehabilitated under the Project, the parties may distribute the profits (after deducting the costs incurred for such piece of land) derived from the consolidation and rehabilitation of such piece of land within 90 days after the procedures for the sale of such piece of land have been completed.



5. If the Company exercises the pre-emptive right over the consolidation and rehabilitation of other pieces of land as mentioned above, the special terms set out in paragraphs 3 and 4 above shall apply in relation to the consolidation and rehabilitation of such other pieces of land with corresponding changes.
6. If, after the conclusion of the Project, the Company and Tianjin Binhai shall decide not to proceed with new co-operation project, Tianjin Binhai agrees to transfer its 40% equity interest in the Project Company to the Company in accordance with the relevant law and on the terms to be agreed between the parties. Such transfer shall take place 90 days after the date on which the parties have agreed on the terms of transfer.

## **REASONS FOR ENTERING INTO THE CO-OPERATION CONTRACT**

The Group is principally engaged in building construction and civil engineering.

The principal business activities of Tianjin Binhai include construction and development in civil engineering projects, development and sale of real estate, investment in other industries and corporate planning.

By participating in the Project, the Group will be able to share the proceeds from the sale of the land consolidated and rehabilitated under the Project in the manner mentioned in the section headed “Introduction” above. Further, the Group will be given the opportunity to purchase the land consolidated and rehabilitated under the Project by public tender and auction and, if it fails to purchase all pieces of such land, will be compensated by Tianjin Binhai as described above.

The Directors consider that the Group’s involvement of land consolidation and rehabilitation in the PRC under the Project can enlarge the construction-related investments of the Group, which will increase the shareholders’ value. Driven by the development of Bohai Bay (環渤海灣) under the Eleventh Five-Year Plan of the PRC, the Directors consider that the Group will benefit from the economic growth in Tianjin through the involvement in land development in Tianjin. Tianjin Binhai is experienced in land development in Tianjin. The Directors believe that Tianjin Binhai will bring valuable experience and expertise in land development to the Group through the synergistic partnership established under the Project.

The Directors are of the view that the terms of the Co-operation Contract are fair and reasonable and in the interests of the shareholders of the Company as a whole.



## LISTING RULES IMPLICATIONS

Based on the Group's total investment amount of RMB659 million (approximately HK\$691.95 million) in the Project, the entering of the Co-operation Contract by the Company constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

A circular containing, among others, details of the Co-operation Contract will be despatched to the shareholders of the Company as soon as practicable.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“connected person(s) ”	has the meaning ascribed to it under the Listing Rules
“Co-operation Contract”	the co-operation contract entered into between the Company and Tianjin Binhai on 30 November 2007 in relation to the Project
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Consolidation and Rehabilitation Contract”	the land consolidation and rehabilitation contract entered into between the People's Government of Jinghai County in Tianjin, PRC and Tianjin Binhai on 16 June 2006, pursuant to which Tianjin Binhai was granted the right to consolidate and rehabilitate certain pieces of land in the Tuanbohu District by the People's Government of Jinghai County in Tianjin, PRC

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Project”	the consolidation and rehabilitation of certain pieces of land in the Tuanbohu District as contemplated under the Co-operation Contract
“Project Company”	the project company to be established as a PRC domestic joint venture company with limited liability by Tianjin Binhai and SCOCL pursuant to the Co-operation Contract
“RMB”	Renminbi, the lawful currency of the PRC
“SCOCL”	深圳中海建築有限公司 (Shenzhen China Overseas Construction Limited, being its unofficial English translation), a wholly-owned subsidiary of the Company
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Binhai”	天津濱海發展投資控股有限公司 (Tianjin Binhai Development Investment Holdings Co., Ltd., being its unofficial English translation), a wholly state-owned limited liability enterprise established in the PRC
“Tuanbohu Company ”	天津濱海發展投資控股有限公司團泊湖分公司 (Tuanbohu Branch Company of Tianjin Binhai Development Investment Holdings Co., Ltd., being its unofficial English translation), a branch company of Tianjin Binhai
“Tuanbohu District”	天津市團泊新城西區 (the Western District of Tuanbo New City, Tianjin, the PRC, being its unofficial English translation)
“%”	per cent.

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.05. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been or will be exchanged at such rate or any other rates or at all.*

By order of the Board  
**CHINA STATE CONSTRUCTION  
INTERNATIONAL HOLDINGS LIMITED**  
**Kong Qingping**  
*Chairman and Non-executive Director*

Hong Kong, 5 December 2007

*As at the date of this announcement, the Board comprises Mr. Kong Qingping (Chairman and Non-executive Director), Mr. Zhou Yong (Vice-chairman and Chief Executive Officer), Mr. Yip Chung Nam (Executive Director), Mr. Fu He (Executive Director), Mr. Zhou Hancheng (Executive Director), Mr. Cheong Chit Sun (Executive Director), Dr. Raymond Ho Chung Tai (Independent Non-executive Director), Mr. Adrian David Li Man Kiu (Independent Non-executive Director), Mr. Raymond Leung Hai Ming (Independent Non-executive Director) and Mr. Lee Shing See (Independent Non-executive Director).*