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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 WUHAN JV WITH 中建三局建設工程股份有限公司
(CHINA CONSTRUCTION THIRD ENGINEERING BUREAU CORP., LTD.)
AND 中國建築股份有限公司
(CHINA STATE CONSTRUCTION & ENGINEERING CORPORATION LIMITED)**

On 8 July 2009, CCTEB, SCOCL (a wholly owned subsidiary of the Company) and CSCECL entered into the Wuhan JV Agreement, pursuant to which the parties thereto agreed to jointly build the Wuhan Infrastructure Project through the Wuhan JV.

CSCECL is the intermediate holding company of the Company. CCTEB is a subsidiary of CSCECL. CCTEB and CSCECL are therefore connected persons of the Company. Accordingly, the Wuhan JV Transactions constitute 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 for the Company in respect of the Wuhan JV Transactions are less than 2.5%, the Wuhan JV Transactions are subject to the reporting and announcement requirements and exempt from independent shareholders' approval requirements under the Listing Rules.

BACKGROUND

CCTEB has won an open tender as the lead contractor to build the Wuhan Infrastructure Project under a related build-transfer contract with the Wuhan Government (or its nominated entity). On 8 July 2009, CCTEB, SCOCL and CSCECL entered into the Wuhan JV Agreement, pursuant to which the parties thereto agreed to jointly build the Wuhan Infrastructure Project under the above build-transfer contract through the Wuhan JV.

THE WUHAN JV AGREEMENT

Date

8 July 2009

Parties

- (i) CCTEB
- (ii) SCOCL
- (iii) CSCECL

Subject

Pursuant to the Wuhan JV Agreement, CCTEB, SCOCL and CSCECL shall form the Wuhan JV and will hold 50%, 30% and 20% equity interests in the Wuhan JV, respectively (i.e. the CSCECL Group and the Group shall hold in aggregate 70% and 30% equity interests in the Wuhan JV, respectively). Upon establishment, Wuhan JV will be accounted for as an associate of the Company. The Wuhan JV shall obtain all necessary approvals and registration from the relevant governmental authorities.

Information about the Wuhan Infrastructure Project

The Wuhan Infrastructure Project involves the reconstruction of the Wuxian Highway (武咸公路) and the construction of the Shahu Passageway (沙湖通道), both located in Wuhan, the PRC. The duration for the completion of the Wuhan Infrastructure Project is expected to be two years. Pursuant to the Wuhan JV Agreement, the Wuhan JV, CCTEB and SCOCL will enter into the relevant contracts in respect of contracting and sub-contracting arrangements.

Registered capital

The registered capital of the Wuhan JV shall be RMB300,000,000 (approximately HK\$341,000,000). CCTEB, SCOCL and CSCECL will pay into the Wuhan JV RMB150,000,000 (approximately HK\$170,500,000), RMB90,000,000 (approximately HK\$102,300,000) and RMB60,000,000 (approximately HK\$68,200,000), respectively, in cash in proportion to their respective equity interests in the Wuhan JV on or before 31 July 2009. Such amount of registered capital is determined after arm's length negotiations among CCTEB, SCOCL and CSCECL with reference to their proposed capital requirements of the Wuhan Infrastructure Project.

Additional funding

Neither SCOCL nor the Group is obliged to provide any additional funding. The capital requirements of the Wuhan Infrastructure Project other than those in a form of registered capital shall firstly be satisfied by applying the Wuhan JV's internal reserve monies, the details of which are set out in the Wuhan JV Agreement. Any capital shortfall shall be covered by bank borrowings arranged by the Wuhan JV. CCTEB shall arrange for bridge loans if and when necessary.

Profit/loss sharing

The profit/loss of the Wuhan Infrastructure Project will be shared by CCTEB, SCOCL and CSCECL in proportion to their respective equity interests in the Wuhan JV, and consists of the construction profit/loss and net interest income/expense in relation thereto.

Upon completion of the Wuhan Infrastructure Project, the Wuhan JV shall transfer the Wuhan Infrastructure Project to the Wuhan Government, and the Wuhan Government shall pay the relevant repurchase monies (representing the aggregate amount of the construction fee income and interest) to the Wuhan JV. The Wuhan Government will repay such monies in three annual installments (amounting to 30%, 30% and 40% of the total repurchase monies, respectively) within three years after the transfer of the Wuhan Infrastructure Project by the Wuhan JV.

Board representation

The number of directors of the Wuhan JV shall be four persons. CCTEB, SCOCL and CSCECL shall have the rights to nominate two, one and one person(s) to be director(s) of the Wuhan JV, respectively. The board resolutions of the Wuhan JV shall be resolved by the majority of the directors. The chairman of the board and general manager of the Wuhan JV shall be nominated by CCTEB, whereas the sub-contract deputy general manager and the financial controller of the Wuhan JV shall be nominated by SCOCL.

REASONS FOR AND BENEFITS OF THE WUHAN JV TRANSACTIONS

CCTEB and CSCECL have substantial experience in construction markets. The Wuhan JV Agreement provides the Company with the opportunity to participate in the Wuhan Infrastructure Project through the Wuhan JV with the CSCECL Group as a joint venture partner. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience of the CSCECL Group, and by improving cost and time efficiency in managing its construction projects.

The Directors (including the independent non-executive Directors) consider that the Wuhan JV Transactions are 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 Wuhan JV Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

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

CCTEB is principally engaged in building construction and civil engineering works in the PRC.

CSCECL is a contractor mainly participating in the PRC construction market.

CSCECL is the intermediate holding company of the Company. CCTEB is a subsidiary of CSCECL. CCTEB and CSCECL are therefore connected persons of the Company. Accordingly, the Wuhan JV Transactions constitute 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 for the Company in respect of the Wuhan JV Transactions are less than 2.5%, the Wuhan JV Transactions are subject to the reporting and announcement requirements and exempt from independent shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“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);
“CCTEB”	中建三局建設工程股份有限公司 (China Construction Third Engineering Bureau Corp., Ltd.), a joint stock company incorporated in the PRC and a subsidiary of CSCECL;
“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 incorporated in the PRC which is held as to 94% by CSCEC;
“CSCECL Group”	CSCECL and its subsidiaries from time to time (other than the Group);
“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;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;

“Macau”	the Macao Special Administrative Region of the PRC;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SCOCL”	深圳中海建築有限公司 (Shenzhen China Overseas Construction Limited), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wuhan JV”	中建武漢建設投資有限責任公司 (China Construction Wuhan Development Investment Corporation Limited), a joint venture limited liability company to be established pursuant to the Wuhan JV Agreement;
“Wuhan JV Agreement”	the project cooperation agreement entered into among CCTEB, SCOCL and CSCECL on 8 July 2009 involving, among other things, the Wuhan Infrastructure Project and the formation of the Wuhan JV;
“Wuhan JV Transactions”	the entering into of the Wuhan JV Agreement and the transactions contemplated thereunder (including the formation of the Wuhan JV);
“Wuhan Infrastructure Project”	the project involving the reconstruction of the Wuxian Highway (武咸公路) and the construction of the Shahu Passageway (沙湖通道), both located in Wuhan, the PRC, the details of which are set out in the section headed “The Wuhan JV Agreement — Information about the Wuhan Infrastructure Project” in this announcement; and

“%”

per cent..

For illustration purposes in this announcement, the amounts in RMB are translated to HK\$ at the rate of RMB0.88 = HK\$1.00. No representation is made that any amount in RMB has been or could be converted at the above rate or at 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, 8 July 2009

As at the date of this announcement, the board of directors of the Company comprises Mr. Kong Qingping (Chairman and Non-executive Director); Mr. Zhou Yong (Vice-chairman and Chief Executive Officer), Mr. Yip Chung Nam, Mr. Fu He, Mr. Zhou Hancheng and Mr. Cheong Chit Sun 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.