

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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

AGREEMENT WITH 山西省陽泉市人民政府
(SHANXI PROVINCE YANGQUAN MUNICIPAL PEOPLE'S
GOVERNMENT) IN RELATION TO THE PROJECT RELATING TO
A HIGHWAY IN SHANXI PROVINCE

The Board announces that on 10 December 2009, CCII entered into the Agreement whereby the Yangquan Government has granted CCII the concession right to operate the Project in Shanxi Province, the PRC for 30 years on a BOT basis with an estimated total investment costs of RMB1.84 billion (equivalent to approximately HK\$2.09 billion).

Since the applicable percentage ratios as defined under the Listing Rules calculated with reference to the estimated total investment costs in respect of the Project are less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 10 December 2009, CCII entered into the Agreement whereby the Yangquan Government has granted CCII the concession right to operate the Project in Shanxi Province, the PRC for 30 years on a BOT basis with an estimated total investment costs of RMB1.84 billion (equivalent to approximately HK\$2.09 billion).

THE AGREEMENT

Date

10 December 2009

Parties

- (i) the Yangquan Government
- (ii) CCII, a wholly owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Yangquan Government is the Municipal People's Government of Yangquan City, Shanxi Province, the PRC and is a third party independent of the Company and its connected persons as defined under the Listing Rules.

Subject Matter

CCII shall have the concession right to operate the Project on a BOT basis and shall be responsible for capital financing, engineering, construction, operation and management of the Project. CCII shall have the interests of the Project during its construction and during the term of the concession right, including the relevant toll income, royalty income in relation to the operation of servicing facilities along the toll road, and advertisement income.

The Project is a double carriage four-lane highway with a total length of approximately 22 kilometres located in Yangquan City, Shanxi Province (山西省陽泉市). The Project connects the south of Damaiyu Village, Jucheng Town, Pingding County (平定縣巨城鎮大麥峪村南), the Yangquan - Shuiyu Highway (陽泉 - 水峪公路), and Niangziguan Town, Pingding County (平定縣娘子關鎮). The estimated total investment costs for the Project are approximately RMB1.84 billion (equivalent to approximately HK\$2.09 billion), determined based on the Project's estimated construction costs, land costs, upfront costs, management costs, equipment purchase and installation costs, and will be paid with reference to the progress of the construction work.

The Yangquan Government shall have a right to monitor the investment, construction, operation, maintenance and repairs of the Project. It is also responsible for, among other things, assisting CCII in obtaining the necessary approval and permits (including those required for survey design, construction, operation, maintenance and repairs) in relation to the Project in accordance with the laws of the PRC and of Shanxi Province, and carrying out the land use procedures for the Project, and for works such as land resumption, relocation and demolition. The Yangquan Government shall not, during the term of the concession right, plan and/or construct other roads which competes with the Project.

Term

The Project period includes two years for construction and a 30-year term for operation of concession right commencing from the date of approval of toll-collection by the Shanxi Province Government.

Transfer of the Project

During the term of the concession right, CCII is allowed to transfer the right to operate the Project in part or in whole in accordance with the laws of the PRC. Upon expiry of the term of the concession right, CCII shall transfer the Project to the Yangquan Government or its designated party at nil consideration in accordance with the laws of the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group expects that the Transaction will provide with a recurring, long-term and stable income to the Group.

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 is fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

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

CCII is principally engaged in high-grade highway, bridge and tunnel infrastructure facilities investment, management and consultancy services in the PRC.

Since the applicable percentage ratios as defined under the Listing Rules calculated with reference to the estimated total investment costs in respect of the Project are less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement entered into between CCII and the Yangquan Government on 10 December 2009 in relation to, among other things, the Project;
“Board”	the board of Directors;
“BOT”	“Build-Operate-Transfer”;
“Company”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CCII”	中建陽泉基礎設施投資有限公司 (China Construction Yangquan Infrastructure Investment Ltd.*), a company established in the PRC with limited liability 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;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Project”	the project involving, among other things, a highway in Shanxi Province, the details of which are set out in the section headed “The Agreement - Subject Matter” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Transaction”	the entering into of the Agreement and the transaction contemplated thereunder;
“Yangquan Government”	山西省陽泉市人民政府 (Shanxi Province Yangquan Municipal People’s Government); 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, 22 December 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. Zhang Yifeng, Mr. Cheong Chit Sun and Mr. Zhou Hancheng 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.

** For identification purpose only*