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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)**

**OPEN OFFER ON THE BASIS OF  
ONE OFFER SHARE FOR  
EVERY FIVE EXISTING SHARES HELD  
AND  
RESUMPTION OF TRADING**

**OPEN OFFER**

The Company proposes to raise not less than HK\$999,668,000, before expenses, by issuing not less than 99,966,800 new Shares and not more than 100,514,800 new Shares by way of Open Offer at a price of HK\$10 per Offer Share on the basis of one Offer Share for every five existing Shares held on the Record Date. The Open Offer will be available only to the Qualifying Shareholders.

As at the date of this announcement, COHL is interested in, in aggregate, 314,332,178 Shares, representing approximately 62.89% of the existing issued share capital of the Company and is the controlling shareholder of the Company. COHL has irrevocably undertaken to the Company to apply (or procure application) for the entire number of the Offer Shares in the assured allotments in which they are beneficially interested. Save for those Offer Shares for which COHL has irrevocably undertaken to apply, the Open Offer is fully underwritten by COHL.

The invitation to apply for the Offer Shares is not transferable or capable of renunciation and there will not be any trading of entitlements to apply for Offer Shares on the Stock Exchange.

**The Open Offer is conditional. Details of the conditions of the Open Offer are set out in the section headed “Conditions of the Open Offer” in the full text of this announcement below. Accordingly, the Open Offer may or may not proceed. Investors are advised to exercise caution when dealing in the Shares.**

To qualify for the Open Offer, a Shareholder (other than a Non-Qualifying Shareholder) must be registered as a member of the Company on the Record Date. Any transfers of Shares (with relevant certificates) must be lodged for registration by 4:00 p.m. on Tuesday, 7 August 2007 with the Company’s Hong Kong branch share registrar, Standard Registrars Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong. The register of members of the Company will be closed from Wednesday, 8 August 2007 to Tuesday, 14 August 2007 (both days inclusive). No transfer of Shares will be registered during this period. Existing Shares will be dealt in on an ex-entitlements basis from Monday, 6 August 2007.

The Directors believe that it would be in the interest of the Company and the Shareholders to raise long-term equity funding via the proposed Open Offer to strengthen the Company’s financial position and net assets base for its expansion of its major business, whilst allowing all Shareholders an equitable opportunity to increase their investment in the Company and participate in the Company’s prospects. The estimated net proceeds of the Open Offer are approximately HK\$989 million and is intended to be used as to approximately HK\$520 million for the acquisition of assets from COHL as detailed in the announcement of the Company on the same day, and the remaining net proceeds of the Open Offer of approximately HK\$469 million will be used as additional working capital to strengthen the Company’s financial position. The Open Offer and the proposed acquisition of assets from COHL are independent events. If the Open Offer does not proceed, the proposed acquisition of assets from COHL will be funded by internal resources of the Company. The Open Offer is not conditional upon the proposed acquisition of assets from COHL proceeding.

The Prospectus containing, among others, further details of the proposed Open Offer is expected to be sent to the Shareholders on or about Tuesday, 14 August 2007.

## **SUSPENSION AND RESUMPTION OF TRADING**

This announcement is also made pursuant to Rule 13.09 of the Listing Rules. The Open Offer was approved by the Directors after 4:00 p.m. on 20 July 2007. At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on 23 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 24 July 2007.

## **OPEN OFFER**

### **Issue Statistics**

Basis of Open Offer	:	Assured allotments of one Offer Share for every five existing Shares held on the Record Date
Number of existing Shares in issue	:	499,834,002 Shares as at the date of this announcement
Number of Offer Shares to be issued under the Open Offer	:	Not less than 99,966,800 Offer Shares and not more than 100,514,800 Offer Shares
Subscription Price for the Offer Shares	:	HK\$10 per Offer Share
Underwriter	:	COHL, the controlling shareholder of the Company

As at the date of the Underwriting Agreement, there were 40,924,000 outstanding Options granted under the Share Option Scheme, of which 2,740,000 are exercisable from 14 September 2006 to 13 September 2015 and the remaining 38,184,000 outstanding Options will be exercisable during different exercise periods from 14 September 2007 onwards to 13 September 2015. If all the subscription rights attaching to those outstanding Options which are exercisable are exercised on or before the Record Date, the number of total issued Shares will be increased by 2,740,000 and the number of Offer Shares proposed to be issued pursuant to the Open Offer will be increased from 99,966,800 Offer Shares to 100,514,800 Offer Shares.

Apart from the Options granted under the Share Option Scheme, the Company has no outstanding options, convertible securities or warrants which confer the right to subscribe for the Shares.

**Qualifying Shareholders:**

The Company will send the Prospectus Documents to the Qualifying Shareholders only.

To qualify for the Open Offer, a Shareholder must on the Record Date:

- be registered as a member of the Company; and
- not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificate(s)) with the Company's Hong Kong branch share registrar, Standard Registrars Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:00 p.m. (Hong Kong time) on Tuesday, 7 August 2007.

**Closure of Register of Members**

The register of members of the Company will be closed from Wednesday, 8 August 2007 to Tuesday, 14 August 2007 (both days inclusive) for determination of entitlements under the Open Offer. No transfer of Shares will be registered during this period.

**TERMS OF THE OPEN OFFER****Subscription price**

HK\$10 per Offer Share, payable in full when a Qualifying Shareholder applies for the Offer Shares.

The Subscription Price was determined with reference to the then market environment and the prevailing Share prices and represents (i) a discount of approximately 22% to the closing price of HK\$12.86 per Share quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 19% to the theoretical ex-entitlement price of HK\$12.38 per Share based on the closing price per Share on the Last Trading Day; (iii) a discount of approximately 21% to the average closing price of HK\$12.61 per Share for the last five full trading days up to and including the Last Trading Day; and (iv) a discount of approximately 17% to the average closing price of HK\$12.03 per Share for the last ten full trading days up to and including the Last Trading Day.

The theoretical ex-entitlement price is calculated by adding the market value of all outstanding Shares (based on the closing price on the Last Trading Day) with the total amount expected to be received from the Open Offer (assuming 99,966,800 Offer Shares will be issued), and then divided by the total number of outstanding Shares after the Open Offer.

The Directors (including the independent non-executive Directors) consider the terms of the Open Offer and the Subscription Price to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Basis of assured allotment**

#### **One Offer Share for every five existing Shares held by a Qualifying Shareholder on the Record Date**

Fractions of assured allotments will not be issued and will be aggregated and made available for application by the Qualifying Shareholders who wish to apply for Shares in excess of their own assured allotments.

### **Status of the Offer Shares**

When allotted, issued and fully-paid, the Offer Shares will rank equally in all respects with the existing Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of issue and allotment of the fully-paid Offer Shares.

### **Rights of Non-Qualifying Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong. Prior to the issue of the Prospectus, the Company will make enquiries with its legal advisers as to whether the offer or issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges pursuant to Rule 13.36(2)(a) of the Listing Rules. If after making such enquiry the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. Accordingly the Offer Shares will not be offered to the Non-Qualifying Shareholders and

no application for Offer Shares will be accepted from the Non-Qualifying Shareholders. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the Application Forms to them.

Any Offer Shares which would otherwise have been in assured allotments of the Non-Qualifying Shareholders will be available for application by the Qualifying Shareholders who wish to apply for Shares in excess of their own assured allotments. The basis for excluding the Non-Qualifying Shareholders, if any, from the Open Offer will be set out in the Prospectus to be issued.

### **Application for Offer Shares in excess of assured allotments**

Qualifying Shareholders will have the right to apply for any Offer Shares in excess of their own assured allotments under the Application Forms but are not assured of being allocated any Shares in excess of those in their assured allotments.

The Company will allocate the Offer Shares in excess of assured allotments at their discretion on a fair and equitable basis. However, no preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offered Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares.

Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by COHL.

The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single shareholder according to the register of members of the Company. Shareholders should note that the number of excess Offer Shares which may be allocated to them may be different where they make applications for excess Offer Shares by different means, such as making applications in their own names as against through nominees who also hold Shares for other Shareholders. Shareholders should consult their professional advisors if they are in any doubt as to whether they should register their shareholding in their own names and apply for the excess Offer Shares themselves.

### **Share Certificates**

Subject to the fulfilment of the conditions of the Open Offer, certificates for fully-paid Offer Shares are expected to be posted to successful applicants at

their own risk on or before Monday, 10 September 2007. Refund cheques in respect of wholly or partially unsuccessful applications for Offer Shares in excess of assured allotments are also expected to be posted on or before Monday, 10 September 2007 by ordinary post to the applicants at their own risk.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Dealings in Offer Shares on the Stock Exchange will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement:**

Date	:	20 July 2007
Underwriter	:	COHL, the controlling shareholder of the Company
Number of Offer Shares underwritten	:	All Offer Shares other than those undertaken to be applied for by COHL
Underwriter's Commission	:	2.5% of the subscription price of the Offer Shares underwritten. Assuming that there is no change in the shareholding structure of the Company from the date of the Underwriting Agreement to immediately before completion of the Open Offer (including there being no exercise of Options), it is estimated that the underwriter's commission will be HK\$9,275,091. The Directors (including the independent non-executive Directors) consider that the underwriting commission is fair and reasonable and is on normal commercial terms.



COHL is interested in aggregate in 314,332,178 Shares, representing approximately 62.89% of the issued share capital of the Company and is the controlling shareholder of the Company. COHL has irrevocably undertaken to apply or procure application for the entire number of the Offer Shares in the assured allotments in which they are beneficially interested.

Assuming that (a) the Open Offer proceeds and is completed; (b) COHL's assured allotments under the Open Offer are applied for in full; and (c) there is no change in the shareholding structure of the Company from the date of the Underwriting Agreement to immediately before completion of the Open Offer (including there being no exercise of Options), set out below is the shareholding structure of the Company as at the date of the Underwriting Agreement and immediately after completion of the Open Offer:

Beneficial owners of Shares	As at the date of the Underwriting Agreement		Immediately after completion of the Open Offer and assuming that all Offer Shares are taken up by Qualifying Shareholders		Immediately after completion of the Open Offer and assuming only assured allotments of COHL are applied for	
	Shares	approx. %	Shares	approx. %	Shares	approx. %
COHL	314,332,178	62.89	377,198,614	62.89	414,298,978	69.07
Public	<u>185,501,824</u>	<u>37.11</u>	<u>222,602,188</u>	<u>37.11</u>	<u>185,501,824</u>	<u>30.93</u>
Total	<u>499,834,002</u>	<u>100.00</u>	<u>599,800,802</u>	<u>100.00</u>	<u>599,800,802</u>	<u>100.00</u>

### Termination of the Underwriting Agreement

**COHL may terminate the Underwriting Agreement by notice in writing to the Company at any time prior to 4:00 p.m. on the Settlement Date, if at any time prior to 4:00 p.m. on the Settlement Date:**

- (a) COHL shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties and representations was inaccurate, misleading or breached, and in each case where it is (in the reasonable opinion of COHL) material in the context of the Open Offer; or
- (b) (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
- (ii) any change in local, national or international financial, political, industrial or economic conditions;



- (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
- (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
- (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of ten Business Days;
- (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which will or may materially and adversely affect the Group or a material proportion of the Shareholders in their capacity as such,

which event or events is or are in the reasonable opinion of COHL:

- (i) likely to have a material adverse effect on the business or financial or trading position or prospects of the Company or the Group; or
- (ii) likely to have a material adverse effect on the success of the Open Offer or the level of acceptance of the Offer Shares; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer.

**If COHL terminates the Underwriting Agreement, the Open Offer will not proceed. A further announcement will be made if the Underwriting Agreement is terminated by COHL.**

## **CONDITIONS OF THE OPEN OFFER**

The Open Offer is conditional upon each of the following events happening:

- (a) the filing and registration of the Prospectus Documents (with all the documents required to be attached thereto by Section 342C of the Companies Ordinance) (all having been duly authorised for registration by the Stock Exchange and signed by or on behalf of two Directors) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance no later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;

- (c) the Listing Committee of the Stock Exchange granting listings of, and permission to deal in, the Offer Shares either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) on or prior to the Prospectus Posting Date and not having withdrawn or revoked such listings and permission before 4:00 p.m. on the Settlement Date; and
- (d) the Underwriting Agreement not being terminated by COHL in accordance with the terms thereof.

**If any of the above conditions is not fulfilled, the Open Offer will not proceed.**

**As the Open Offer is subject to the above conditions, it may or may not proceed accordingly.**

Further details of the Open Offer will be contained in the Prospectus which is expected to be despatched to the Shareholders on or about Tuesday, 14 August 2007.

#### **WARNING OF THE RISKS OF DEALING IN SHARES**

**Existing Shares are expected to be dealt in on an ex-entitlements basis from Monday, 6 August 2007. If COHL terminates the Underwriting Agreement (see the paragraph headed “Termination of the Underwriting Agreement” above), or if the conditions of the Open Offer (see the section headed “Conditions of the Open Offer” above) are not fulfilled, the Open Offer will not proceed.**

#### **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The Directors believe that it would be in the interest of the Company and the Shareholders to raise long-term equity funding via the proposed Open Offer to strengthen the Company’s financial position and net assets base for its expansion of its major business, whilst allowing all Shareholders an equitable opportunity to increase their investment in the Company and participate in the Company’s prospects. The estimated net proceeds of the Open Offer are approximately HK\$989 million and is intended to be used as to approximately HK\$520 million for the proposed acquisition of assets from COHL (as detailed in the announcement of the Company on the same day), and the remaining net proceeds of the Open Offer of approximately HK\$469 million will be used as additional working capital to strengthen the Company’s financial position. The Open Offer and the proposed acquisition of assets from COHL are independent events. If the Open Offer does not proceed, the proposed acquisition of assets from COHL will be funded by internal resources of the Company. The Open Offer is not conditional upon the proposed acquisition of assets from COHL proceeding.

## EXPECTED TIMETABLE OF THE OPEN OFFER

The expected timetable for the Open Offer is set out below:

2007

Last day of dealings in Shares on a cum-entitlements basis . . . . .Friday, 3 August

First day of dealings in Shares on an ex-entitlements basis . . . . .Monday, 6 August

Latest time for lodging transfers of Shares in order to  
qualify for the Open Offer . . . . .4:00 p.m. on Tuesday, 7 August

Book closure period (both days inclusive) . . .Wednesday, 8 August to Tuesday, 14  
August

Record Date . . . . .Tuesday, 14 August

Prospectus Documents to be despatched on . . . . .Tuesday, 14 August

Latest time for acceptance of and payment for  
Offer Shares . . . . .4:00 p.m. on Wednesday, 29 August

Underwriting Agreement becomes unconditional . . . . .4:00 p.m. on Thursday, 6  
September

Announcement of results of the Open Offer and  
excess application . . . . .Friday, 7 September

Refund cheques in respect of wholly or partially  
unsuccessful applications for excess  
Offer Shares expected to be despatched on or before . . . . .Monday, 10 September

Certificates for Offer Shares expected to be despatched on or before . .Monday, 10  
September

Dealings in Offer Shares expected to commence on . . . . .Tuesday, 11 September

**Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by the Company. Any changes to the anticipated timetable for the Open Offer will be published or notified to Shareholders as appropriate.**

## **ADJUSTMENTS TO SUBSCRIPTION PRICE AND NUMBER OF SHARES ISSUABLE UNDER OUTSTANDING OPTIONS**

The issuance of the Offer Shares may cause an adjustment to the subscription price and number of Shares to be issued under the outstanding Options. The Company will instruct its auditors to review and certify the basis of such adjustments (if any) pursuant to the Share Option Scheme. Separate announcement(s) will be made by the Company when and where appropriate.

### **GENERAL**

The Company is principally engaged in building construction and civil engineering in Hong Kong.

The Prospectus containing, among others, further details of the proposed Open Offer are expected to be sent to the Shareholders on or about Tuesday, 14 August 2007. The Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

### **SUSPENSION AND RESUMPTION OF TRADING**

This announcement is also made pursuant to Rule 13.09 of the Listing Rules. The Open Offer was approved by the Directors after 4:00 p.m. on 20 July 2007. At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on 23 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 24 July 2007.

### **DEFINITIONS**

“Application Form(s)”	the form(s) of application in respect of the Open Offer to be issued to the Qualifying Shareholders
“Board”	the board of Directors
“Business Day	a day (excluding Saturdays, Sundays and public holidays in Hong Kong) on which licensed banks generally are open for business in Hong Kong
“COHL”	China Overseas Holdings Limited, the controlling shareholder of the Company

“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	19 July 2007, being the last trading day prior to the date of the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Board, after making enquiry, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges in those places not to offer the Offer Shares to them
“Offer Share(s)”	the new Share(s) proposed to be issued under the Open Offer
“Open Offer”	the proposed issue by the Company of the Offer Shares by way of open offer to Qualifying Shareholders on the basis of an assured allotment of one Offer Share for every five existing Shares held on the Record Date at the Subscription Price
“Options”	the share options granted under the Share Option Scheme
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown in the register of members of the Company on that date is/are outside Hong Kong
“PRC”	the People’s Republic of China

“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Forms
“Prospectus Posting Date”	14 August 2007 or such other date as COHL may agree in writing with the Company as the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	14 August 2007, being the record date for determining entitlements to participate in the Open Offer
“Settlement Date”	6 September 2007 (or such other time or date as COHL and the Company may agree in writing)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 9 June 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Storm Warning”	a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal
“Subscription Price”	the subscription price of HK\$10 per Offer Share
“Underwriting Agreement”	the underwriting agreement dated 20 July 2007 and entered into between the Company and COHL in relation to the Open Offer
“%” per cent.	percentage

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

Hong Kong, 23 July 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).*