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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)

CONTINUING CONNECTED TRANSACTIONS

WITH

中國建築股份有限公司

(CHINA STATE CONSTRUCTION & ENGINEERING CORPORATION LIMITED)

On 2 April 2009, the Company and CSCECL entered into the Sub-construction Engagement Agreement, whereby: (i) the Group may engage the CSCECL Group as construction sub-contractor and/or project management contractor in the PRC and the United Arab Emirates upon successful tender for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 subject to the CSCECL Sub-construction Engagement Cap; and (ii) the CSCECL Group may engage the Group as construction sub-contractor in the PRC upon successful tender for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 subject to the CSC Sub-construction Engagement Cap.

CSCECL is the intermediate holding company of the Company. Accordingly, members of the CSCECL Group are connected persons of the Company. Each of the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for the Company in respect of the maximum total contract sum that may be awarded to the CSCECL Group for each year/period under the Sub-construction Engagement Agreement, i.e. the CSCECL Sub-construction Engagement Cap, exceed 2.5%, the CSCECL Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for the Company in respect of the maximum total contract sum that may be awarded to the Group for each year/period under the Sub-construction Engagement Agreement, i.e. the CSC Sub-construction Engagement Cap, exceed 2.5%, the CSC Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

An independent board committee of the Company comprising all the independent non-executive directors of the Company will be formed to advise the Independent Shareholders in respect of the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The Shareholders should note that each of the CSCECL Sub-construction Engagement Cap and the CSC Sub-construction Engagement Cap represents the best estimates by the Directors of the amount of the relevant transaction based on the information currently available. Each of the CSCECL Sub-construction Engagement Cap and the CSC Sub-construction Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The Group may or may not retain the CSCECL Group to engage in construction related works up to the level of the CSCECL Sub-construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party construction sub-contractors or project management contractors. Similarly, the CSCECL Group may or may not retain the Group to engage in construction related works up to the level of the CSC Sub-construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party construction sub-contractors.

SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

CSCECL Sub-construction Engagement Transactions

The Directors expect that the Group will invite the CSCECL Group to participate in competitive tender as construction sub-contractor and/or project management contractor for the Group's construction works in the PRC and the United Arab Emirates from time to time. In this connection, on 2 April 2009, the Company and CSCECL entered into the Sub-construction Engagement Agreement for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 whereby the parties agreed, among other things, that:

- (a) the CSCECL Group may tender for the Group's construction works as construction sub-contractor and/or project management contractor in the PRC and the United Arab Emirates in accordance with the tendering procedure of the Group from time to time and on the same and normal terms as offered to other independent third party construction sub-contractors or project management contractors;
- (b) if any contract is granted in favour of the CSCECL Group as a result of the above tender, the CSCECL Group may act as construction sub-contractor and/or project management contractor for the Group's construction works in the PRC and the United Arab Emirates based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the Group to the CSCECL Group for the period between 1 July 2009 and 31 December 2009 shall not exceed HK\$1,000 million, for each of the two financial years ending 31 December 2011 shall not exceed HK\$2,000 million, and for the period between 1 January 2012 and 30 June 2012 shall not exceed HK\$1,000 million (i.e. the CSCECL Sub-construction Engagement Cap); and
- (c) the construction fees payable by the Group to the CSCECL Group will be settled pursuant to the payment terms set out in the tender documents for the specific sub-construction and/or project management contracts.

The CSCECL Sub-construction Engagement Cap is calculated with reference to the following factors:

- (i) total contract sum of new construction projects of the Group in the PRC and the United Arab Emirates in each of the past three financial years ended 31 December 2008 of approximately HK\$1,564 million, HK\$2,249 million and HK\$3,020 million respectively; and

- (ii) the growth of the construction markets in the PRC and the United Arab Emirates in the three-year period commencing from 1 July 2009 and ending on 30 June 2012 estimated by the Directors.

The CSCECL Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement (together with the CSCECL Sub-construction Engagement Cap) will take effect conditional upon the Independent Shareholders' approval having been obtained at the EGM.

CSC Sub-construction Engagement Transactions

The Directors also expect that the CSCECL Group will invite the Group to participate in competitive tender as construction sub-contractor for the CSCECL Group's construction works in the PRC from time to time. Accordingly, under the Sub-construction Engagement Agreement, the Company and CSCECL also agreed, among other things, that for a term of three years commencing from 1 July 2009 and ending on 30 June 2012:

- (a) the Group may tender for the CSCECL Group's construction works as construction sub-contractor in the PRC in accordance with the tendering procedure of the CSCECL Group from time to time and on the same and normal terms as offered to other independent third party construction sub-contractors; and
- (b) if any contract is granted in favour of the Group as a result of the above tender, the Group may act as construction sub-contractor for the CSCECL Group's construction works in the PRC based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the CSCECL Group to the Group for the period between 1 July 2009 and 31 December 2009 shall not exceed HK\$4,000 million, for each of the two financial years ending 31 December 2011 shall not exceed HK\$4,000 million, and for the period between 1 January 2012 and 30 June 2012 shall not exceed HK\$2,000 million (i.e. the CSC Sub-construction Engagement Cap); and
- (c) the construction fees payable by the CSCECL Group to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific sub-construction contracts.

The CSC Sub-construction Engagement Cap is calculated with reference to the following factors:

- (i) total contract sum of new construction projects of the CSCECL Group in the PRC in each of the past two financial years ended 31 December 2008 of RMB297.1 billion and RMB314.9 billion respectively;

- (ii) the growth of the construction markets in the PRC in the three-year period commencing from 1 July 2009 and ending on 30 June 2012 estimated by the Directors; and
- (iii) the Group's understanding that many of the CSCECL Group's construction works in the PRC for 2009 will be conducted in the second half of 2009.

The CSC Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement (together with the CSC Sub-construction Engagement Cap) will take effect conditional upon the Independent Shareholders' approval having been obtained at the EGM.

REASONS FOR THE CSCECL SUB-CONSTRUCTION ENGAGEMENT TRANSACTIONS AND CSC SUB-CONSTRUCTION ENGAGEMENT TRANSACTIONS

CSCECL has substantial experience in construction markets. In the cases where the Group considers that sub-construction for its construction and/or project management works in the PRC and the United Arab Emirates would be more efficient and effective, the CSCECL Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement provides the Company with the option to engage the CSCECL Group (subject to successful tender) as construction sub-contractor and/or project management contractor for its construction works in the PRC and the United Arab Emirates. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience and the specific construction qualifications of the CSCECL Group, and by better cost and time efficiency in managing its construction projects in these territories.

The CSCECL Group has been engaging in many construction works in various cities of the PRC. The Directors consider that the CSC Sub-construction Engagement Transactions will provide an opportunity for the Group to strengthen and further develop its construction related business and qualifications in the PRC through its participation in CSCECL Group's construction works in the PRC as construction sub-contractor.

On the same date of the Sub-construction Engagement Agreement, the Company has also entered into an engagement agreement with COLI, whereby the COLI Group may engage the Group as construction contractor in the PRC, Hong Kong and Macau in compliance with the continuing connected transaction requirements under the Listing Rules. Further details of such engagement agreement are set out in the joint announcement of the Company and COLI dated 2 April 2009. The maximum total contract sum that may be awarded by the COLI Group under such arrangement to the Company for each year/period is separate and distinct from the CSC Sub-construction Engagement Cap.

Under an agreement dated 19 November 2007 between the Company and CSCEC, the Company permitted the CSCEC Group to tender for and/or enter into contracts in the construction works in Dubai for a fee of 2.5% over the final contract sum received by the CSCEC Group in respect of these construction works. Details of such agreement were set out in the announcement of the Company dated 20 November 2007 and the transactions contemplated under such agreement was approved by the Independent Shareholders on 27 December 2007. For clarification purposes, any engagement of the CSCECL Group as construction sub-contractor and/or project management contractor in Dubai by the Group pursuant to the Sub-construction Engagement Agreement will not be subject to the provisions of the said agreement between the Company and CSCEC.

The Directors (other than the independent non-executive directors of the Company whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the CSCECL Sub-construction Engagement Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the CSCECL Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement (together with the CSCECL Sub-construction Engagement Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSCECL Sub-construction Engagement Transactions (together with the CSCECL Sub-construction Engagement Cap) are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors (other than the independent non-executive directors of the Company whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the CSC Sub-construction Engagement Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the CSC Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement (together with the CSC Sub-construction Engagement Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSC Sub-construction Engagement Transactions (together with the CSC Sub-construction Engagement Cap) are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

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

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

CSCECL is the intermediate holding company of the Company. Accordingly, members of the CSCECL Group are connected persons of the Company. Each of the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for the Company in respect of the maximum total contract sum that may be awarded to the CSCECL Group for each year/period under the Sub-construction Engagement Agreement, i.e. the CSCECL Sub-construction Engagement Cap, exceed 2.5%, the CSCECL Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for the Company in respect of the maximum total contract sum that may be awarded to the Group for each year/period under the Sub-construction Engagement Agreement, i.e. the CSC Sub-construction Engagement Cap, exceed 2.5%, the CSC Sub-construction Engagement Transactions contemplated under the Sub-construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

An independent board committee of the Company comprising all the independent non-executive directors of the Company will be formed to advise the Independent Shareholders in respect of the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this connection.

A circular containing, among other things, further particulars of the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The Shareholders should note that each of the CSCECL Sub-construction Engagement Cap and the CSC Sub-construction Engagement Cap represents the best estimates by the Directors of the amount of the relevant transaction based on the information currently available. Each of the CSCECL Sub-construction Engagement Cap and the CSC Sub-construction Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group’s financial or potential financial performance. The Group may or may not retain the CSCECL Group to engage in construction related works up to the level of the CSCECL Sub-construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party construction sub-contractors or project management contractors. Similarly, the CSCECL Group may or may not retain the Group to engage in construction related works up to the level of the CSC Sub-construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party construction sub-contractors.

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;
“COLI”	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);
“COLI Group”	COLI and its subsidiaries from time to time;
“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);
“CSC Sub-construction Engagement Transactions”	the engagement by the CSCECL Group of the Group as construction sub-contractor for the CSCECL Group’s construction works in the PRC as described under the sub-section headed “CSC Sub-construction Engagement Transactions” in this announcement;

“CSC Sub-construction Engagement Cap”	the maximum total contract sum of the construction sub-contracts that may be awarded by the CSCECL Group to the Group for each year/period under the Sub-construction Engagement Agreement;
“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;
“CSCEC Group”	CSCEC and its subsidiaries (including the COLI Group but excluding the Group) from time to time;
“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 (excluding the Group and the COLI Group) from time to time;
“CSCECL Sub-construction Engagement Transactions”	the engagement by the Group of the CSCECL Group as construction sub-contractor and/or project management contractor for the Group’s construction works in the PRC and the United Arab Emirates as described under the sub-section headed “CSCECL Sub-construction Engagement Transactions” in this announcement;
“CSCECL Sub-construction Engagement Cap”	the maximum total contract sum of the construction sub-contracts and project management contracts that may be awarded by the Group to the CSCECL Group for each year/period under the Sub-construction Engagement Agreement;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the Sub-construction Engagement Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Shareholder(s)”	the Shareholder(s), other than CSCECL and its associates;
“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 exclude Hong Kong, Macau and Taiwan;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-construction Engagement Agreement”	the engagement agreement entered into between the Company and CSCECL on 2 April 2009 in respect of the CSCECL Sub-construction Engagement Transactions and the CSC Sub-construction Engagement Transactions; and
“%”	per cent..

By Order of the Board
**China State Construction
International Holdings Limited**
Kong Qingping
Chairman and Non-executive Director

Hong Kong, 2 April 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.