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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)**

## **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **FORMATION OF JOINT VENTURE WITH 中國建築股份有限公司 (CHINA STATE CONSTRUCTION & ENGINEERING CORPORATION LIMITED)**

On 9 April 2009, CSCECL and the Company entered into the JV Agreement, pursuant to which CSCECL and the Company (or its wholly owned subsidiary) shall form the JV Company for submitting tenders to participate in infrastructure construction projects in the PRC.

CSCECL is the intermediate holding company of the Company. The JV Transactions therefore 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 JV Transactions exceed 2.5%, the JV Transactions are subject to the 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 will be formed to advise the Independent Shareholders in respect of the JV 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 JV 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 JV AGREEMENT**

### **Date**

9 April 2009

### **Parties**

- (i) CSCECL
- (ii) the Company

### **Subject**

CSCECL and the Company (or its wholly owned subsidiary) shall form the JV Company, pursuant to which CSCECL and the Company will each hold 50% equity interests in the JV Company. Upon establishment, the JV Company will be treated as a jointly controlled entity of CSCECL and the Company. The JV Company shall obtain all necessary approvals and registration from the relevant governmental authorities.

### **Scope of business**

The JV Company shall submit tenders to participate in large-scale infrastructure construction projects in the PRC.

### **Registered capital**

The initial registered capital of the JV Company shall be RMB250,000,000 (approximately HK\$284,000,000), which are to be paid into the JV Company by CSCECL and the Company (or its wholly owned subsidiary) in cash in proportion to their respective equity interest holdings in the JV Company within 90 days after establishment of the JV Company. Such amount of initial registered capital is determined after arm's length negotiations between CSCECL and the Company with reference to their proposed capital requirements of the JV Company.

CSCECL and the Company may, upon request by the JV Company, provide capital to the JV Company in a form of additional registered capital. The maximum total registered capital of the JV Company shall be RMB500,000,000 (approximately HK\$568,000,000).

### **Additional funding**

The JV Company shall ensure that the construction loans necessary for submitting tenders to participate in infrastructure construction projects will be available by way of bank loans. CSCECL and/or the Company should not be obligated to provide any guarantee.

### **Profit/loss sharing**

CSCECL and the Company shall enjoy the profit/loss to be made by the JV Company in proportion to their respective equity interest holdings in the JV Company.

### **Board representation**

The number of directors of the JV Company nominated by each of CSCECL and the Company shall be determined in proportion to their respective equity interest holdings in the JV Company. The directors of the JV Company shall have no casting vote. The quorum of the board meeting shall be two directors consisting of at least one director nominated by each of CSCECL and the Company.

### **Completion**

Completion of the JV Agreement shall be conditional upon approval by the Independent Shareholders as required under the Listing Rules. Upon completion, the parties shall proceed to establish the JV Company by entering into the relevant joint venture articles of the JV Company. The JV Agreement shall terminate in the event of, among other things, the JV Company not being formally established by 31 December 2009.

### **Assignment**

The shareholders of the JV Company shall not assign all or part of its equity interest in the JV Company without consent from the other party.

## **REASONS FOR THE JV AGREEMENT**

CSCECL has substantial experience in construction markets. The JV Agreement provides the Company with the option to submit tenders through the JV Company to participate in infrastructure construction projects in the PRC with CSCECL as a joint venture partner. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience of CSCECL, and by improving cost and time efficiency in managing its construction projects.

The Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the 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 JV Transactions 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.

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## 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);
“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
“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 JV Agreement and the JV Transactions;
“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;
“Independent Shareholder(s)”	the Shareholder(s), other than CSCECL and its associates;
“JV Agreement”	the joint venture formation cooperation agreement entered into between CSCECL and the Company on 9 April 2009 involving, among other things, the formation of the JV Company;

“JV Company”	a joint venture company to be established pursuant to the JV Agreement;
“JV Transactions”	the entering into of the JV Agreement and the transactions contemplated thereunder as described under the section headed “The JV Agreement” in this announcement;
“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;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; 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, 9 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.*