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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

ACQUISITION OF THE INVESTMENT INTERESTS IN
陽泉市陽五高速公路投資管理有限公司
(YANGQUAN YANGWU EXPRESSWAY INVESTMENT MANAGEMENT
LIMITED)

On 7 May 2010, CSCECL and the Company entered into the Agreement, pursuant to which the Company shall acquire from CSCECL its investment interests (comprising the entire registered capital and all the related shareholder's loan) in Yangquan Yangwu Expressway Investment Management Limited (i.e. the Project Company) for a consideration of RMB1,280 million. The principal activities of the Project Company are investment in and operation, repair and maintenance and construction of, the Yangquan Yangwu Expressway (Yangquan to Yu Xian section).

CSCECL is the intermediate holding company of the Company and thus a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the Agreement are more than 2.5% but less than 25%, the Acquisition constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. 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 comprising all the independent non-executive directors of the Company will be formed to advise the Independent Shareholders in respect of the Acquisition. 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 Acquisition together with, the recommendations of the independent board committee of the Company, a letter of advice from the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders, other information and expert reports as required by the Listing Rules and a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

THE AGREEMENT

Date:

7 May 2010

Parties:

- (1) CSCECL, as the vendor; and
- (2) the Company, as the purchaser.

Subject:

The investment interests of CSCECL in Yangquan Yangwu Expressway Investment Management Limited (i.e. the Project Company), comprising the entire registered capital and all the related shareholder's loan.

The unaudited net asset value of the Project Company as at 31 December 2009 was approximately RMB202 million (approximately HK\$230 million). The amount of shareholder's loan as at 31 December 2009 was approximately RMB920 million (approximately HK\$1,045 million). The original investment amount of CSCECL in respect of the Investment Interests was RMB1,122 million (approximately HK\$1,275 million). The amount of shareholder's loan may change subject to capitalisation or repayment prior to completion.

Consideration and Completion:

The Agreement will take effect on the date on which the last of the following conditions being fulfilled (the “**Effective Date**”): (i) the Agreement having been executed by the parties; (ii) the Independent Shareholders’ approval for the Acquisition having been obtained at the EGM; (iii) the approval for the transfer of the Investment Interests under the Agreement having been obtained from the Transport Department of Shanxi Province (山西省交通廳); and (iv) all relevant consents and approvals for the transfer of the Investment Interests under the Agreement under applicable laws and/or regulations having been obtained from the relevant governmental authorities, regulatory bodies and other third parties (the “**Consents and Approvals**”). It is agreed that CSCECL will be responsible for obtaining the Consents and Approvals, and the Company will co-operate with CSCECL if necessary. Completion of the transfer of the Investment Interests shall be deemed to be the date on which the transfer is being registered by the relevant PRC authorities (the “**Completion Date**”).

The consideration for the Acquisition shall be RMB1,280 million (approximately HK\$1,455 million), which shall be payable in the following installments: (i) RMB384 million, representing 30% of the consideration, to be payable within 5 business days from the Effective Date; (ii) RMB768 million, representing 60% of the consideration, to be payable within 6 months from the Completion Date; and (iii) the remaining balance, representing 10% of the consideration, to be payable within 1 year from the Effective Date.

The consideration is determined after arm’s length negotiation between the parties with reference to an independent valuation of the Project Company. An updated valuation report of the Project Company will be contained in the circular to be despatched to the Shareholders. It is agreed that the profit or loss of the Project Company for the period from 30 September 2009 to the Completion Date shall belong to the Company. The consideration will be financed by the Company from its internal resources.

INFORMATION ON THE PROJECT COMPANY AND THE YANGQUAN YANGWU EXPRESSWAY (YANGQUAN TO YU XIAN SECTION)

The Project Company was established in the PRC on 16 August 2007. It is a limited liability company (wholly-owned by legal person (法人獨資)) with a registered share capital of RMB202 million, which was fully paid up. The principal activities of the Project Company are investment in and operation, repair and maintenance and construction of, the Yangquan Yangwu Expressway (Yangquan to Yu Xian section) (陽泉陽五高速公路陽泉至盂縣段). Upon completion of the Acquisition, the Project Company will become a wholly-owned subsidiary of the Company.

Yangquan Yangwu Expressway is one of the main parts of Dongzong Main Route (東縱幹綫). The Yangquan to Yu Xian section is phase one of the Yangquan Yangwu Expressway project. The Yangquan Yangwu Expressway (Yangquan to Yu Xian section) is a 41.2 km expressway stretching from Xijiao Village of Pingding Xian (平定縣西郊村) to Yuanji Village of Yu Xian (盂縣元吉村), and intersecting with Taijiu Expressway (太舊高速公路).

Under the agreement signed between the Project Company, the Transport Department of Shanxi Province and the Yangquan Government on 9 July 2008 in relation to the Yangquan Yangwu Expressway (Yangquan to Yu Xian section), the Project Company has been granted the rights to construct, operate and maintain the Yangquan Yangwu Expressway (Yangquan to Yu Xian section), to collect tolls as approved by the Shanxi Government from vehicles using the Yangquan Yangwu Expressway (Yangquan to Yu Xian section), and to operate the service facilities within the approved area and to collect 40% of the profits from advertising during the concession period of 30 years from the date of approval from the Shanxi Government. The construction of the Yangquan Yangwu Expressway (Yangquan to Yu Xian section) was commenced in 2008, and is expected to be completed in 2011. Pursuant to pre-existing construction agreements entered into in November 2008 and January 2010 between CSCECL and the Project Company, the Project Company agreed to engage CSCECL as construction contractor for the construction of sections A1 and A4 of the Yangquan Yangwu Expressway (Yangquan to Yu Xian section) for contract sums of approximately RMB1,533 million (approximately HK\$1,742 million) and RMB476 million (approximately HK\$541 million) respectively. The Group will make progress payments to CSCECL based on the progress of the construction works completed by CSCECL in accordance with the agreed payment schedule.

REASONS FOR ENTERING INTO THE TRANSACTION

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

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

Given the acceleration of urbanisation in the PRC, the directors of the Company believe that the infrastructure investment in the PRC will maintain steady growth in the future and the Acquisition will enhance the Group's infrastructure investment portfolio and generate stable long term income to the Company, as well as enhance the value to the Shareholders. The directors of the Company also believe that the Acquisition is consistent with the Company's strategy of developing infrastructure investment.

The board of directors of the Company (other than the independent non-executive directors whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the Acquisition has been entered into on normal commercial terms and in the ordinary course of business, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

CSCECL is the intermediate holding company of the Company and thus a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the Agreement are more than 2.5% but less than 25%, the Acquisition constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. 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 comprising all the independent non-executive directors of the Company will be formed to advise the Independent Shareholders in respect of the Acquisition. 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 Acquisition together with, the recommendations of the independent board committee of the Company, a letter of advice from the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders, other information and expert reports as required by the Listing Rules and a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of the Investment Interests under the Agreement;
“Agreement”	the agreement between CSCECL and the Company dated 7 May 2010 in relation to the acquisition of the Investment Interests by the Company;

“associate(s)”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in 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 (the shares of which are listed on The Shanghai Stock Exchange), which is held as to 52.99% by CSCEC;
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Acquisition and the Agreement;
“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 Shareholders”	the Shareholders other than CSCECL and its associates;
“Investment Interests”	all the investments made by CSCECL into the Project Company, comprising the entire registered capital of the Project Company and all the related shareholder’s loan advanced to the Project Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Project Company”	陽泉市陽五高速公路投資管理有限公司 (Yangquan Yangwu Expressway Investment Management Limited), a limited liability company established in the PRC;
“Shanxi Government”	山西省人民政府 (Shanxi Province People’s Government);
“Shareholders”	the Shareholders of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yangquan Government”	山西省陽泉市人民政府 (Shanxi Province Yangquan Municipal People’s Government); and
“%”	per cent..

Unless otherwise specified in this announcement, amounts denominated in Renminbi have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of RMB0.88 = HK\$1.00. The exchange rate does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, 7 May 2010

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.