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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)

CONNECTED TRANSACTION
FORMATION OF JILIN JV WITH 中國建築第七工程局有限公司
(CHINA CONSTRUCTION SEVENTH
ENGINEERING DIVISION CORP. LTD.)

On 7 May 2010, SCOCL and CCSED entered into the Jilin JV Agreement, pursuant to which the parties agreed to form the Jilin JV on a 70:30 basis for the construction of and investment in certain infrastructure projects in Jilin, the PRC, subject to the results of the public tender.

CCSED is a subsidiary of CSCECL, the intermediate holding company of the Company. Accordingly, CCSED is a connected person of the Company and the Jilin JV Transaction 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 Jilin JV Transaction are less than 2.5%, the Jilin JV Transaction is subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirements under the Listing Rules.

THE JILIN JV AGREEMENT

Date

7 May 2010

Parties

- (1) SCOCL; and
- (2) CCSED.

Subject

SCOCL and CCSED have jointly submitted tender for the construction of and investment in certain infrastructure projects in Jilin, the PRC. Subject to the results of such, SCOCL and CCSED shall form the Jilin JV, and will hold 70% and 30% equity interests in the Jilin JV respectively. Upon establishment, the Jilin JV will be accounted for as a jointly controlled entity of the Company.

The infrastructure projects being tendered for are the Wusong Elevated Bridge (霧淞高架橋) and the People's Theatre (人民劇院) in Jilin city, the PRC. The construction of such infrastructure projects is expected to commence in 2010 and is expected to be completed within two years. The Jilin JV, if and after the tender is awarded in its favour, will enter into build-transfer agreement with the Jilin Government (or its nominated entity) in respect of the Wusong Elevated Bridge and the People's Theatre. After the build-transfer agreement has been entered into, the Jilin JV will enter into construction agreement with CCSED for the engagement of CCSED as construction contractor of such infrastructure projects.

Registered capital

The registered capital of the Jilin JV shall be RMB50.00 million (approximately HK\$56.82 million). SCOCL and CCSED will respectively pay into the Jilin JV RMB35.00 million (approximately HK\$39.77 million) and RMB15.00 million (approximately HK\$17.05 million) in cash in proportion to their respective equity interests in the Jilin JV after establishment of the Jilin JV. Such amount of registered capital is determined after arm's length negotiations between the parties with reference to their proposed capital requirements of the infrastructure projects.

Additional funding

Any project capital fund required for the infrastructure projects other than those in a form of registered capital shall be satisfied by applying the Jilin JV's construction profit. Any capital required for the infrastructure projects other than the project capital fund shall be funded by bank borrowings arranged by the Jilin JV with such guarantees to be issued by relevant governmental authorities as required by the banks. No guarantee shall be required from SCOCL and CCSED.

Profit/loss sharing

The profit/loss of the infrastructure projects will be shared by SCOCL and CCSED in proportion to their respective equity interests in the Jilin JV, and consists of the construction profit/loss and financial income/expense in relation thereto. No party shall assign all or part of its equity interests in the Jilin JV without written consent from the other party.

Upon completion of the infrastructure projects, the Jilin JV shall transfer such infrastructure projects to the Jilin Government, and the Jilin Government shall pay the relevant repurchase monies as agreed in the build-transfer agreement to the Jilin JV.

Board representation

The board of directors of the Jilin JV shall comprise three persons, two directors shall be nominated by SCOCL and one director shall be nominated by CCSED. The chairman of the Jilin JV shall be nominated by CCSED, whereas the vice-chairman of the board, who shall also be the legal representative of the Jilin JV, shall be nominated by SCOCL. The board resolutions of the Jilin JV shall be resolved by all the directors. There shall be three supervisors, each of SCOCL and CCSED shall nominate one supervisor and the remaining supervisor shall be a representative of the employees of the Jilin JV. The general manager and the financial controller of the Jilin JV shall be nominated by SCOCL, whereas the chief engineer, the chief economist and the finance manager shall be nominated by CCSED.

Participation in other infrastructure projects

Apart from the Wusong Elevated Bridge and the People's Theatre, the construction of other infrastructure projects (which comprise three other bridges) in Jilin are being contemplated by the Jilin Government. The Wusong Elevated Bridge and the People's Theatre are the first phase amongst such infrastructure projects. The parties will consider all relevant factors to determine whether to participate in the other phases. Tenders will be submitted through the Jilin JV should they decide to participate in the other phases.

REASONS FOR ENTERING INTO THE JILIN JV AGREEMENT

CCSED has substantial experience in construction markets. The Jilin JV Agreement provides the Company with the opportunity to participate in infrastructure construction projects in the PRC with CCSED as a joint venture partner. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience of CCSED and is in line with the Company's strategy of developing infrastructure investment business in PRC.

The Directors (including the independent non-executive Directors) consider that the Jilin JV Transaction is in the ordinary course of business, on normal commercial terms after arm's length negotiations between the parties, and the terms of the Jilin JV Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

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.

CCSED is a subsidiary of CSCECL, the intermediate holding company of the Company. Accordingly, CCSED is a connected person of the Company and the Jilin JV Transaction 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 Jilin JV Transaction are less than 2.5%, the Jilin JV Transaction is subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“CSSED”	中國建築第七工程局有限公司 (China Construction Seventh Engineering Division Corp. Ltd.), a limited liability company incorporated in the PRC and a subsidiary of CSCECL;
“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);
“connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“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;
“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;
“Jilin Government”	吉林省吉林市人民政府 (Jilin Province Jilin Municipal People’s Government);
“Jilin JV”	吉林市中海基礎設施開發建設有限公司, a joint venture limited liability company to be established pursuant to the Jilin JV Agreement;

“Jilin JV Agreement”	the joint venture formation cooperation agreement between SCOCL and CCSED dated 7 May 2010 involving, among other things, the formation of the Jilin JV;
“Jilin JV Transaction”	the entering into of the Jilin JV Agreement and the transactions contemplated thereunder (including the formation of the Jilin JV);
“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;
“RMB”	Renminbi, the lawful currency of the PRC;
“SCOCL”	深圳中海建築有限公司(Shenzhen China Overseas Construction Limited), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company;
“Shareholders”	the shareholders of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; 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.