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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 WUHAN JV WITH 中建三局建設工程股份有限公司 (CHINA CONSTRUCTION THIRD ENGINEERING BUREAU CORP., LTD.)

On 22 July 2010, CCTEB and SCOCL entered into the JV Agreement, pursuant to which the parties agreed to form the Wuhan JV on a 70:30 basis for the construction of and investment in the Wuhan Infrastructure Project.

CCTEB is a subsidiary of CSCECL, the intermediate holding company of the Company. Accordingly, CCTEB is a connected person of the Company and the 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 Transaction are less than 5%, the Transaction is subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirements under the Listing Rules.

JV AGREEMENT

Background

CCTEB has won an open tender as the lead contractor to build the Wuhan Infrastructure Project. On 22 July 2010, CCTEB and SCOCL entered into the JV Agreement, pursuant to which the parties agreed to form the Wuhan JV on a 70:30 basis for the construction of the Wuhan Infrastructure Project.

Date

22 July 2010

Parties

(1) CCTEB; and

(2) SCOCL.

Subject

CCTEB and SCOCL shall form the Wuhan JV, and will hold 70% and 30% equity interests in the Wuhan JV respectively. Upon establishment, the Wuhan JV will be accounted for as a jointly controlled entity of the Company.

Information about the Wuhan Infrastructure Project

The Wuhan Infrastructure Project involves the construction of the Wuchang section and the Hanyang section of the Wuhan No. 2 Circle Line (武漢市二環線武昌段和漢陽段) located in Wuhan, the PRC. The duration for the completion of the Wuhan Infrastructure Project is expected to be 15 months. CCTEB will enter into a build-transfer agreement with the Wuhan Government (or its nominated entity) for the construction of and investment in the Wuhan Infrastructure Project. After such build-transfer agreement has been entered into, the Wuhan JV will enter into a construction agreement with CCTEB for the engagement of CCTEB as construction contractor of the Wuhan Infrastructure Project.

Registered capital

The registered capital of the Wuhan JV shall be RMB300 million (approximately HK\$341 million). CCTEB and SCOCL will respectively pay into the Wuhan JV RMB210 million (approximately HK\$239 million) and RMB90 million (approximately HK\$102 million) in cash in proportion to their respective equity interests in the Wuhan JV before 15 August 2010. Such amount of registered capital is determined after arm's length negotiations between the parties with reference to their proposed capital requirements of the Wuhan Infrastructure Project.

Additional funding

Any project capital fund required for the Wuhan Infrastructure Project other than those in a form of registered capital shall be satisfied by applying the Wuhan JV's construction profit, and CCTEB shall be responsible for any shortfall thereof. Any capital required for the Wuhan Infrastructure Project other than the project capital fund shall be funded by bank borrowings arranged by the Wuhan JV. CCTEB shall assist the Wuhan JV to obtain guarantees to be issued by relevant governmental authorities as required by the banks.

Profit/loss sharing

The profit/loss of the Wuhan Infrastructure Project will be shared by CCTEB and SCOCL in proportion to their respective equity interests in the Wuhan JV, and consists of the construction profit/loss and financial income/expense in relation thereto.

Upon completion of the Wuhan Infrastructure Project, the Wuhan JV shall transfer the Wuhan Infrastructure Project to the Wuhan Government, and the Wuhan Government shall pay the relevant repurchase monies as agreed in the build-transfer agreement to the Wuhan JV.

Board representation

The board of directors of the Wuhan JV shall comprise three persons: two directors shall be nominated by CCTEB and one director shall be nominated by SCOCL. The chairman of the board of the Wuhan JV shall be nominated by CCTEB. The board resolutions of the Wuhan JV shall be resolved by all directors. The supervising committee of the Wuhan JV shall comprise three supervisors: each of CCTEB and SCOCL shall nominate one supervisor and the remaining supervisor shall be a representative of the employees of the Wuhan JV. The chairman of the supervising committee shall be nominated by CCTEB. The general manager of the Wuhan JV shall be nominated by CCTEB, whereas the deputy general manager and the financial controller of the Wuhan JV shall be nominated by SCOCL.

REASONS FOR THE TRANSACTION

CCTEB has substantial experience in construction markets. The Transaction provides the Company with the opportunity to participate in infrastructure construction projects in the PRC with CCTEB as joint venture partner. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience of CCTEB.

The Directors (including the Independent Non-executive Directors) consider that the 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 Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Transaction.

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.

CCTEB is a subsidiary of CSCECL, the intermediate holding company of the Company. Accordingly, CCTEB is a connected person of the Company and the 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 Transaction are less than 5%, the 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:

“CCTEB”	中建三局建设工程股份有限公司(China Construction Third Engineering Bureau Corp., Ltd.), a joint stock 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)”, “subsidiaries”	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 more than 50% 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;
“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;
“Wuhan Government”	武漢市政府 (Wuhan Municipal Government);
“Wuhan Infrastructure Project”	the project involving the construction of the Wuchang section and the Hanyang section of the Wuhan No. 2 Circle Line (武漢市二環線武昌段和漢陽段) located in Wuhan, the PRC, details of which are set out in the section headed “JV Agreement - Information about the Wuhan Infrastructure Project” in this announcement;

“Wuhan JV”	a joint venture limited liability company to be established pursuant to the JV Agreement;
“JV Agreement”	the joint venture formation cooperation agreement between CCTEB and SCOCL dated 22 July 2010 involving, among other things, the Wuhan Infrastructure Project and the formation of the Wuhan JV;
“Transaction”	the entering into of the JV Agreement and the transactions contemplated thereunder (including the formation of the Wuhan JV); 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, 22 July 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 (Executive Director), Mr. Zhang Yifeng (Executive Director), Mr. Cheong Chit Sun (Executive Director), Mr. Zhou Hancheng (Executive Director), Dr. Raymond Ho Chung Tai (Independent Non-executive Director), Mr. Adrian David Li Man Kiu (Independent Non-executive Director), Dr. Raymond Leung Hai Ming (Independent Non-executive Director) and Mr. Lee Shing See (Independent Non-executive Director).