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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 TRANSACTION

FORMATION OF JOINT VENTURE

DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES

On 20 October 2010, Maeda and CSECEL jointly accepted the Contract, which was awarded by the Employer to them in relation to the provision of construction services for the Express Rail Link Contract 823B - Shek Kong Stabling Sidings and Emergency Rescue Siding (the "Project"). The total contract sum under the Contract shall be approximately HK\$3,218 million.

In order to implement the Contract, Maeda and CSECEL are expected to enter into the JV Agreement to form the Joint Venture for carrying out the Project. The participations in the Joint Venture by Maeda and CSECEL shall be 70% and 30%, respectively.

Since applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the Transactions exceed 5% but less than 25%, the Transactions constitute discloseable transactions for the Company under the Listing Rules.

The Company also sets out in this announcement the details of all financial assistance to its affiliated companies and guarantees given for facilities granted to its affiliated companies in accordance with the requirement under Rule 13.16 of the Listing Rules.

INTRODUCTION

On 20 October 2010, Maeda and CSECEL jointly accepted the Contract, which was awarded by the Employer to them in relation to the provision of construction services for the Express Rail Link Contract 823B - Shek Kong Stabling Sidings and Emergency Rescue Siding (the "Project"). The total contract sum under the Contract shall be approximately HK\$3,218 million.

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JOINT VENTURE

Parties

- (i) Maeda, a third party independent of the Company and connected persons of the Company.
- (ii) CSECEL, a wholly-owned subsidiary of the Company.

Subject

Maeda and CSECEL shall form the Joint Venture to carry out and complete the Project under the Contract. The Joint Venture shall have no other purpose.

Participations in the Joint Venture

The participations in the Joint Venture by Maeda and CSECEL shall be 70% and 30% respectively ("Percentage Participation"). Maeda and CSECEL shall be jointly and severally liable in all aspects for the Joint Venture. However, risk, profit, loss and liabilities incurred by the Joint Venture shall be allocated and apportioned between Maeda and CSECEL on Percentage Participation basis. If either party incurs payment or liability in excess of its Percentage Participation in the Joint Venture, the other party shall indemnify so that the overall liability is ultimately apportioned between the parties in accordance with their Percentage Participation.

Pursuant to the Contract, the Joint Venture is expected to provide a performance bond to the Employer in the sum of approximately HK\$97 million. Each of Maeda and CSECEL is expected to provide guarantees on the Percentage Participation basis to secure the performance bond issued by a bank on behalf of the Joint Venture.

All the finance and guarantees to be provided by the Group in respect of the Joint Venture is expected to be financed by internal resources.

Other terms

The parties shall set up a management board for the Joint Venture. The management board shall comprise four members (two representatives appointed by each party of the Joint Venture). The chairman of the management board shall be one of the representatives appointed by Maeda. Any unanimous decisions of the management board will be final and binding upon the parties of the Joint Venture.

Guarantee

Pursuant to the Contract, the Company and Maeda shall provide a joint and several company guarantee (“CG”) for the Joint Venture in favour of the Employer to guarantee the due and punctual performance and fulfilling of all obligations of the Joint Venture under or arising out of or in connection with the Project. The Company and Maeda shall enter into a deed of cross indemnity. Pursuant to such deed of cross indemnity, if either the Company or Maeda incurs a liability in excess of its Percentage Participation in the Joint Venture (i.e. 30% for the Company (through CSCCEL) and 70% for Maeda), the other party shall indemnify so that the overall liability is ultimately apportioned between the parties in accordance with their Percentage Participation.

REASONS FOR THE TRANSACTIONS

The Board believes that the formation of Joint Venture would enable the Company to enjoy synergy effect by combining the resources of the parties.

The Directors (including the Independent Non-executive Directors) consider that the Transactions (including the CG) 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 Transactions (including the terms and conditions of the CG) are fair and reasonable and in the interests of the Shareholders as a whole.

DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES

As at 17 November 2010, the Group has given/committed financial assistance and guarantees amounted to approximately HK\$4,975 million in aggregate to the following affiliated companies which represent 36.15% of the Company's total assets of HK\$13,763 million published in the latest interim report of the Company:

Affiliated company	Group's attributable interest	Amount of guarantee for banking facilities given/ committed HK\$' million	Amount of company guarantee given/ committed HK\$' million	Total HK\$' million
Maeda - China State Joint Venture (Contract 823B)	30%	29 (Note 1)	3,218 (Note 2)	3,247
ATAL - Degremont - China State Joint Venture	32.5%	14 (Note 3)	—	14
China Overseas Building - Bordon Joint Venture	50%	129 (Note 3)	—	129
Maeda - China State Joint Venture (Contract 823A)	30%	14 (Note 3)	1,502 (Note 4)	1,516
China State - Leighton Joint Venture	50%	6 (Note 3)	—	6
Leighton - China State Joint Venture	50%	39 (Note 3)	—	39
ATAL / Waterleau / CCEM Joint Venture	48.45%	12 (Note 3, 5)	—	12
ATAL / Waterleau / CSCEL Joint Venture	39.23%	4 (Notes 3, 5)	—	4
Consorcio De Krueger - CSME Joint Venture	55%	8 (Note 3)	—	8
		255	4,720	4,975

Notes:

1. The Joint Venture is expected to provide a performance bond to the Employer in the sum of approximately HK\$97 million. Each of Maeda and CSECEL is expected to provide guarantees on the Percentage Participation basis to secure the performance bond issued by a bank on behalf of the Joint Venture.
2. The Company and Maeda is expected to provide a joint and several CG for the Joint Venture in favour of the Employer to guarantee the due and punctual performance and fulfilling of all obligations of the Joint Venture under or arising out of or in connection with the Project of a total contract sum of approximately HK\$3,218 million.
3. The guarantees given represent the relevant amount of guarantees provided by the Group to secure performance bonds and retention bonds issued by banks on behalf of the respective affiliated companies.
4. The Group and its joint venture partner were required to provide a joint and several company guarantee for the joint venture in connection with the project of a total contract sum of approximately HK\$1,502 million.
5. Amounts of the guarantees were given in the currency of MOP\$, which have been converted into HK\$ at the rate of MOP\$1.03 = HK\$1.00.

Save as disclosed above, the Group has no capital injection commitment in its affiliated companies and the Company does not have other disclosure obligations under Rule 13.16 of the Listing Rules.

GENERAL

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

CSECEL is principally engaged in building construction, civil and foundation engineering works, and investment holding.

Maeda is principally engaged in building construction and civil engineering works.

CSECEL is a wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Employer and Maeda and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

Since applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the Transactions exceed 5% but less than 25%, the Transactions constitute discloseable transactions for the Company under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“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 under the Listing Rules;
“Contract”	the contract awarded by the Employer in relation to the provision of construction services for the Project;
“CSCCEL”	China State Construction Engineering (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Directors”	the directors of the Company;
“Employer”	MTR Corporation Limited, the employer of the Project;
“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 People’s Republic of China;
“Joint Venture”	joint venture of Maeda and CSCCEL pursuant to the JV Agreement;

“JV Agreement”	the joint venture agreement to be entered into between Maeda and CSECEL involving, among other things, the formation of the Joint Venture;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the People’s Republic of China;
“Maeda”	Maeda Corporation, a company incorporated in Japan with limited liability and whose shares are listed on the First Section of the Tokyo Stock Exchange;
“MOP\$”	Macau Pataca, the lawful currency of Macau;
“Project”	Express Rail Link Contract 823B - Shek Kong Stabling Sidings and Emergency Rescue Siding;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions as contemplated in respect of the Joint Venture; and
“%”	per cent..

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

Hong Kong, 17 November 2010

As at the date of this announcement, the Board comprises Mr. Kong Qingping (Chairman) as Non-executive Director; Mr. Zhou Yong (Vice-chairman and Chief Executive Officer), Mr. Yip Chung Nam, Mr. Zhang Yifeng, Mr. Cheong Chit Sun, Mr. Zhou Hancheng and Mr. Tian Shuchen 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.