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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 TAIYUAN JOINT VENTURE WITH 中國建築股份有限公司 (CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)

On 18 January 2011, CSCECL and SZCS Grand Wealth (a wholly-owned subsidiary of the Company) entered into the JV Agreement, pursuant to which the parties agreed to form the JV Company on a 60:40 basis for carrying out financing and construction of the build-transfer infrastructure project in respect of the ancillary facilities and infrastructure of Taiyuan South Station West Front Square (太原南站站前西廣場) in Taiyuan city, Shanxi Province, the PRC (the “**Project**”).

CSCECL is the intermediate holding company of the Company and therefore a connected person of the Company. The JV Transactions 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 are less than 5%, the JV Transactions are subject to the reporting and announcement requirements, but are exempt from the independent shareholders’ approval requirements, under the Listing Rules.

INTRODUCTION

In January 2011, CSCECL entered into a repurchase agreement with Taiyuan City High Speed Railway Investment Company Limited (太原市高速鐵路投資有限公司) and Taiyuan City Finance Bureau (太原市財政局) regarding the build-transfer infrastructure project in respect of the ancillary facilities and infrastructure of Taiyuan South Station West Front Square (太原南站站前西廣場) in Taiyuan city, Shanxi Province, the PRC (the “**Project**”). CSCECL and SZCS Grand Wealth have entered into the JV Agreement to form the JV Company for carrying out financing and construction of the Project.

THE JV AGREEMENT

Date

18 January 2011

Parties

- (i) CSCECL
- (ii) SZCS Grand Wealth, a wholly-owned subsidiary of the Company

Subject

CSCECL and SZCS Grand Wealth shall form the JV Company, of which CSCECL will hold 60% and SZCS Grand Wealth will hold 40% equity interests, respectively. Upon establishment, the JV Company will be treated as a jointly controlled entity of CSCECL and SZCS Grand Wealth. The JV Company shall obtain all necessary approvals and registration from the relevant governmental authorities.

The JV Company shall carry out financing and construction of the Project. The developer of the Project is Taiyuan City High Speed Railway Investment Company Limited, which is responsible for the development and operation of the Project. The Project is expected to be completed in two years and will be repurchased by the developer within four years from the date of completion of the Project. The repurchase monies will be arranged by the Taiyuan City Finance Bureau and be paid directly to the JV Company. The provisional contract amount for the Project is RMB2,400,000,000 (approximately HK\$2,823,000,000). The contract sum attributable to SZCS Grand Wealth as 40% owner of the Project will be RMB960,000,000 (approximately HK\$1,129,000,000), although such sum will not be consolidated as the Group’s revenue since the JV company is accounted for as a jointly controlled entity of SZCS Grand Wealth upon its establishment.

Registered capital

The registered capital of the JV Company shall be RMB110,000,000 (approximately HK\$129,411,765), which is to be paid into the JV Company by CSCECL and SZCS Grand Wealth in cash in proportion to their respective equity interests in the JV Company. Such amount of registered capital is determined after arm's length negotiations between CSCECL and SZCS Grand Wealth with reference to their proposed capital requirements of the JV Company.

Additional funding

The JV Company shall ensure that the construction loans necessary for the Project will be available by way of bank loans. CSCECL and/or SZCS Grand Wealth shall not be obligated to provide any guarantee.

Profit/loss sharing

CSCECL and SZCS Grand Wealth shall share the profit/loss to be made by the JV Company in proportion to their respective equity interests in the JV Company.

Board representation

The board of directors of the JV Company shall comprise three persons. One director of the JV Company shall be assigned by SZCS Grand Wealth. All board resolutions of the JV Company shall be unanimously resolved by all directors.

Assignment

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

Termination

Either party may terminate the JV Agreement in the event of any of the following: (i) the JV Company not being formally established by 31 March 2011; (ii) shares of the JV Company sold or transferred to any third party; (iii) voluntary or involuntary declaration of insolvency, liquidation or dissolution by the JV Company; or (iv) both parties agree to terminate the JV Agreement.

REASONS FOR THE JV AGREEMENT

Both CSCECL and SZCS Grand Wealth have participated in large-scale infrastructure construction projects in various regions. The Directors believe that the formation of the JV Company will generate synergetic effects, which will be beneficial to the Group in successfully completing the Project.

The Directors (including the independent non-executive Directors) consider that the JV Transactions are in the ordinary and usual course of business, and are 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.

None of the Directors has a material interest in the JV Transactions.

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.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“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);
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“connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under 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;
“JV Agreement”	the joint venture formation cooperation agreement entered into between CSCECL and SZCS Grand Wealth on 18 January 2011 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 the JV Agreement and the transactions contemplated thereunder (including the formation of the JV Company);
“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;

“Project”	the build-transfer infrastructure project in respect of the ancillary facilities and infrastructure of Taiyuan South Station West Front Square (太原南站站前西廣場) in Taiyuan city, Shanxi Province, the PRC;
“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;
“SZCS Grand Wealth”	深圳市中建宏達投資有限公司 (Shenzhen China State Grand Wealth Investment Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent..

For illustration purposes in this announcement, the amounts in RMB are translated to HK\$ at the rate of RMB0.85 = 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, 18 January 2011

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.