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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)

**CONTINUING CONNECTED TRANSACTIONS
WITH
CHINA OVERSEAS HOLDINGS LIMITED**

On 20 September 2011, the Company and COHL entered into the COHL Construction Engagement Agreement, whereby the COHL Group may engage the Group as contractor (on the basis of “Build-Transfer” mode) for the COHL Group’s construction of housing and infrastructure in relation to urban-rural coordination projects in the PRC upon successful tender for a term of three years commencing from 1 November 2011 and ending on 31 October 2014 subject to the COHL Construction Engagement Cap.

COHL is the controlling shareholder of the Company. Accordingly, members of the COHL Group are connected persons of the Company. The COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for the Company in respect of the maximum total contract sum that may be awarded to the Group for each year/period under the COHL Construction Engagement Agreement, i.e. the COHL Construction Engagement Cap, exceed 5%, the COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders’ approval requirements. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM.

An independent board committee of the Company comprising all the Independent Non-executive Directors of the Company will be formed to advise the Independent Shareholders in respect of the COHL Construction Engagement Transactions. 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 COHL Construction Engagement Transactions together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM will be expected to be despatched to the Shareholders on or before 7 October 2011 in accordance with the Listing Rules.

The Shareholders should note that the COHL Construction Engagement Cap represents the best estimate by the Directors of the amount of the COHL Construction Engagement Transactions based on the information currently available. The COHL Construction Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The COHL Group may or may not retain the Group to engage in the Construction Works up to the level of the COHL Construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party Contractors.

COHL CONSTRUCTION ENGAGEMENT AGREEMENT

Date

20 September 2011

Parties

1. The Company; and
2. COHL.

COHL Construction Engagement Transactions

The Directors expect that the COHL Group will invite the Group to participate in competitive tender as contractor (on the basis of "Build-Transfer" mode) for the COHL Group's construction of housing and infrastructure in relation to urban-rural coordination projects in the PRC (the "Construction Works") from time to time.

Accordingly, under the COHL Construction Engagement Agreement, the Company and COHL agreed, among other things, that for a term of three years commencing from 1 November 2011 and ending on 31 October 2014:

- (a) the Group may tender for the COHL Group's Construction Works as contractor in accordance with the tendering procedure of the COHL Group from time to time and on the same and normal terms as offered to other independent third party Contractors; and
- (b) if any contract is granted in favour of the Group as a result of the above tender, the Group may act as a contractor for the COHL Group's Construction Works based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the COHL Group to the Group for the period between 1 November 2011 and 31 December 2011 shall not exceed RMB5,000 million (approximately HK\$6,097 million), for each of the two financial years ending 31 December 2013 shall not exceed RMB5,000 million (approximately HK\$6,097 million), and for the period between 1 January 2014 and 31 October 2014 shall not exceed RMB5,000 million (approximately HK\$6,097 million) (i.e. the COHL Construction Engagement Cap); and
- (c) the construction fees payable by the COHL Group to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific construction contracts.

The COHL Construction Engagement Cap is calculated with reference to the following factors:

- (i) total estimated contract sum of the COHL Group's Construction Works in the three-year period commencing from 1 November 2011 and ending on 31 October 2014, estimated with reference to the COHL Group's future growth and expansion in the PRC for such period; and
- (ii) the Group's understanding that many of the COHL Group's Construction Works for 2011 will be launched in the last two months of 2011.

Conditions Precedent

The COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement (together with the COHL Construction Engagement Cap) will take effect conditional upon the Independent Shareholders' approval having been obtained at the EGM.

REASONS FOR THE COHL CONSTRUCTION ENGAGEMENT TRANSACTIONS

The Directors consider that the COHL Construction Engagement Transactions will provide opportunities for the Group to strengthen and further its construction related business and qualifications in the PRC through its participation in COHL Group's Construction Works. The Directors also consider that the COHL Construction Engagement Transactions will provide the Group with a new means to invest in the indemnificatory housing and infrastructure businesses and will enhance the Group's rapid business development in the PRC.

On the same date of the COHL Construction Engagement Agreement, the Company has also entered into an engagement agreement with CSCECL, whereby the Group may engage the CSCECL Group (excluding the COHL Group) as Contractors for the Group's construction works, and the CSCECL Group (excluding the COHL Group) may engage the Group as Contractors for the construction works of the CSCECL Group (excluding the COHL Group) in compliance with the continuing connected transaction requirements under the Listing Rules. Further details of such engagement agreement are set out in the announcement of the Company dated 20 September 2011. The maximum total contract sums that may be awarded under such engagement agreement for each year/period are separate and distinct from the COHL Construction Engagement Cap.

Reference is made to the announcement dated 2 April 2009 and the circular dated 23 April 2009 in relation to the Previous Engagement Agreement entered into between the Company and CSCECL. For clarification purposes, any engagement of the Group pursuant to the COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement will not be subject to the provisions of the Previous Engagement Agreement. The maximum total contract sums that may be awarded under the Previous Engagement Agreement for each year/period are separate and distinct from the COHL Construction Engagement Cap.

Reference is also made to the announcement dated 18 June 2010 jointly issued by the Company and COLI regarding the agreement entered into between the Company and COLI on 18 June 2010, pursuant to which the Company (through its subsidiary) shall provide connection services for heating pipes for real estate projects located in Shenyang developed by COLI commencing on 1 July 2010 and ending on 31 December 2012. For clarification purposes, any engagement of the Group pursuant to the COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement will not be subject to the provisions of the said

agreement between the Company and COLI. The maximum total contract sums that may be awarded under the said agreement between the Company and COLI for each year/period are separate and distinct from the COHL Construction Engagement Cap.

Reference is also made to the announcement dated 2 April 2009 jointly issued by the Company and COLI in relation to the engagement agreement entered into between the Company and COLI on 2 April 2009 in respect of the engagement of the Group by the COLI Group as construction contractor for the COLI Group in the PRC, Hong Kong and Macau for a term of three years commencing from 1 July 2009 to 30 June 2012. For clarification purposes, any engagement of the Group pursuant to the COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement will not be subject to the provisions of the said agreement between the Company and COLI. The maximum total contract sums that may be awarded under the said agreement between the Company and COLI for each year/period are separate and distinct from the COHL Construction Engagement Cap.

The Directors (other than the Independent Non-executive Directors of the Company whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the COHL Construction Engagement Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement (together with the COHL Construction Engagement Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the COHL Construction Engagement Transactions (together with the COHL Construction Engagement Cap) are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

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

The COHL Group has been engaging in investments holding and property development.

COHL is the controlling shareholder of the Company. Accordingly, members of the COHL Group are connected persons of the Company. The COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for the Company in respect of the maximum total contract sum that may be awarded to the Group for each year/period under the COHL Construction Engagement Agreement, i.e. the COHL Construction Engagement Cap, exceed 5%, the COHL Construction Engagement Transactions contemplated under the COHL Construction Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be conducted by poll and COHL and its associates will abstain from voting at the EGM.

An independent board committee of the Company comprising all the Independent Non-executive Directors of the Company will be formed to advise the Independent Shareholders in respect of the COHL Construction Engagement Transactions. 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 COHL Construction Engagement Transactions together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the EGM will be expected to be despatched to the Shareholders on or before 7 October 2011 in accordance with the Listing Rules. If there is expected to be delay in despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

The Shareholders should note that the COHL Construction Engagement Cap represents the best estimate by the Directors of the amount of the COHL Construction Engagement Transactions based on the information currently available. The COHL Construction Engagement Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The COHL Group may or may not retain the Group to engage in the Construction Works up to the level of the COHL Construction Engagement Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party Contractors.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “subsidiary(ies)” each has the meaning ascribed to it under the Listing Rules;

“Board”	the board of Directors;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company;
“COHL Construction Engagement Agreement”	the engagement agreement entered into between the Company and COHL on 20 September 2011 in respect of the COHL Construction Engagement Transactions;
“COHL Construction Engagement Cap”	the maximum total contract sum of the construction contracts in relation to the Construction Works that may be awarded by the COHL Group to the Group for each year/period under the COHL Construction Engagement Agreement;
“COHL Construction Engagement Transactions”	the engagement of the Group as contractor (on the basis of “Build-Transfer” mode) for the COHL Group’s Construction Works as described under the sub-section headed “COHL Construction Engagement Transactions” in this announcement;
“COHL Group”	COHL and its subsidiaries (excluding the Group) from time to time;
“COLI”	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);
“COLI Group”	COLI and its subsidiaries from time to time;
“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);
“Construction Works”	construction of housing and infrastructure in relation to urban-rural coordination projects in the PRC;

“Contractors”	collectively, construction sub-contractor, project management contractor, project consultant and/or construction material supplier;
“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 (which is held more than 50% by CSCEC) and whose shares are listed on the Shanghai Stock Exchange (stock code: 601668);
“CSCECL Group”	CSCECL and its subsidiaries (excluding the Group and the COLI Group) from time to time;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the COHL Construction Engagement Agreement and the transactions contemplated thereunder;
“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 Shareholder(s)”	the Shareholder(s), other than COHL and its associates;
“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 exclude Hong Kong, Macau and Taiwan;
“Previous Engagement Agreement”	the engagement agreement entered into between the Company and CSCECL on 2 April 2009 in respect of continuing connected transactions of the Company involving (i) the engagement by the Group of the CSCECL Group as construction sub-contractor and/or project management contractor for the Group’s construction works in the PRC and the United Arab Emirates; and (ii) the engagement by the CSCECL Group of the Group as construction sub-contractor for construction works of the CSCECL Group in 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; 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 RMB0.82 = 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, 20 September 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. Zhang Yifeng, Mr. Cheong Chit Sun, Mr. Zhou Hancheng, Mr. Tian Shuchen and Mr. Hung Cheung Shew 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.