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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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

Placing Agents



THE PLACING AGREEMENT AND THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 18 July 2012, the Vendor, the Placing Agents and the Company entered into the Placing Agreement pursuant to which the Vendor agreed to sell and the Placing Agents agreed to procure, on a best effort basis, purchasers to acquire 300,000,000 existing Shares at a Placing Price of HK\$7.57 per Share.

On the same date, the Vendor and the Company also entered into the Subscription Agreement under which the Vendor agreed to subscribe for 300,000,000 new Shares at the Placing Price on terms and subject to conditions contained therein.

The Placing Shares represent approximately 8.36 percent of the existing issued share capital of the Company and approximately 7.72 percent of the Company's issued share capital as enlarged by the Subscription.

The net proceeds raised by the Company from the Subscription are estimated to be approximately HK\$2,230 million. The Company intends to apply such net proceeds as general working capital and capital expenditure of the Group which may include funding build-and-transfer, build-operate-and-transfer, and affordable housing projects from time to time.

THE PLACING AGREEMENT

Date

18 July 2012

Parties

- (a) the Vendor, the controlling shareholder of the Company, which beneficially owns 2,218,813,659 Shares, representing approximately 61.85% of the existing issued share capital of the Company;
- (b) the Company; and
- (c) the Placing Agents.

The Placing Shares

300,000,000 existing Shares to be placed on a best effort basis by the Placing Agents, representing approximately 8.36 percent of the existing issued share capital of the Company and approximately 7.72 percent of the Company's issued share capital as enlarged by the Subscription.

The Placing Price

HK\$7.57 per Share. The Placing Price represents:

- (a) a discount of approximately 9.88 percent to the closing price of HK\$8.40 per Share quoted on the Stock Exchange on 17 July 2012, being the last trading date immediately before the date of the Placing Agreement and the Subscription Agreement ("**Last Trading Date**");
- (b) a discount of approximately 8.46 percent to the average closing price of HK\$8.27 per Share as quoted on the Stock Exchange from 11 July 2012 to 17 July 2012, both dates inclusive, being the last five trading days up to and including the Last Trading Date; and
- (c) a discount of approximately 6.08 percent to the average closing price of HK\$8.06 per Share as quoted on the Stock Exchange from 4 July 2012 to 17 July 2012, both dates inclusive, being the last ten trading days up to and including the Last Trading Date.

The Placing Price was determined on an arm's length basis. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Placees

It is expected that the Placing Shares will be placed to not less than six (6) Placees. The Placees and their ultimate beneficial owners are third parties independent from the Company or its associates and are independent of and not connected with any of the Company, its subsidiaries, their respective directors, chief executives, substantial shareholders, and their respective associates. It is currently anticipated that none of the Placees will become a substantial shareholder of the Company upon completion of the Placing.

The Placing Agents

The Placing Agents and their ultimate beneficial owners are third parties independent from the Company or its associates and are independent of and not connected with any of the Company, its subsidiaries, their respective directors, chief executives, substantial shareholders, and their respective associates.

The obligations of the Placing Agents under the Placing Agreement (and, in particular, each of their obligations in relation to procuring the placing of the Placing Shares) shall be several only (and not jointly nor on a joint and several basis).

Conditions of the Placing

The Placing is conditional upon:

- (a) the Subscription Agreement having been entered into by the parties thereto;
- (b) the Placing Agents having received:
 - (i) from each of the Vendor and the Company certified board resolutions approving the Placing and the entering into of the Placing Agreement; and
 - (ii) the Cayman Islands and Hong Kong legal opinions from the counsel to the Company and the Vendor and the Hong Kong and United States legal opinions from the counsel to the Placing Agents, each in a form to the satisfaction to the Placing Agents.

Rights

The Placing Shares will be sold free from all liens, charges and encumbrances, and together with all rights attaching to the Placing Shares as at the date of the Placing Agreement, including the right to receive all dividends and other distributions declared, made or paid on the Placing Shares on or after the date of the Placing Agreement.

Completion of Placing

It is expected that the Placing will be completed on 20 July 2012 or such other time or date as the parties to the Placing Agreement shall agree.

Lock-up

Pursuant to the Placing Agreement:

- (a) The Vendor undertakes to each of the Placing Agents that (except for the sale of the Placing Shares pursuant to the Placing Agreement) for a period commencing on the date of the Placing Agreement and ending on 90th day from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including, in respect of the Vendor, the Subscription Shares) or any interests therein beneficially owned or held by it or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the joint prior written consent of the Placing Agents; and

- (b) The Company undertakes to each of the Placing Agents, and the Vendor undertakes to the Placing Agents to procure, that for a period commencing on the date of the Placing Agreement and ending on 90th day from the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company (if any) or (2) any outstanding subscription warrants in issue prior to the Placing Agreement (if any) or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association or (4) conversion of outstanding convertible bonds in issue prior to this Agreement (if any), (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the joint written consent of the Placing Agents.

THE SUBSCRIPTION AGREEMENT

Date

18 July 2012

Parties

- (a) the Vendor, as the subscriber; and
- (b) the Company.

The Subscription Shares

300,000,000 new Shares, to be allotted and issued to the subscriber, representing approximately 8.36 percent of the existing issued share capital of the Company and approximately 7.72 percent of the Company's issued share capital as enlarged by the Subscription (the total nominal value of the Subscription Shares is HK\$7,500,000).

Subscription price

HK\$7.57 per Share, which is equivalent to the Placing Price. The total subscription monies receivable by the Company will be the subscription price per Share multiplied by the number of new Shares subscribed for less all commissions and other expenses borne or incurred by the Vendor in relation to the Placing and/or the Subscription. The net proceeds of the Subscription to the Company is estimated to be about HK\$2,230 million and the net subscription price per Share will be about HK\$7.43.

Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the general mandate granted to the Directors at the last annual general meeting held by the Company on 28 May 2012. Save for the Subscription, such general mandate has not been utilized since the date of the grant. As at the date of this announcement, the Company may issue up to 717,348,704 Shares under the existing general mandate. Accordingly, the issue of the Subscription Shares is not subject to any approval by the Shareholders.

Ranking

The new Shares, when fully paid, will rank equally with the existing Shares in issue including the right to receive all dividends and distributions which may be declared, made or paid after the date of the Subscription Agreement.

Conditions of the Subscription

The Subscription is conditional upon:

- (a) completion of the Placing pursuant to the terms of the Placing Agreement; and
- (b) the granting of the listing of, and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange.

The Company will apply to the Stock Exchange for listing of and permission to deal in the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place after all the conditions of the Subscription have been satisfied, and in any event no later than 14 days after the date of the Placing Agreement or such other date as the parties may agree. Should the Subscription be completed after such date, the Company will comply with all the relevant requirements of the Listing Rules and the Takeovers Code. Further announcement will be made as and when appropriate.

As at the date of this announcement, the Vendor and parties acting in concert with it are interested in 2,218,813,659 Shares, representing approximately 61.85 percent of the existing issued share capital of the Company. The shareholding interest of the Vendor and parties acting in concert with it will decrease to approximately 53.49 percent upon completion of the Placing and will then increase to approximately 57.07 percent upon completion of the Subscription.

As the Vendor and parties acting in concert with it have continuously held more than 50 percent of the voting rights of the Company for more than 12 months prior to the Placing and the Subscription, no waiver is required to be obtained from the Executive pursuant to the Takeovers Code.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

The shareholdings in the Company as at the date of this announcement and immediately before and after completion of the Placing and the Subscription are summarised as follows:

	As at the date of this announcement and before completion of the Placing and the Subscription		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>The Vendor</i>	<u>2,218,813,659</u>	<u>61.85</u>	<u>1,918,813,659</u>	<u>53.49</u>	<u>2,218,813,659</u>	<u>57.07</u>
<i>Directors</i>	20,919,387	0.58	20,919,387	0.58	20,919,387	0.54
<i>Public Shareholders</i>	<u>1,347,714,337</u>	<u>37.57</u>	<u>1,647,714,337</u>	<u>45.93</u>	<u>1,647,714,337</u>	<u>42.39</u>
	<u>3,587,447,383</u>	<u>100.00</u>	<u>3,587,447,383</u>	<u>100.00</u>	<u>3,887,447,383</u>	<u>100.00</u>

Note:

The figures above assume that other than the Subscription Shares, no further Shares are issued or repurchased by the Company and no share options are exercised, and other than the Placing Shares, no Shares are sold or purchased by the Vendor, in each case on or after the date of this announcement and up to the respective dates of completion of the Placing and the Subscription.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The net proceeds pursuant to the Subscription are estimated to amount to about HK\$2,230 million and will be used by the Company primarily for general working capital and capital expenditure of the Group which may include funding build-and-transfer, build-operate-and-transfer, and affordable housing projects from time to time.

The Placing will enlarge the shareholder and capital base of the Company and strengthen its financial position. The Directors believe that the terms of the Placing and the Subscription are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Since the completion of the Placing and the Subscription is subject to the satisfaction of a number of conditions, **Shareholders and investors are advised to exercise caution when dealing in the Company's securities.**

EQUITY FUND RAISING EXERCISES IN THE PREVIOUS 12 MONTHS

The Company has not raised any funds by issuing new equity securities in the 12 months preceding this announcement.

INFORMATION ON THE GROUP

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

TERMS AND DEFINITIONS

In this announcement the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning given to it under the Takeovers Code;
“associates”	has the meaning as ascribed to it under the Listing Rules;
“BNP”	BNP Paribas Capital (Asia Pacific) Limited, a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined in Schedule 5 of the SFO;
“Citi”	Citigroup Global Markets Asia Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities as defined in Schedule 5 of the SFO;
“Closing Date”	20 July 2012 or such other date as the Vendor and the Placing Agents may agree in writing;

“Company”	China State Construction International Holdings Limited, a company incorporated under the laws of the Cayman Islands and whose Shares are listed on the Stock Exchange;
“Directors”	the directors of the Company for the time being;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placees”	any independent professional, institutional and/or individual investor(s) procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the obligations of the Placing Agents under the Placing Agreement;
“Placing”	the placing of the Placing Shares by the Placing Agents under the Placing Agreement;
“Placing Agents”	Citi and BNP;
“Placing Agreement”	the placing agreement dated 18 July 2012 entered into among the Vendor, the Company and the Placing Agents;
“Placing Price”	HK\$7.57 per Placing Share;
“Placing Shares”	300,000,000 Shares to be sold by the Vendor pursuant to the Placing and “Placing Share” shall mean any one of them;
“SFC”	the Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);
“Shares”	ordinary shares of HK\$0.025 each in the share capital of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of 300,000,000 new Shares by the Vendor under the Subscription Agreement;
“Subscription Agreement”	the conditional subscription agreement dated 18 July 2012 entered into by the Vendor and the Company;
“Subscription Shares”	300,000,000 new Shares to be subscribed for by the Vendor pursuant to the Subscription Agreement and “Subscription Share” shall mean any one of them;
“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers; and
“Vendor”	China Overseas Holdings Limited.

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

Hong Kong, 18 July 2012

As at the date of this announcement, the Board comprises Mr. Kong Qingping as Chairman and Non-executive Director; Mr. Zhou Yong (Vice-chairman and Chief Executive Officer), Mr. Zhang Yifeng, Mr. Zhou Hancheng, Mr. Tian Shuchen and Mr. Hung Cheung Shew as Executive Directors; Dr. Cheong Chit Sun and Mr. Li Jian as Non-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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinion expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in the announcement, the omission of which would make any statement in this announcement misleading.