

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 AND CONNECTED TRANSACTION
CONNECTED TRANSACTION
CONTINUING CONNECTED TRANSACTIONS
AND
REVISION OF RELEVANT CAP AMOUNTS OF CONTINUING CONNECTED
TRANSACTIONS WITH HAILONG**

THE ACQUISITION

The Board announces that on 9 May 2006, the Company and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Vendors have agreed to sell to the Company the Sale Shares for HK\$90,000,000 (subject to adjustment).

COHL is interested as to approximately 64.3% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules and will be subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION

Upon Completion, CCEM will become a wholly-owned subsidiary of the Company. Accordingly, the Construction Management Contract dated 1 August 2005 between Goodrich and CCEM will constitute a connected transaction for the Company. Pursuant to the Construction Management Contract, Goodrich appointed CCEM as construction manager for the Project for a management fee of HK\$20,000,000 payable with reference to the proportion of work done on the Project. A bonus payment of up to a maximum sum of HK\$30,000,000 may be paid to CCEM, subject to completion of the construction of the Project within the pre-determined time frame and target cost in full compliance with the construction requirements of the Project.

As the consideration of the Construction Management Contract will exceed the 2.5% threshold provided in Rule 14A.32 of the Listing Rules, the Construction Management Contract will upon Completion become a non-exempt connected transaction for the Company subject to the requirements of reporting, announcement and approval by the Independent Shareholders.

CONTINUING CONNECTED TRANSACTIONS

Upon Completion, CCEM will become a wholly-owned subsidiary of the Company. COLI is owned as to approximately 50.7% by COHL and is an associate of a substantial shareholder of the Company. Accordingly, transactions between CCEM and COLI will constitute connected transactions of the Company under the Listing Rules. On 22 November 2005, COLI entered into the CCEM Engagement Agreement with CCEM, pursuant to which the COLI Group engaged CCEM as its construction contractor in Macau upon successful tender of construction contracts for each of the three financial years ending 31 December 2008 subject to the annual cap stipulated in the CCEM Engagement Agreement that has been approved by the COLI Shareholders.

As the annual cap under the CCEM Engagement Agreement will exceed the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the continuing connected transactions between COLI and CCEM will upon Completion become non-exempt continuing connected transactions for the Company subject to the requirements of reporting, announcement and approval by the Independent Shareholders.

REVISION OF RELEVANT CAP AMOUNTS OF CONTINUING CONNECTED TRANSACTIONS WITH HAILONG

On 8 June 2005, the Stock Exchange granted a waiver to the Company pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement (but not reporting) and/or Independent Shareholders' approval requirements as stipulated in Rules 14A.47 and 14A.48 of the Listing Rules in connection with, amongst others, the Material Supplies Transactions with Hailong on each occasion they arise.

The waiver is subject to, amongst others, the annual cap of the Material Supplies Transactions not exceeding HK\$30,000,000 for each of the three financial years ending 31 December 2007. Owing to the increased application of pre-cast structures in housing projects and residential projects, the Directors expect that the amount of the Material Supplies Transactions will exceed the annual cap permitted under the waiver. The total purchases from Hailong up to the date of this announcement amounted to approximately HK\$12,500,000. Taking into consideration the requirements of the projects on hand, it is expected that further purchases of up to approximately HK\$57,000,000 will be required for the rest of 2006. Accordingly, the Company seeks Independent Shareholders' approval to increase the annual cap for the Material Supplies Transactions to HK\$70,000,000 for each of the two financial years ending 31 December 2007.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap of the Material Supplies Transactions under the Material Supplies Agreement.

DESPATCH OF CIRCULAR

A circular containing, amongst others, details of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap of the Material Supplies Transactions under the Material Supplies Agreement together with the advice from the Independent Board Committee and the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice for the Extraordinary General Meeting to approve the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap of the Material Supplies Transactions under the Material Supplies Agreement will be sent to the Shareholders as soon as practicable.

THE ACQUISITION

The Sale and Purchase Agreement

Date: 9 May 2006

Parties to the Sale and Purchase Agreement:

- (1) Vendor 1: COHL, which is a substantial shareholder of the Company and COLI.
- (2) Vendor 2: COCL, which is a wholly-owned subsidiary of COHL.
- (3) Purchaser: the Company and/or its nominee.

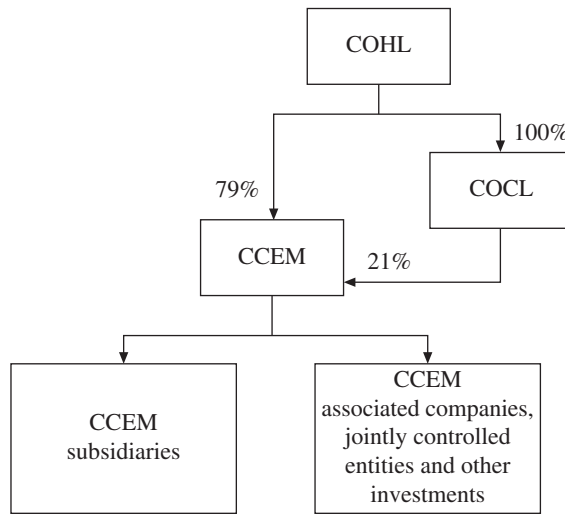
The Acquisition

Pursuant to the Sale and Purchase Agreement, COHL has agreed to sell to the Company or its nominee the First Sale Shares, and COCL has agreed to sell to the Company and/or its nominee the Second Sale Shares. The Sales Shares represent the entire paid up share capital of CCEM.

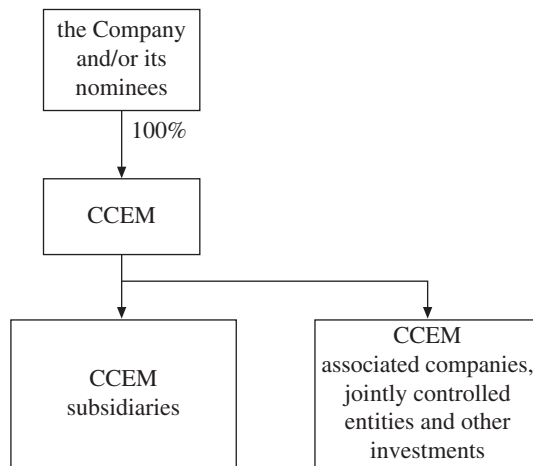
COHL is interested as to approximately 64.3% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules and will be subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

The charts below set out the simplified structure of the Group before and after Completion.

Before Completion



After Completion



Consideration

The consideration for the Sale Shares in the amount of HK\$90,000,000 is determined at 5 times the unaudited profits of CCEM for the year ended 31 December 2005 of HK\$18,189,000 after arm's length negotiation with reference to the prevailing market rate for acquisition of businesses of similar nature in Hong Kong for the current period. The amount will be adjusted with respect to the audited profits of CCEM as at 31 December 2005 prepared in accordance with HKAS by increasing or deducting on a dollar for dollar basis the difference between the unaudited and the audited profits for the year ended 31 December 2005, provided that the total adjusted consideration shall not exceed HK\$120,000,000.

The consideration will be satisfied by the internal resources of the Company and will be payable as to 5% at the signing of the Sale and Purchase Agreement and the balance at Completion. The 5% deposit will be returned to the Company without interest by 30 September 2006, or such later date as may be agreed between the parties, if the conditions of the Sale and Purchase Agreement cannot be fulfilled.

Conditions of the Sale and Purchase Agreement

Completion of the Acquisition is conditional upon fulfilment of the following conditions:

- (a) approvals from the Independent Shareholders in the Extraordinary General Meeting in respect of the transactions contemplated under the Sale and Purchase Agreement;
- (b) the receipt of a Macau legal opinion to the satisfaction of the Company on the due incorporation and existence of CCEM and the transactions contemplated under the Sale and Purchase Agreement; and
- (c) all necessary consents and approvals, if applicable, in respect of the transactions contemplated under the Sale and Purchase Agreement as may be necessary having been obtained from government or regulatory authorities or third parties.

If the conditions set out above are not fulfilled or waived by 30 September 2006, or such later date as may be agreed by the parties, the Sale and Purchase Agreement will terminate and cease to be of any effect save for any antecedent breach.

Further Undertakings

The parties have further agreed that as soon as practicable prior to or after Completion, as the case may be:

- (1) CCEM will transfer its interests in the Discontinuing Investments, being the 0.99% interest in Nam Van Development Company, S.A.R.L., the 15% interest in Companhia De Construcao e Investimento Predial San Kin Wa Limitada and the 30% interest in CPM-Car Parks Macao Limited, all being businesses unrelated to the building construction and civil engineering businesses of the Company to COHL at the original investment costs or carrying value of CCEM;
- (2) COHL will continue to provide guarantees to CCEM in the form of performance bonds for the construction projects undertaken by CCEM prior to Completion. Such guarantees will from Completion bear interest at the prevailing market rate and will continue until the earlier of (i) the completion of the relevant projects undertaken by CCEM or (ii) the termination or release of the performance bonds by CCEM or the Company, as the case may be; and
- (3) the parties will arrange for the corporate guarantees currently provided by CSCEC and COHL in the amount of HK\$50,000,000 and HK\$20,654,000, respectively, to various banks in relation to the general banking facilities of CCEM to be released within 3 months from the date of Completion.

CCEM

CCEM is a company incorporated in Macau on 15 May 1981 and is engaged in property investments, building construction and civil engineering work and property management services. It is currently being held as to 79% by COHL and as to 21% by COCL. The unaudited profit before tax and extraordinary items of CCEM prepared in accordance with HKAS for the two years ended 31 December 2004 and 31 December 2005, were HK\$2,853,000 and HK\$25,119,000, respectively, or loss of HK\$2,932,000 and profit of HK\$21,001,000 respectively for the two years ended 31 December 2004 and 31 December 2005 after discounting the Discontinuing Investments. The unaudited profit after tax and extraordinary items of CCEM prepared in accordance with HKAS for the two years ended 31 December 2004 and 31 December 2005, were HK\$1,936,000 and HK\$22,308,000, respectively or loss of HK\$3,850,000 and profit of HK\$18,189,000 respectively for the two years ended 31 December 2004 and 31 December 2005 after discounting the Discontinuing Investments. The unaudited net asset value of CCEM for the two years ended 31 December 2004 and 31 December 2005 prepared in accordance with HKAS, were HK\$65,516,000 and HK\$87,824,000, respectively or HK\$51,723,000 and HK\$76,466,000 after discounting the Discontinuing Investments.

At Completion, CCEM will become a wholly-owned subsidiary of the Group.

Reason for the Acquisition

The Acquisition represents further consolidation of the construction business of CSCEC under the Company and an attractive opportunity for the Group to participate in the building construction and civil engineering work in Macau.

The Directors (including the independent non-executive Directors) consider that the Acquisition has been made on normal commercial terms and after arm's length negotiations. The terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

CONNECTED TRANSACTION

Upon Completion, CCEM will become a wholly-owned subsidiary of the Company. Accordingly, the Construction Management Contract dated 1 August 2005 between Goodrich and CCEM will constitute a connected transaction for the Company. There were no changes to the terms and conditions of the Construction Management Contract since it was announced by COLI on 1 August 2005 and approved by the COLI Shareholders on 29 December 2005.

The Construction Management Contract

Date: 1 August 2005

Parties: (1) Goodrich, a wholly-owned subsidiary of the COLI, as the employer for the Project; and
(2) CCEM

Pursuant to the Construction Management Contract, Goodrich appointed CCEM as construction manager for the Project. CCEM will act as the construction manager and provide efficient construction management in the planning, programming, cost control and supervision of the carrying out and completion of construction of the Project within the pre-determined time frame and target cost.

The Project is a residential development project in Macau and involves the construction of a three-level podium comprising car parks, shops, a clubhouse and five residential towers; the associated external works on ground level and on the whole podium roof, including swimming pools and the filtration plant with a total gross floor area of approximately 187,800 square metres. The Project is expected to complete by mid-2007. The targeted construction costs for the Project is approximately HK\$900,000,000.

Consideration

1. A management fee of HK\$20,000,000 payable by Goodrich to CCEM in progress payments, with reference to the proportion of work done as certified by independent quantity surveyor consultant during the relevant period on a milestone basis.
2. Upon Goodrich's discretion and subject to CCEM supervising the construction of the Project within the pre-determined time frame and target cost, a bonus payment of:
 - (i) HK\$5,000,000 will be payable to CCEM by Goodrich, provided that the workmanship and quality of the Project is in full compliance with the environmental requirements and site safety specifications of the Project; and/or
 - (ii) HK\$25,000,000 will be awarded to CCEM by Goodrich for not exceeding the pre-set target cost,

HK\$15,000,000 of the bonus payment is payable in progress payment, with reference to the proportion of work done as certified by independent quantity surveyor consultant during the relevant period on a milestone basis. The remaining HK\$15,000,000 of the bonus payment is payable upon completion. Goodrich shall be entitled to deduct the above bonus payment from CCEM up to a maximum amount of HK\$30,000,000 as a result of any over-expenditures arising during the performance of the services that are attributable to the part of CCEM who fails to comply with the condition (ii) above.

The management fee and the bonus payment were agreed between the parties after arm's length negotiation having taken into account the view of an independent third party construction costs consultant on project management fee which is suitable for this size of development in Macau.

Reasons for and benefits of the Construction Management Contract

The Directors consider that the Construction Management Contract is entered into in the usual and ordinary course of business of the CCEM, on an arm's length basis and on normal commercial terms. Thus, the Directors (including the independent non-executive Directors) believe that the terms of the Construction Management Contract are fair and reasonable and are in the interest of the Group and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Upon Completion, CCEM will become a wholly-owned subsidiary of the Company. COLI is owned as to approximately 50.7% by COHL and is an associate of a substantial shareholder of the Company. Accordingly, transactions between CCEM and COLI will constitute connected transactions of the Company under the Listing Rules. On 22 November 2005, COLI entered into the CCEM Engagement Agreement with CCEM, pursuant to which the COLI Group engaged CCEM as its construction contractor in Macau upon successful tender of construction contracts for each of the three financial years ending 31 December 2008 subject to the annual cap stipulated in the CCEM Engagement Agreement which has been approved by the COLI Shareholders. There were no changes to the terms and conditions of the CCEM Engagement Agreement since it was announced by COLI on 22 November 2005 and approved by the COLI Shareholders on 29 December 2005.

The CCEM Engagement Agreement

Date: 22 November 2005

Parties: (1) CCEM; and
(2) COLI

Term: A fixed term of not exceeding three years and will expire on 31 December 2008.

Pursuant to the CCEM Engagement Agreement, the parties agreed that:

- (a) CCEM may continue to tender for the COLI Group's construction works in Macau in accordance with the tendering procedure of the COLI's Group from time to time and on the same and normal terms as offered to other independent third party construction contractors; and
- (b) if any contract is granted in favour CCEM as a result of the above tender, CCEM may act as construction contractor for the COLI Group in Macau based on the terms of the successful tender provided that the total contract sum to be awarded by the COLI Group to CCEM each year shall not exceed HK\$200,000,000 for each of the three financial years ending 31 December 2008 (the "**CCEM Cap**").

The CCEM Cap is determined with reference to the following factors:

- (i) total contract sum of construction projects in Macau of the COLI Group for 2005 of approximately HK\$900,000,000 (including the projects set out in (ii) below);
- (ii) total contract sum of new construction projects awarded to CCEM for 2005 of approximately HK\$56,000,000, representing approximately 6% of COLI's new Macau projects for the respective period;
- (iii) total contract sum of new construction projects in Macau of the COLI Group in each of the three financial years ending 31 December 2008 estimated with reference to the COLI Group's future growth and expansion in its land reserves in Macau in the three years; and

- (iv) the maximum amount of projects which may be awarded by the COLI Group to CCEM in the three financial years ending 31 December 2008 should not exceed 10% of the COLI Group's total contract sum of new construction projects in Macau as mentioned in (iii) above, such percentage being determined with reference to the percentage level set out in (ii) above, but in any event will not exceed the amount of the CCEM Cap.

Reasons for the Continuing Connected Transactions

As the annual cap under the CCEM Engagement Agreement will exceed the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the continuing connected transactions between COLI and CCEM will upon Completion become non-exempt continuing connected transactions for the Company subject to the requirements of reporting, announcement and approval by the Independent Shareholders pursuant to Rule 14A.35 of the Listing Rules.

The Directors consider that the Continuing Connected Transactions are of the types that are entered into in the ordinary and usual course of business of CCEM. Therefore, the Directors consider that it would be: (i) impracticable to negotiate for numerous agreements with COLI for the Continuing Connected Transactions; and (ii) too costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Hence, the Directors are of the view that the CCEM Engagement Agreement will be beneficial to the Shareholders and the Group as a whole.

The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group and the terms of the Continuing Connected Transactions have been negotiated and will be conducted on an arm's length basis and on normal commercial terms between CCEM and COLI and the terms are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

REVISION OF RELEVANT CAP AMOUNTS OF CONTINUING CONNECTED TRANSACTIONS WITH HAILONG

On 8 June 2005, the Stock Exchange granted a waiver to the Company pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement (but not reporting) and/or Independent Shareholders' approval requirements as stipulated in Rules 14A.47 and 14A.48 of the Listing Rules in connection with, amongst others, the Material Supplies Transactions with Hailong on each occasion they arise.

Hailong is owned as to 50% by the Group and as to 50% by CSCEC. It is therefore an associate of COHL, a substantial shareholder of the Group, and is one of the suppliers of pre-cast structures to the Group.

The waiver is subject to, amongst others, the annual cap of the Material Supplies Transactions not exceeding HK\$30,000,000 for each of the three financial years ending 31 December 2007. The Company has complied with the conditions of the waiver and has not exceeded the annual cap of HK\$30,000,000 for the year ended 31 December 2005. Owing to the increased application of pre-cast structures in housing projects and residential projects,

the Directors expect that the Material Supplies Transactions will exceed the annual cap permitted under the waiver. The total purchases from Hailong up to the date of this announcement amounted to approximately HK\$12,500,000. Taking into consideration the requirements of the projects on hand, it is expected that further purchases of up to approximately HK\$57,000,000 will be required for the rest of 2006. Accordingly, the Company seeks Independent Shareholders' approval to increase the annual cap for the Material Supplies Transactions to HK\$70,000,000 for each of the two financial years ending 31 December 2007, which is determined by reference to the anticipated future requirements for pre-cast structures by the Group and the Group's customers.

The Directors (including the independent non-executive Directors) consider that the Material Supplies Transactions will be entered into in the usual and ordinary course of businesses of the Group and the terms of the Material Supplies Transactions have been negotiated and will be conducted on an arm's length basis and on normal commercial terms between the Company and Hailong and the revision of the annual cap amount for the Material Supplies Transactions are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GENERAL

The Company is principally engaged in building construction and civil engineering.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions, the increase in the annual cap of the Material Supplies Transactions under the Material Supplies Agreement.

A circular containing, amongst others, details of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap of the Material Supplies Transactions under the Material Supplies Agreement together with the advice from the Independent Board Committee and the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice for the Extraordinary General Meeting to approve the Acquisition, the Construction Management Contract and the Continuing Connected Transactions, the increase in the annual cap of the Material Supplies Transactions under the Material Supplies Agreement will be sent to the Shareholders as soon as practicable. The votes of the Independent Shareholders to be taken at the Extraordinary General Meeting to approve the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap of the Material Supplies Transactions under the Material Supplies Agreement will be taken by poll where COHL and its associates will abstain from voting.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire paid up share capital of CCEM as contemplated by the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day (except Saturday) on which banks are open for business in Hong Kong
“CCEM”	China Construction Engineering (Macau) Company Limited, a company established in Macau and is 100% beneficially owned by COHL as at the date of this announcement
“CCEM Engagement Agreement”	the agreement entered on 22 November 2005 between COLI and CCEM, pursuant to which the COLI Group engaged CCEM as its construction contractor in Macau for each of the three financial years ending 31 December 2008, the particulars of which are set out in COLI’s announcement dated 22 November 2005 and the circular of COLI dated 14 December 2005
“CSCEC”	China State Construction Engineering Corporation, a PRC state-owned enterprise organised and existing under the laws of the PRC, being the ultimate controlling shareholder of the Company and COLI
“COCL	China Overseas Construction Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of COHL
“COHK”	China Overseas (Hong Kong) Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong and is a substantial shareholder of the Company and COLI
“COLI”	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange
“COLI Shareholders”	the shareholders of COLI, other than COHL and its associates
“COLI Group”	COLI and its subsidiaries

“Company”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	7 Business Days after the conditions to the Sale and Purchase Agreement have been satisfied pursuant to the terms of the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions between CCEM and COLI under the CCEM Engagement Agreement
“Construction Management Contract”	the agreement entered on 1 August 2005 between Goodrich and CCEM, pursuant to which Goodrich engaged CCEM as the construction manager for the Project in Macau, the particulars of which are set out in COLI’s announcement dated 1 August 2005 and the circular of COLI dated 14 December 2005
“Director(s)”	the director(s) of the Company
“Consideration”	the aggregate consideration payable by the Company for the Sale Shares in accordance with the terms of the Sale and Purchase Agreement, subject to adjustment
“Discontinuing Investments”	the investments of CCEM in Nam Van Development Company, S.A.R.L., Companhia De Construcao e Investimento Predial San Kin Wa Limitada and CPM— Car Parks Macao Limited, which will be transferred by CCEM to COHL as soon as practicable before Completion
“Extraordinary General Meeting”	the extraordinary general meeting to be convened to approve the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap of the Material Supplies Transactions under the Material Supplies Agreement
“First Sale Shares”	MOP\$158,000 in the share capital of CCEM, representing 79% of the paid up share capital of CCEM subscribed and paid in full by cash, to be sold by COHL to the Company pursuant to the Sale and Purchase Agreement
“Goodrich”	Goodrich Company Limited, a wholly-owned subsidiary of COLI

“Group”	the Company and its subsidiaries
“Hailong”	深圳海龍建築制品有限公司 (Shenzhen Hailong Construction Products Co., Ltd.), a company in which each of CSCEC (through its wholly-owned subsidiary) and COHK is interested in 50% of the registered capital
“HKAS”	the Hong Kong Accounting Standard issued by the Hong Kong Institution of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the committee of the Directors comprising the independent non-executive Directors formed to advise the independent Shareholders in respect of the Acquisition, the Continuing Connected Transactions and the increase in the annual cap for the Material Supplies Transactions under the Material Supplies Agreement
“Independent Shareholders”	Shareholders other than COHL and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Material Supplies Agreement”	the agreement entered between the Company and Hailong on 9 June 2005 which sets out the terms of the supplies of pre-cast structures to the Group for three financial years ending 31 December 2007, the particulars of which are set out in the prospectus of the Company dated 14 June 2005
“Material Supplies Transactions”	continuing connected transactions between the Company and Hailong under the Material Supplies Agreement
“MOP\$”	Macau Pataca, the lawful currency of Macau
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Taiwan, Hong Kong and Macau
“Project”	the proposed residential development project at Lot R + R1, rua Central da areia Preta, Macau

“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 May 2006 entered into between COHL, COCL and the Company in relation to the Acquisition
“Sale Shares”	the First Sale Shares and the Second Sale Shares
“Second Sale Shares”	MOP\$42,000 in the share capital of CCEM, representing 21% of the paid up share capital of CCEM subscribed and paid up in full by cash, which will be sold by COCL to the Company pursuant to the Sale and Purchase Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	COHL and COCL

By order of the Board
**CHINA STATE CONSTRUCTION
INTERNATIONAL HOLDINGS LIMITED**
Kong Qingping
Chairman and Non-executive Director

Hong Kong, 9 May 2006

As at the date of this announcement, the Board 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. Fu He (Executive Director), Mr. Zhou Hancheng (Executive Director) and Mr. Cheong Chit Sun (Executive Director), Dr. Raymond Ho Chung Tai (Independent Non-executive Director), Mr. Adrian David Li Man Kiu (Independent Non-executive Director), Mr. Raymond Leung Hai Ming (Independent Non-executive Director) and Mr. Lee Shing See (Independent Non-executive Director).

Please also refer to the published version of this announcement in The Standard.