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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3311)

CONNECTED TRANSACTION

The Board announces that on 12 May 2006, CSHK Dubai and SZJSH entered into the Structural Steel Agreement, pursuant to which CSHK Dubai has agreed to engage SZJSH as the contractor for the design, supply and installation of structural steel work for the Dubai JAFZ Tower at a total consideration of AED13,025,354.69 (approximately HK\$27,613,752).

SZJSH is an indirect owned subsidiary of CSCEC, which in turn is interested in the entire issued share capital of COHL, the controlling shareholder of the Company. Accordingly, the Structural Steel Agreement between SZJSH and CSHK Dubai constitutes a connected transaction for the Company.

As the total contract sum for the transactions under the Structural Steel Agreement for each of the percentage ratios (other than the profit ratio) is less than 2.5%, the Structural Steel Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the Independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

The Structural Steel Agreement

Date: 12 May 2006

Parties: (1) CSHK Dubai, an indirect wholly-owned subsidiary of the Company; and
(2) SZJSH

CSHK Dubai is the main building contractor for the construction of the Dubai JAFZ Tower. The Structural Steel Agreement is a subcontracting agreement for the structural steel work of the Dubai JAFZ Tower. Pursuant to the Structural Steel Agreement, CSHK Dubai appointed SZJSH for the design, supply and installation of structural steel work of the Dubai JAFZ Tower. The Dubai JAFZ Tower is a development located at the Jebel Ali Free Zone of Dubai and comprises a twin 27-storey office tower and a 2-storey retail podium with area of approximately 62,400 square meters.

Established in 1996, SZJSH is a building contractor that is principally engaged in the business of structural steel contracting work. It was involved in many prominent projects in the PRC.

SZJSH is an indirect owned subsidiary of CSCEC, which in turn is interested in the entire issued share capital of COHL, the controlling shareholder of the Company. Accordingly, the Structural Steel Agreement between SZJSH and CSHK Dubai constitutes a connected transaction for the Company.

Consideration

The total contract sum for the Structural Steel Agreement is AED13,025,354.69 (approximately HK\$27,613,752) and is determined after a competitive tender process. The contract sum was the lowest bid price received under the relevant tender and was on normal commercial terms by reference to the work to be undertaken by SZJSH.

The consideration will be paid by CSHK Dubai to SZJSH in progress payments with reference to the proportion of work done as certified by the site manager of CSHK Dubai and approved by the architect of the development during the contract period.

Contract period

The contract period for the Structural Steel Agreement is 15 months.

Termination

The Structural Steel Agreement may be terminated by CSHK Dubai, among other things, when SZJSH breaches any of the terms of the Agreement, or the workmen of SZJSH at the site engaged in the project is insufficient to handle the progress of the project, or CSHK Dubai is of the opinion that SZJSH causes delay or is unable to complete the project.

Reasons for and benefits of the Structural Steel Agreement

SZJSH was selected as the contractor for the Structural Steel Agreement for its expertise and experience in carrying out structural steel contracting work. The Directors consider that the Structural Steel Agreement is entered into in the usual and ordinary course of business of the Group, 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 Structural Steel Agreement are fair and reasonable and are in the interest of the Group and the Shareholders as a whole.

GENERAL

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

As the total contract sum for the transactions under the Structural Steel Agreement for each of the percentage ratios (other than the profit ratio) is less than 2.5%, the Structural Steel Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the Independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“AED”	Dirham, the lawful currency of United Arab Emirates
“Board”	the board of directors of the Company
“CSCEC”	China State Construction Engineering Corporation, a PRC state-owned enterprise organised and existing under the laws of PRC, being the ultimate controlling shareholder of the Company
“CSHK Dubai”	C.S.H.K Dubai Contracting (Limited Liability Company), a company incorporated in United Arab Emirates and is an indirect 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
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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 Shareholders”	Shareholders other than COHL and its associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Structural Steel Agreement”	the agreement dated 12 May 2006 entered into between CSHK Dubai and SZJSH in relation to the engagement of SZJSH as the contractor for the design, supply and installation of structural steel work in Dubai
“SZJSH”	深圳建升和鋼結構建築安裝工程有限公司 (S.Z. Jianshenghe Steel Structure Const. Eng. Co., Ltd.), a Sino-foreign joint venture enterprise established in the PRC, the capital of which is currently held as to 51.47% by a wholly-owned subsidiary of CSCEC, and the other 48.53% by two independent third parties not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any associate of any of them.
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

(for reference only, the exchange rate used in this announcement is AED1 = HK\$2.12 unless otherwise stated.)

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

Hong Kong, 12 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.