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If you have sold or transferred all your shares in China State Construction International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF
CHINA OVERSEAS TECHNOLOGY HOLDINGS LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 4 to 8 of this circular and a letter from the Independent Board Committee is set out on pages 9 and 10 of this circular. A letter from Access Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 22 of this circular.

A notice convening the EGM to be held at 30th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Friday, 5 November 2010 at 11:00 a.m. is set out on pages 28 and 29 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

19 October 2010

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of 100% of the issued share capital of COTHL and the Loan under the Agreement, and the transactions contemplated thereunder;
“Agreement”	the agreement dated 30 September 2010 between CORB and Ever Power in relation to the acquisition of 100% of the issued share capital of COTHL and the Loan;
“associate(s)”, “connected person(s)”, “controlling shareholder” and “subsidiary(ies)”	each shall have the meaning ascribed to it in the Listing Rules;
“Board”	the board of the Directors;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of COLI and the Company;
“COLI”	China Overseas Land & Investment Limited, 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);
“Completion”	completion of the Agreement;
“CORB”	China Overseas Road & Bridge Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of COLI;
“COTHL”	China Overseas Technology Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of CORB;

DEFINITIONS

“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 and COLI;
“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;
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Acquisition, the Agreement and the transactions contemplated thereunder;
“Enlarged Group”	the Group following completion of the Acquisition;
“Ever Power”	Ever Power Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary 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;
“Independent Board Committee”	an independent committee of the Board, consisting of Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See, all being Independent Non-executive Directors;
“Independent Financial Adviser” or “Access Capital”	Access Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, and a licensed corporation for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO;

DEFINITIONS

“Independent Shareholders”	Shareholders other than COHL and its associates;
“Latest Practicable Date”	14 October 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan owing by COHL to COLI Group as at Completion, and as at the date of the Agreement, of an amount of approximately HK\$910 million;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of shares in the ordinary share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent..

For illustration purposes in this circular, the amounts in RMB are translated to HK\$ at the rate of RMB0.88 = HK\$1.00. No representation is made that any amount in RMB has been or could be converted at the above rate or any other rates or at all.

** For identification purpose only.*

LETTER FROM THE BOARD



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)

Non-executive Director:

Mr. Kong Qingping (*Chairman*)

Executive Directors:

Mr. Zhou Yong (*Vice-chairman and Chief Executive Officer*)

Mr. Yip Chung Nam

Mr. Zhang Yifeng

Mr. Cheong Chit Sun

Mr. Zhou Hancheng

Mr. Tian Shuchen

Independent Non-executive Directors:

Dr. Raymond Ho Chung Tai

Mr. Adrian David Li Man Kiu

Dr. Raymond Leung Hai Ming

Mr. Lee Shing See

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

28th Floor

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

19 October 2010

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF
CHINA OVERSEAS TECHNOLOGY HOLDINGS LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 30 September 2010, the Board announced that CORB and Ever Power entered into the Agreement, pursuant to which Ever Power shall acquire and CORB shall sell or procure to sell the entire interest in COTHL, being 100% of the issued share capital of COTHL and the Loan for a cash consideration of HK\$1,690 million.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things,

- the particulars of the Agreement;
- the letter from the Independent Board Committee with their view on the Agreement and the transactions contemplated thereunder; and
- the letter from Access Capital with their advice on the Agreement and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders,

as well as to seek the approval of the Independent Shareholders in respect of the entering into the Agreement and the transactions contemplated thereunder.

THE AGREEMENT

Date:

30 September 2010

Parties:

- (1) CORB, an indirect wholly-owned subsidiary of COLI, as the vendor; and
- (2) Ever Power, an indirect wholly-owned subsidiary of the Company, as the purchaser.

Subject:

Ever Power will acquire and CORB will sell or procure to sell the entire interest in COTHL, being 100% of the issued share capital of COTHL and the Loan.

The unaudited consolidated net asset value of COTHL as at 31 August 2010 was approximately HK\$460 million. The unaudited consolidated profits before and after taxation and extraordinary items of COTHL for the year ended 31 December 2008 were HK\$90 million and HK\$60 million, respectively. The unaudited consolidated profits before and after taxation and extraordinary items of COTHL for the year ended 31 December 2009 were HK\$160 million and HK\$110 million, respectively.

The original investment amount of CORB (in the form of equity and loan) in respect of the entire interest in COTHL was RMB950 million (approximately HK\$1,080 million).

LETTER FROM THE BOARD

Consideration:

The consideration for the acquisition of the entire interest in COTHL shall be HK\$1,690 million, which shall be settled in cash by two installments: (i) HK\$845 million to be payable at Completion; and (ii) the remaining balance of HK\$845 million to be payable within 3 months after the date of Completion.

The total consideration is determined after arm's length negotiation between the parties with reference to a price earning ratio based on the unaudited profits (after taxation) of COTHL with reference to its annual account for the year ended 31 December 2009. The total consideration will be financed by the Company from its internal resources.

Condition:

Completion is conditional upon the Independent Shareholders approving the Agreement and the transactions contemplated thereunder.

Completion:

Completion will take place within five days upon the fulfillment of the condition, or such later date as agreed by the parties. If the condition has not been satisfied on or before 30 November 2010 or such other later date as may be agreed by the parties, the Agreement will immediately terminate.

REASONS FOR ENTERING INTO THE ACQUISITION

COTHL, through its subsidiaries, owns a 65% equity interest in Nanjing Changjiang Second Bridge Company Limited* (南京長江第二大橋有限責任公司) which is a company established in the PRC ("Changjiang Second Bridge Company"). The remaining 35% equity interest in Changjiang Second Bridge Company is owned by an independent third party. Changjiang Second Bridge Company is engaged mainly in the construction, operation and management of the Nanjing No.2 Yangtze River Bridge (the "Bridge") located at Nanjing city in the PRC.

From a cash inflow perspective, Changjiang Second Bridge Company distributed to Shenzhen Overseas Investment Limited* (深圳市中海投資有限公司), holder of its 65% beneficial interest, dividends of approximately HK\$101 million for the year ended 31 December 2009 and approximately HK\$165 million for the period from 1 January 2010 to 31 August 2010.

The Bridge has a length of approximately 21 kilometres, comprising the south and north branch bridges as well as the south, Bagua Islet and north approaches. Changjiang Second Bridge Company was granted the exclusive right by the Nanjing Municipal Government to operate the Bridge and its ancillary facilities, including the establishment of a toll station on the Bridge and collection of tolls, for a term from 10 February 1999 to 25 March 2031.

LETTER FROM THE BOARD

The COLI Group is principally engaged in property development and investment. The Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy businesses and Ever Power is an investment holding company.

Given the acceleration of urbanisation in the PRC, the Directors believe that the infrastructure investment in the PRC will grow rapidly in the future and the Acquisition will enhance the Group's infrastructure investment portfolio and generate stable long term income to the Company. The Directors also believe that the Acquisition will generate synergy with and enhance operational efficiency of the existing and future infrastructure investments of the Group.

IMPLICATIONS UNDER THE LISTING RULES

COHL, which is interested in approximately 62.25% of the issued share capital of the Company, is a connected person of the Company. COLI, CORB, the Company and Ever Power are associates of COHL. Accordingly, COLI and CORB are connected persons of the Company. The Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated in respect of the Agreement are more than 5% but less than 25%, the Acquisition constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

EXTRAORDINARY GENERAL MEETING

Set out on pages 28 and 29 of this circular is a notice convening the EGM to be held at 30th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Friday, 5 November 2010 at 11:00 a.m. at which ordinary resolution will be proposed to the Independent Shareholders to consider and approve the Agreement and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) should you so wish.

LETTER FROM THE BOARD

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. The chairman of the EGM will demand a poll for the resolution to be proposed at the EGM in accordance with the Company's Articles of Association. As at the Latest Practicable Date, COHL and its associates, in aggregate holding 1,849,011,384 shares of the Company, representing approximately 62.25% of the issued share capital of the Company, will abstain from voting at the EGM. None of the Directors has a material interest in the Acquisition and thus no Director is required to abstain from voting on the board resolution approving the Acquisition. The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the EGM.

An independent board committee comprising all the Independent Non-executive Directors has been formed to advise the Independent Shareholders in respect of the Acquisition. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this connection.

RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Board Committee and the letter from Access Capital as set out on pages 9 and 10 and pages 11 to 22 respectively to this circular.

Your attention is drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

The Directors (including the Independent Non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms and in the ordinary course of business, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully

By Order of the Board

China State Construction International Holdings Limited

Kong Qingping

Chairman and Non-executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

19 October 2010

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF
CHINA OVERSEAS TECHNOLOGY HOLDINGS LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 19 October 2010 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Access Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 8 of the Circular and the text of the letter from Access Capital, as set out on pages 11 to 22 of the Circular, both of which provide details of the Agreement and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendix to the Circular.

Having considered the terms of the Agreement and the transactions contemplated thereunder, the advice of Access Capital and the relevant information contained in the letter from the Board, we are of the opinion that the Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and it is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully

For and on behalf of

**The Independent Board Committee of
China State Construction International Holdings Limited**

Raymond Ho Chung Tai

Independent Non-executive Director

Adrian David Li Man Kiu

Independent Non-executive Director

Raymond Leung Hai Ming

Independent Non-executive Director

Lee Shing See

Independent Non-executive Director

LETTER FROM ACCESS CAPITAL

Set out below is the text of the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this circular.



Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central

19 October 2010

*To the Independent Board Committee and the Independent Shareholders of
China State Construction International Holdings Limited*

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF CHINA OVERSEAS TECHNOLOGY HOLDINGS LIMITED

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular dated 19 October 2010 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

Pursuant to the Agreement entered into on 30 September 2010 between CORB, as the vendor and Ever Power, as the purchaser, Ever Power shall acquire from CORB the entire interest in COTHL, being 100% of the issued share capital of COTHL and the Loan for a cash consideration of HK\$1,690 million (“Consideration”) to be settled in two instalments, (i) HK\$845 million to be payable at Completion; and (ii) the remaining balance of HK\$845 million to be payable within 3 months after the date of Completion.

The Acquisition constitutes a discloseable and connected transaction for the Company under the applicable Listing Rules and is subject to the reporting, announcement and the independent shareholders’ approval requirements under the Listing Rules. Voting at the EGM will be conducted by poll and in view of the interest of COHL and its associates, COHL and its associates will abstain from voting at the EGM.

LETTER FROM ACCESS CAPITAL

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of eleven Directors, namely Mr. Kong Qingping as Non-executive Director; Mr. Zhou Yong, 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.

The Independent Board Committee comprises all of the Independent Non-executive Directors, namely Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See, has been constituted to advise the Independent Shareholders, and Access Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders; and (ii) whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

Apart from the normal advisory fee payable to us in connection with our appointment, with the approval of the Independent Board Committee, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

III. BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and representations contained or referred to in the Circular and the information and representations provided to us by the Company and/or its management staff (the "Management") and/or the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Company and/or the Management and/or the Directors, for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so at the date hereof. We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. The Directors have confirmed that, having made all reasonable enquiries, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to enable us to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any form of in-depth investigation into the business and affairs of the Company and its subsidiaries or the prospects of the markets in which they operate.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Agreement, we have taken into consideration the following principal factors:

LETTER FROM ACCESS CAPITAL

1. Principal activities of the Group and its recent financial results

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

Set out below are the operating results and financial positions of the Group for the two years ended 31 December 2009 and for the six months ended 30 June 2010, extracted from the annual report of the Group for the year ended 31 December 2009 (“2009 Annual Report”) and the interim report of the Group for the six months ended 30 June 2010 (“2010 Interim Report”).

Table A: Summary of recent financial results of the Group

	For the six months ended 30 June 2010	For the year ended 31 December	
	2010	2009	2008
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue			
- Construction contracts and project management service income	5,249.0	10,760.4	10,481.9
- Supply of heat and electricity	220.9	354.4	291.3
- Provision of connection services	3.7	60.6	84.9
- Sale of precast structures and building materials	15.7	48.8	75.7
- Infrastructure project investments	86.5	82.7	63.3
- Others	8.5	35.1	24.3
	<u>5,584.3</u>	<u>11,342.0</u>	<u>11,021.4</u>
Cost of sales	<u>(4,938.0)</u>	<u>(10,349.1)</u>	<u>(10,112.0)</u>
Gross profit	646.3	992.9	909.4
Profit for the period / year	401.7	612.5	504.4
Attributable to			
- Owners of the Company	401.7	612.5	489.3
- Minority interests	—	—	15.1

LETTER FROM ACCESS CAPITAL

	30 June 2010	31 December 2009 2008	
	<i>HK\$'million (Unaudited)</i>	<i>HK\$'million (Audited)</i>	<i>HK\$'million (Audited)</i>
Bank balances and cash	3,972.5	5,746.6	1,900.2
Total assets	13,911.2	13,159.5	8,983.7
Total liabilities	9,315.4	8,854.7	6,460.4
Net assets	4,595.8	4,304.8	2,523.3

For the six months ended 30 June 2010

For the period under review, the Group recorded revenue of approximately HK\$5,584 million, representing an increase of approximately 1.5% over that of same period last year. As set out in Table A above, the Group mainly derived its revenue from its construction business, including income from construction contracts and project management services, which totalled to approximately HK\$5,249 million, representing approximately 94.0% of the Group's overall revenue. Revenue derived from infrastructure project investments (including build-transfer ("BT") / build-operate-transfer ("BOT") projects, heat and electricity business, road and bridge investments and connection services) increased to approximately HK\$311 million for the six months period ended 30 June 2010 from approximately HK\$225 million for the corresponding period last year.

We also noted from the 2010 Interim Report that revenue from regions in the PRC (other than Hong Kong and Macau) has been increased substantially for the six months period ended 30 June 2010, totalled to approximately HK\$1,379 million, as compared to approximately HK\$616 million for the corresponding period last year, representing an increase of approximately 123.9%. Segment results attributable to regions in the PRC (other than Hong Kong and Macau) have also increased significantly to approximately HK\$325 million for the six months period ended 30 June 2010 from approximately HK\$159 million for the corresponding period last year, representing an increase of approximately 104.4%.

Profit attributable to owners of the Company was approximately HK\$402 million, increased from approximately HK\$303 million for the same period last year, representing an increase of approximately 32.4%. Such increase was mainly attributable to an increase in revenue and a reduction in costs of sales.

As set out in the 2010 Interim Report, the Group will continue to deepen its corporate strategic transformation in relation to its business and development in the PRC and act as a key platform for China State Construction Engineering Corporation Limited ("CSCECL"), a joint stock company incorporated in the PRC (the shares of which are listed on the stock exchange of Shanghai) and a subsidiary of the ultimate holding company of the Company, for its BOT projects and operation investments in the PRC, with a view to foster the development of BT and BOT projects of infrastructural construction in the PRC. In addition, the Group will also carry out feasibility study on TOT (Transfer-Operate-Transfer) projects with good potentials and build up its investment business.

LETTER FROM ACCESS CAPITAL

For the year ended 31 December 2009

Revenue of the Group was approximately HK\$11,342 million for the year ended 31 December 2009, which represented an increase of approximately 2.9% from the corresponding period last year. Geographically, Hong Kong remained to be the major revenue contributor of the Group which contributed approximately 61.4% of the overall revenue for the year ended 31 December 2009, in turn, generated approximately 34.5% of the gross profit of the Group.

The PRC was the Group's fastest growing major operating geographical segment in percentage growth terms at approximately 99.3% and accounted for approximately 15.5% of the Group's overall revenue for the year ended 31 December 2009. The PRC market also contributed approximately 43.0% of the Group's gross profit for the year under review.

Profit attributable to owners of the Company totalled to approximately HK\$613 million for the year ended 31 December 2009, which represented an increase of approximately 25.2% from the previous year. Such increase was mainly attributable to an increase in revenue and other income, as well as a reduction in costs of sales.

Total assets were approximately HK\$13,160 million as at 31 December 2009, representing an increase of approximately 46.5% from last year. Such increase was largely attributable to the increase in bank balances and cash of approximately HK\$3,846 million.

Some of the aforesaid increase in bank balances and cash was related to the rights issue of the Company (the "Rights Issue") completed on 1 September 2009, whereby the Group raised approximately HK\$1,353 million, net of expenses. As set out in the 2009 Annual Report, the fund raised would be used for investing in infrastructure projects in the PRC and working capital.

2. Information on COTHL and Changjiang Second Bridge Company

COTHL, through its subsidiaries, owns a 65% equity interest in Nanjing Changjiang Second Bridge Company* (南京長江第二大橋有限責任公司) ("Changjiang Second Bridge Company*"), a company established in the PRC. The remaining 35% equity interest in Changjiang Second Bridge Company is owned by an independent third party. Changjiang Second Bridge Company is engaged mainly in the construction, operation and management of the Nanjing No.2 Yangtze River Bridge* (南京長江第二大橋) (the "Bridge") located at Nanjing city in the PRC.

Changjiang Second Bridge Company was granted the exclusive right by the Nanjing Municipal Government to operate the Bridge and its ancillary facilities, including the establishment of a toll station on the Bridge and collection of tolls, for a term from 10 February 1999 to 25 March 2031.

** for identification purposes*

LETTER FROM ACCESS CAPITAL

As set out in the “Letter from the Board”, the unaudited consolidated net asset value of COTHL as at 31 August 2010 was approximately HK\$460 million. The unaudited consolidated profits before and after taxation and extraordinary items of COTHL for the year ended 31 December 2008 were HK\$90 million and HK\$60 million, respectively. The unaudited consolidated profits before and after taxation and extraordinary items of COTHL for the year ended 31 December 2009 were HK\$160 million and HK\$110 million, respectively. Such increase was largely attributable to, among other things, an increase in traffic flow and revenue, and a reduction in finance costs.

From a cash inflow perspective, we understand from the Company that Changjiang Second Bridge Company distributed to Shenzhen Overseas Investment Limited* (深圳市中海投資有限公司) (“Shenzhen Overseas”), holder of its 65% beneficial interest, dividends of approximately HK\$101 million for the year ended 31 December 2009 and approximately HK\$165 million for the period from 1 January 2010 to 31 August 2010.

3. Information on Nanjing and the Bridge

Nanjing, the province capital of Jiangsu, has eleven districts and two counties. As per information published by the Nanjing government, Nanjing has a population* (常住人口) of approximately 7.7 million and the gross domestic product of Nanjing in 2009 exceeded RMB420 billion, representing an increase of approximately 11.5% from previous year. The Jiangsu Province is one of the most developed provinces in the PRC. According to the information published by National Bureau of Statistics of China on 17 August 2010, the per capita total income for the Jiangsu Province of RMB13,157 for the first half of 2010 is the third highest province in the PRC, trailing only the Zhejiang and Guangdong provinces.

We understand from the Company that the Bridge, which is known as Nanjing No. 2 Yangtze River Bridge* (南京長江第二大橋), was one of the key construction projects in the PRC government’s “Ninth Five Year Plan”.

The Bridge has a length of approximately 21 kilometres, comprising of the south and north branch bridges as well as the south, Bagua Islet and north approaches. Changjiang Second Bridge Company was granted the exclusive right by the Nanjing Municipal Government to operate the Bridge and its ancillary facilities, including the establishment of a toll station on the Bridge and collection of tolls, for a term from 10 February 1999 to 25 March 2031.

The Bridge is linked to several expressways such as the Huning Expressway* (滬寧高速), Ninghang Expressway* (寧杭高速), Ninglian Expressway* (寧連高速) and Ningluo Expressway* (寧洛高速). With a close linkage to expressways to other cities, the Bridge is well positioned to benefit from the economic development of Nanjing and nearby cities.

** for identification purposes*

LETTER FROM ACCESS CAPITAL

We have also discussed with the Management which has confirmed that based on their research and work, they concluded that the Bridge is operating under satisfactory conditions and that they do not foresee any factors that may adversely affect its operation or its ability to generate revenue. The Management is also of the view that given the geographic position of the Bridge as an important and direct access artery into Nanjing City, it would continue to serve the future economic and commercial developments of Nanjing City. The Management also advised us that to the best of their knowledge, they are not aware of any plans for construction of any new roads that may directly compete with the above-mentioned strategic position of the Bridge as a major thoroughfare into Nanjing City. On the other hand, given the established trend of growth of economic and commercial activities and developments of Jiangsu Province and the continuing improvements in infrastructure support (including the development of a ring road system) to cope with its expected economic growth, the Directors are optimistic that such infrastructure improvements would in turn promote economic and social activities, and consequently promote the long term demand on the use of the existing roads and bridges in the area generally.

4. **Principal terms of the Acquisition**

As set out in the “Letter from the Board”, Ever Power entered into the Agreement with CORB on 30 September 2010, pursuant to which Ever Power will acquire from CORB the entire interest in COTHL, being 100% of the issued share capital of COTHL and the Loan.

The principal terms of which are set out below,

a. ***Subject matter of the Acquisition***

COTHL, through its subsidiaries, owns a 65% equity interest in Changjiang Second Bridge Company. Changjiang Second Bridge Company is engaged mainly in the construction, operation and management of the Bridge located at Nanjing city in the PRC and was granted the exclusive right by the Nanjing Municipal Government to operate the Bridge and its ancillary facilities, including the establishment of a toll station on the Bridge and collection of tolls, for a term from 10 February 1999 to 25 March 2031.

b. ***Consideration***

As set out in the “Letter from the Board”, the Consideration of HK\$1,690 million, which shall be satisfied by way of cash in two instalments, (i) HK\$845 million to be payable at Completion; and (ii) the remaining balance of HK\$845 million to be payable within 3 months after the date of Completion, was determined after arm’s length negotiation between the parties with reference to the price-to-earnings ratio (“PER”) based on the unaudited profits (after taxation) of COTHL with reference to its annual account for the year ended 31 December 2009.

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c. *Basis for Consideration*

To assess the fairness and reasonableness of the Consideration, we have conducted a search of companies listed in Hong Kong which are engaged in similar line of business as that of Changjing Second Bridge Company, i.e. the operation of bridges / toll roads. For the purpose of our analysis, we have included those companies which derived not less than 70% of their respective historical revenue from the construction and/or operation of bridges, toll roads, expressways and related income (i.e. income derived from ancillary services, road maintenance and roadside advertising) and have derived profit from their operations for the latest full financial year based on their respective published annual reports. Based on the above criteria, we have, to the best of our knowledge, identified an exhaustive list of seven comparable companies (the “Comparables”) and compared their respective valuation multiples, including historical PER and historical price-to-book ratio (“PBR”), with the implied PER and the implied PBR under the Consideration. Details of the comparison are set out below:

Table B: Information on Comparables

Company name (stock code)	Principal activities	PER (Note 1)	PBR (Note 1)
Anhui Expressway Co. Ltd (995)	Operation and management of the toll roads and related businesses in the Anhui Province, the PRC	11.4x	1.4x
GZI Transport Ltd (1052)	Investment in and development, operation and management of toll highways, expressways and bridges mainly in Guangdong Province, the PRC	16.0x	0.8x
Hopewell Highway Infrastructure Ltd (737)	Initiate, promote, develop and operate strategically important roads, tunnels, bridges and related infrastructure projects in the PRC	18.6x	2.1x
Jiangsu Expressway Co. Ltd (177)	Investment, construction, operation and management of toll roads in PRC, and provision of passenger transport services and other supporting services along the toll roads	17.4x	2.4x
Shenzhen Expressway Co. Ltd (548)	Investment, construction and operation management of toll highways and roads in the PRC	14.4x	0.9x
Sichuan Expressway Co. Ltd (107)	Investment, construction, management and operation of the Chengyu Expressway and Chengya Expressway	16.9x	1.8x
Zhejiang Expressway Co. Ltd (576)	Design, construction, operation, maintenance and management of high grade roads, development and provision of certain ancillary services, provision of securities broking services and proprietary trading	15.5x	2.0x
Average		15.7x	1.6x
Range		11.4x - 18.6x	0.8x to 2.4x
The Acquisition (with Adjusted Net Asset Value as defined below) (Note 3)		15.4x (Note 2)	1.2x (Note 3)

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Source: Thomson One and Stock Exchange website

Notes

- (1) Calculation is based on the closing price of the respective shares of the Comparables as at the date of the Agreement, being 30 September 2010. Relevant data was extracted from Thomson One, Stock Exchange website, annual report and / or interim report of the respective listed companies.
- (2) Calculation is based on the Consideration, the unaudited consolidated net asset value as at period ended 31 August 2010 of approximately HK\$460 million and profit after taxation and extraordinary items of COTHL for the year ended 31 December 2009 of approximately HK\$110 million.
- (3) Based on information provided by the Management, the Loan was unsecured, interest free and has no fixed term of repayment, which for all practical purposes, is considered by the Company as part of the investment cost of the Acquisition. On this basis, the investment cost for the Acquisition should be adjusted to include (i) the net asset value of approximately HK\$460 million; and (ii) the Loan of approximately HK\$910 million, which totalled to approximately HK\$1,370 million ("Adjusted Net Asset Value").

As set out in Table B above, the historical PER of the Comparables ranged from approximately 11.4 times to approximately 18.6 times, with an average of approximately 15.7 times. We noted that the historical PER of the Acquisition, being approximately 15.4 times, is below the average historical PER of the Comparables. Hence from a historical PER perspective, the Consideration is considered to be slightly more favourable than the average trading price of the Comparables as at the date of the Agreement.

We also noted that the historical PBR of the Comparables ranged from approximately 0.8 times to 2.4 times, with an average of approximately 1.6 times. As such, the historical PBR of the Acquisition based on the Adjusted Net Asset Value is approximately 1.2 times, which is below the average and within the range of the historical PBR of the Comparables.

Having considered the above, we consider that the terms and the Consideration are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

5. Reasons for the Acquisition

a. *Strategic reasons*

The Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy businesses. As stated in the 2010 Interim Report, it is the Group's strategy to, among other things, utilize its competitive strengths to focus on its investments in the PRC's infrastructure construction, namely the BT and BOT projects, endeavouring to establish a new engine for profit growth in investment business. Such was evidenced by the Group's continuation in expanding its business in the PRC, in particular, focusing its efforts on infrastructure project investments. Set out below are details of recent infrastructure related projects launched / awarded:

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- (i) On 10 December 2009, the Group entered into an agreement with the Shanxi Province Yangquan Municipal People's Government (the "Yangquan Government") whereby the Yangquan Government has granted the Group the concession right to operate a highway project in Shanxi Province, the PRC for 30 years on a BOT basis with an estimated total investment costs of RMB1.84 billion.
- (ii) On 7 May 2010, the Group entered into an agreement with its controlling shareholder, CSCECL, to acquire its interests in Yangquan Yangwu Expressway Investment Management Limited for a consideration of approximately HK\$1.46 billion. The principal activities of the Yangwu Project Company are investment in and operation, repair and maintenance and construction of, the Yangquan Yangwu Expressway (Yangquan to Yu Xian section).
- (iii) In May 2010, the Group set up a wholly-owned subsidiary, namely 天津港悦基建發展有限公司 (Tianjin Gangyue Infrastructure Development Limited*), and entered into a construction agreement, through a BT model, with the Government of Tianjin City for a relocation housing project. The estimated contract value was approximately HK\$1.40 billion.

Furthermore, as set out in the "Letter from the Board", given the acceleration of urbanisation in the PRC, the Directors are of the view that the infrastructure investments in the PRC will grow rapidly in the future and the Acquisition will enhance the Group's infrastructure investment portfolio and generate stable long term income to the Company.

Taking into account that (i) the Acquisition is in line with the above strategy of the Company; and (ii) it is the intention of the Group to use the proceed from the Rights Issue to capture investment opportunities in relation to infrastructure projects in the PRC, we concur with the view of the Directors that the Acquisition is consistent with the Group's strategy to enhance the Group's infrastructure investment portfolio and generate stable long term income to the Company in future.

b. *An opportunity to utilise the Group's surplus funds to achieve a higher return*

We have conducted an analysis on the interest income and investment income generated from the deployment of the Group's surplus funds. We noted from the 2009 Annual Report that the Group has cash and deposit balances, including bank balances and cash and deposits with financial institutions, of approximately HK\$1,900 million and HK\$5,747 million as at 31 December 2008 and 2009, respectively. The interest income from the aforesaid balances amounted to approximately HK\$20 million and HK\$14 million for the year ended 31 December 2008 and 2009, which represented an annual yield of approximately 1.1% and 0.2%, respectively.

The aforesaid bank balances (excluding bank current account), comprised of fixed deposits held by the Group with an original maturity of three months or less, carried interest at market rates which ranged from 0.001% to 3.5% per annum in year 2009, while deposits with financial institutions, comprised of deposits with original maturity dates ranging from one to six months, carried at fixed rates ranged from 0.01% to 1.78% per annum in year 2009.

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Further analysis examining the Group's investment income generated from the deployment of its surplus funds was also carried out. The balances examined, including (i) interest income on bank deposits, debt securities, deposits with financial institutions; (ii) imputed interest on amount due from an investee company; (iii) dividend income from available-for-sale investments; and (iv) gain on disposal of listed available-for-sale investments, which totalled to approximately HK\$2,180 million and HK\$6,114 million as at 31 December 2008 and 2009, respectively. The investment income from the aforesaid balances amounted to approximately HK\$33 million and HK\$43 million for the year ended 31 December 2008 and 2009, representing an annual return rate of approximately 1.5% and 0.7%, respectively.

Based on the above, the annual yield generated from the Group's interest income and investment income was approximately 0.2% and 0.7%, respectively, for the year ended 31 December 2009.

As set out under paragraph headed, "2. Information on COTHL and Changjiang Second Bridge Company", the historical dividend payout by Changjiang Second Bridge Company to Shenzhen Overseas was approximately HK\$101 million for the year ended 31 December 2009 and approximately HK\$165 million for the period from 1 January 2010 to 31 August 2010, such dividend payout represents approximately 6.0% and 9.8% of the Consideration, respectively.

Overall, having considered, the comparison of the aforesaid historical annual return generated from the Group's interest and investment income and the historical dividend payout by Changjiang Second Bridge Company, we concur with the Management's view that the Acquisition represents an opportunity for the Group to utilise its surplus funds to achieve a better return.

6. Possible financial effects of the Acquisition to the Group

a. *Earnings*

According to the 2009 Annual Report, the Group's consolidated profit attributable to owners of the Company for the year ended 31 December 2009 was approximately HK\$613 million. According to the unaudited consolidated financial statements of COTHL for the year ended 31 December 2009, the net profit after taxation of COTHL for the year ended 31 December 2009 was approximately HK\$110 million.

As advised by the Management, upon completion of the Acquisition, the financial results of the COTHL, including 65% of the financial results of Changjiang Second Bridge Company Limited, will be proportionally consolidated (on line by line basis) into the Group's results.

b. *Net asset value*

As advised by the Management, upon completion of the Acquisition, all assets and liabilities of COTHL and its wholly-owned subsidiaries will be consolidated to the financial statements of the Group while 65% of the assets and liabilities of Changjiang Second Bridge Company will be proportionally consolidated (on line by line basis) into the financial statements of the Group.

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c. *Working capital of the Group*

As stated in the “Letter from the Board”, the consideration under the Acquisition will be satisfied by internal resources of the Group. As set out in the 2010 Interim Report, the Group has “bank balances and cash” of approximately HK\$3,973 million as at 30 June 2010. Given that the Consideration of HK\$1,690 million will be made in stages over a period and having regard to the Group’s liquidity position, the Board is of the view that the cash outlay requirements as mentioned above would not have any adverse impact on the Group’s business.

V. RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and the entering into of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Access Capital Limited

Ambrose Lam
Principal Director

Jimmy Chung
Principal Director

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF DIRECTORS' INTERESTS FOR THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company:

Name of directors	Number of ordinary shares held <i>(Note 1)</i>	Number of underlying shares comprised in share options <i>(Note 2)</i>	Total	% of shares in issue as at the Latest Practicable Date <i>(Note 3)</i>
Kong Qingping	2,988,800	3,160,834	6,149,634	0.207
Zhou Yong	3,306,240	1,843,820	5,150,060	0.173
Yip Chung Nam	4,292,317	—	4,292,317	0.145
Zhang Yifeng	1,180,000	58	1,180,058	0.040
Cheong Chit Sun	1,662,305	395,104	2,057,409	0.069
Zhou Hancheng	3,296,367	614,606	3,910,973	0.132
Tian Shuchen	4,280,093	—	4,280,093	0.144
Raymond Ho Chung Tai	—	878,010	878,010	0.030
Adrian David Li Man Kiu	—	878,010	878,010	0.030
Raymond Leung Hai Ming	—	878,010	878,010	0.030
Lee Shing See	—	878,010	878,010	0.030

Notes :

1. This represents interests held by the relevant Director as a beneficial owner.
2. This represents interests in share options of the Company held by the relevant Director as a beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option shares granted by the Company under the Company's share option scheme. The exercise price before adjustment for the open offer made on 10 September 2007 is HK\$1.03 (the granted price). The exercise price for the share options is HK\$0.99 per share (after open offer and before share subdivision). Immediately after the share subdivision approved on 12 June 2008, the exercise price for the share options is HK\$0.2475 per share. Immediately after the adjustment for the rights issue made on 1 September 2009, the exercise price for the share options is HK\$0.2345 per share. The vesting period is from 14 September 2005 to 13 September 2010 (both days inclusive) and the exercise period is from 14 September 2006 to 13 September 2015 (both days inclusive). 20% can be exercised annually ("Limit") from 14 September 2006. Unexercised portion of the Limit (if any) can be exercised in the remaining exercise period and will not be included in calculating the Limit of the relevant year. It can be fully exercised from 14 September 2010 to 13 September 2015 (both days inclusive).
3. The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date (i.e. 2,970,253,032 ordinary shares).

Long positions in shares and underlying shares of associated corporation - COLI

Name of directors	Number of ordinary shares held <i>(Note 1)</i>	Number of underlying shares comprised in share options <i>(Note 2)</i>	Total	% of shares in issue as at the Latest Practicable Date <i>(Note 3)</i>
Kong Qingping	7,435,760	1,359,334	8,795,094	0.108
Zhou Yong	388,381	—	388,381	0.005
Yip Chung Nam	2,708,564	—	2,708,564	0.033
Cheong Chit Sun	206,113 <i>(Note 4)</i>	—	206,113	0.003

Notes :

1. This represents interests held by the relevant Director as a beneficial owner.
2. This represents interests in share options held by the relevant Director as a beneficial owner to subscribe for the relevant underlying ordinary shares of COLI in respect of the option shares granted by COLI. The exercise price for the share options is HK\$1.13 per share (before adjustment for open offer). Immediately after the adjustment on 3 February 2009, the exercise price for the share options is HK\$1.118 per share. The vesting period is from 18 June 2004 to 17 June 2009 (both days inclusive) and the exercise period is from 18 June 2005 to 17 June 2014 (both days inclusive). 20% can be exercised annually ("Limit") from 18 June 2005. Unexercised portion of the Limit (if any) can be exercised in the remaining exercise period and will not be included in calculating the Limit of the relevant year. It can be fully exercised from 18 June 2009 to 17 June 2014 (both days inclusive).
3. The percentage has been adjusted based on the total number of ordinary shares of COLI in issue as at the Latest Practicable Date (i.e. 8,172,256,111 ordinary shares).
4. Amongst the total number of 206,113 shares in COLI held by Mr. Cheong Chit Sun, 205,713 shares in COLI was held as personal interest and 400 shares in COLI was held as family interest.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company hold any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had since 31 December 2009 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Save as disclosed in the paragraph headed “Competing Business Interests of Directors” below, so far as was known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Enlarged Group which is not expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, the date to which the latest published audited consolidated financial statements of the Company were made up.

COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests of the Directors in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

Mr. Kong Qingping held directorships in CSCEC, the Company’s ultimate holding company, and/or its subsidiaries (but excluding the Group), which are engaged in construction, property development and related business. Mr. Kong Qingping is also the Vice President of CSCECL.

Save as disclosed above, the Company had not been notified of any other relationship among the Directors, senior management or substantial or controlling shareholders of the Company.

As the Board operates independently of the boards of these companies, the Group operates its business independently of, and at arm’s length from, the business of these companies.

Save as disclosed in this section, as at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business apart from the Group’s business, which competes or is likely to compete directly or indirectly, with the Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.

EXPERT

- (a) The following is the qualifications of the expert who has given their opinions and advices which are contained in this circular:

Name	Qualification
Access Capital Limited	A licensed corporation for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Access Capital had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Access Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.
- (d) As at the Latest Practicable Date, Access Capital did not have any direct or indirect interest in any assets which have, since 31 December 2009 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.
- (e) The letter, report or statement of Access Capital is given as of the date of this circular for incorporation herein.

MISCELLANEOUS

The English texts of this circular and the accompanying form of proxy shall prevail over the Chinese texts.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be available for inspection during business hours at the office of the Company at 28th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong from the date of this circular up to and including 5 November 2010 (except Saturdays and Sundays) and will be available for inspection at EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of China State Construction International Holdings Limited (the “**Company**”) will be held at 30th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Friday, 5 November 2010 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (A) the Agreement (as defined in the circular of the Company dated 19 October 2010 of which this notice forms part) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (B) any one director of the Company (or any two directors of the Company if the affixing of the Common Seal is necessary) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of Common Seal thereon.”

By Order of the Board

China State Construction International Holdings Limited

Kong Qingping

Chairman and Non-executive Director

Hong Kong, 19 October 2010

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Notes:

- (1) A form of proxy for use at the meeting is enclosed herewith.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (4) In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holders present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
- (6) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (7) The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the meeting, from 3 November 2010 to 5 November 2010 both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 2 November 2010.