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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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 the 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 the 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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH CHINA OVERSEAS LAND & INVESTMENT LIMITED
AND THE MINORITY CONTROLLED GROUP IN RELATION
TO CONSTRUCTION WORKS
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 7 to 19 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 20 to 21 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 42 of this circular.

A notice convening the EGM via the e-Meeting System to be held on Wednesday, 21 December 2022 at 11:00 a.m. is set out on pages 47 to 49 of this circular.

Whether or not you are able to attend the EGM via the e-Meeting System, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, 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 via the e-Meeting System at the meeting or any adjourned meeting (as the case may be) should you so wish.

25 November 2022

CONTENTS

	<i>Page</i>
Definitions	1
Special Arrangements for the EGM	5
Letter from the Board	7
Letter from the Independent Board Committee	20
Letter from Honestum International	22
Appendix — General Information	43
Notice of EGM	47

DEFINITIONS

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

“Annual Cap”	the total of the COLI Sub-cap and the Minority Controlled Group Sub-cap;
“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“COGO”	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 81) and which is held as to approximately 39.63% by COLI;
“COHL”	China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability, being a wholly owned subsidiary of CSCECL and the controlling shareholder of both the Company and COLI;
“COLI”	China Overseas Land & Investment Limited (中國海外發展有限公司), 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 (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“COLI Sub-cap”	the maximum total contract sum of the construction contracts that may be awarded by the COLI Group to the Group (as construction contractor of the COLI Group) for each of the three financial years commencing from 1 January 2023 and ending on 31 December 2025 under the New Master Engagement Agreement;
“Company”	China State Construction International Holdings Limited (中國建築國際集團有限公司), 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);

DEFINITIONS

“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of CSCECL, COHL, 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 established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), being a non-wholly owned subsidiary of CSCEC and holding company of COHL;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the New Master Engagement Agreement and the transactions contemplated thereunder;
“Existing Master Engagement Agreement”	the engagement agreement entered into between the Company and COLI on 8 April 2020 (as supplemented by a first supplemental agreement dated 10 June 2021 and a second supplemental agreement dated 10 September 2021) in respect of the engagement of the Group by the COLI Group and/or the Minority Controlled Group as construction contractor for the COLI Group’s and/or the Minority Controlled Group’s (as the case may be) construction works in the PRC, Hong Kong and Macau from time to time for the three financial years commenced from 1 January 2020 and ending on 31 December 2022;
“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“Historical Annual Cap”	the annual cap for each of the three financial years ended 31 December 2022 under the Existing Master Engagement Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming, Mr. Lee Shing See and Ms. Wong Wai Ching, to advise the Independent Shareholders in respect of the transactions contemplated under the New Master Engagement Agreement;
“Independent Financial Adviser” or “Honestum International”	Honestum International Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Master Engagement Agreement and the transactions contemplated thereunder;
“Independent Shareholder(s)”	shareholder(s) of the Company, other than COHL and its associates;
“Latest Practicable Date”	23 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein, as the case may be;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Macau”	the Macau Special Administrative Region of the PRC;
“Minority Controlled Group”	the companies held as to 30%-50% by the COLI Group, and their respective subsidiaries from time to time (excluding members of the COLI Group and members of the Group, respectively and excluding COGO and its subsidiaries);
“Minority Controlled Group Sub-cap”	the maximum total contract sum of the construction contracts that may be awarded by the Minority Controlled Group to the Group (as construction contractor of the Minority Controlled Group) for each of the three financial years commencing from 1 January 2023 and ending on 31 December 2025 under the New Master Engagement Agreement;
“New Master Engagement Agreement”	the engagement agreement entered into between the Company and COLI on 25 October 2022 in respect of the engagement of the Group by the COLI Group and/or the Minority Controlled Group as construction contractor for the COLI Group’s and/or the Minority Controlled Group’s (as the case may be) construction works in the PRC, Hong Kong and Macau from time to time for three financial years commencing from 1 January 2023 and ending on 31 December 2025;

DEFINITIONS

“Potential Tenderes”	the COLI Group and the Minority Controlled Group;
“PRC”	People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

* *English translation for identification purpose only.*

SPECIAL ARRANGEMENTS FOR THE EGM

All registered Shareholders will be able to join the EGM via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer.

Through the e-Meeting System, our registered Shareholders will be able to view the live video broadcast and participate in voting and submit questions online. Login details and information will be included in our letters to registered Shareholders regarding the e-Meeting System which will be despatched later.

HOW TO ATTEND AND VOTE

Shareholders who wish to attend the EGM and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the EGM via the e-Meeting System which enables live streaming and interactive platform for submitting questions and voting online; or
- (2) appoint the chairman of the EGM or other persons as your proxy by providing their email address for receiving the designated log-in username and password to attend and vote on your behalf via the e-Meeting System.

Your proxy's authority and instruction will be revoked if you attend and vote via the e-Meeting System at the EGM.

If you are a non-registered Shareholder, you should contact your banks, brokers, custodians, nominees or HKSCC Nominees Limited through which your Shares are held (as the case may be) (collectively the "Intermediary") and instruct the Intermediary to appoint you as proxy or corporate representative to attend and vote via e-Meeting System at the EGM and in doing so, you will be asked to provide your email address. Details regarding the e-Meeting System including the login details will be emailed to you by the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited ("Tricor Standard").

Completion and return of the form of proxy will not preclude a member from attending and voting via the e-Meeting System at the EGM or any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

For the purpose of determining shareholders' eligibility to attend and vote via the e-Meeting System at the EGM, the register of members of the Company will be closed from Friday, 16 December 2022 to Wednesday, 21 December 2022, both days inclusive, during which period no transfer of Shares will be effected.

SPECIAL ARRANGEMENTS FOR THE EGM

If you have any questions relating to the EGM, please contact Tricor Standard with the following details:

Address : 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email : emeeting@hk.tricorglobal.com
Telephone : (852) 2975 0928
Fax : (852) 2861 1465

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to adopt further changes to the EGM arrangements at a short notice. Shareholders are advised to check the websites of the Company (<https://www.csci.com.hk>) and Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) for the latest announcement and information relating to the EGM.

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 Directors:

Mr. Yan Jianguo (*Chairman*)

Mr. Chen Xiaofeng

Executive Directors:

Mr. Zhang Haipeng (*Chief Executive Officer*)

Mr. Zhou Hancheng (*Financial Controller*)

Mr. Hung Cheung Shew (*Vice President*)

Independent Non-executive Directors:

Mr. Adrian David Li Man Kiu

Dr. Raymond Leung Hai Ming

Mr. Lee Shing See

Ms. Wong Wai Ching

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

28th Floor

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

25 November 2022

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH CHINA OVERSEAS LAND & INVESTMENT LIMITED
AND THE MINORITY CONTROLLED GROUP IN RELATION
TO CONSTRUCTION WORKS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 25 October 2022 in respect of the New Master Engagement Agreement entered into between the Company and COLI on 25 October 2022.

The purpose of this circular is to provide you with, among other things, (i) the particulars of the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps); (ii) the letter from the Independent Board Committee with its recommendation to the Independent Shareholders in relation to the New Master Engagement Agreement and the transactions

LETTER FROM THE BOARD

contemplated thereunder (together with the Annual Caps); and (iii) the letter from Honestum International with its advice on the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps) 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 of the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps).

BACKGROUND

References are made to the announcements of the Company dated 8 April 2020, 10 June 2021 and 10 September 2021 respectively, and the circulars of the Company dated 20 May 2020 and 22 October 2021 respectively. On 8 April 2020, the Company and COLI entered into the Existing Master Engagement Agreement (as supplemented by a first supplemental agreement dated 10 June 2021 and a second supplemental agreement dated 10 September 2021), pursuant to which the COLI Group and/or the Minority Controlled Group will invite the Group to tender for the COLI Group's and/or the Minority Controlled Group's construction works in the PRC, Hong Kong and Macau as construction contractor from time to time for a term of three years commenced from 1 January 2020 and ending on 31 December 2022 subject to the Historical Annual Caps.

It is contemplated that the Potential Tenderes will continue to invite the Group to tender for construction works of the Potential Tenderes in the PRC, Hong Kong and Macau as construction contractor after the expiration of the Existing Master Engagement Agreement.

As the Existing Master Engagement Agreement will expire on 31 December 2022, on 25 October 2022, the Company and COLI entered into the New Master Engagement Agreement to renew the Existing Master Engagement Agreement for a further term of three financial years commencing from 1 January 2023 and ending on 31 December 2025, pursuant to which (i) the Group may tender for the Potential Tenderes' construction works in the PRC, Hong Kong and Macau as construction contractor from time to time for three financial years ending on 31 December 2025 subject to the COLI Sub-cap or the Minority Controlled Group Sub-cap (as the case may be); and (ii) the COLI Group and/or the Minority Controlled Group may engage the Group as construction contractor for the COLI Group's and/or the Minority Controlled Group's construction works in the PRC, Hong Kong and Macau upon the Group's successful tender.

THE NEW MASTER ENGAGEMENT AGREEMENT

Date

25 October 2022

Parties

- (1) the Company; and
- (2) COLI

LETTER FROM THE BOARD

Continuing Connected Transactions in relation to Construction Works

The Company expects that the Potential Tenderes will continue to invite the Group to participate in tenders as construction contractor for the Potential Tenderes' construction works in the PRC, Hong Kong and Macau from time to time. In this connection, the Company and COLI entered into the New Master Engagement Agreement for three financial years ending on 31 December 2025 whereby the parties agreed, among other things, that:

- (a) the Group may tender for the Potential Tenderes' construction works in the PRC, Hong Kong and Macau as construction contractor in accordance with the tendering procedures of the COLI Group and/or the Minority Controlled Group (as the case may be) from time to time and on the same and normal terms as offered to other independent third-party construction contractors;
- (b) if any contract is awarded to the Group as a result of the above tender, the Group may act as construction contractor for the COLI Group's and/or the Minority Controlled Group's (as the case may be) construction works in the PRC, Hong Kong and Macau based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the COLI Group and the Minority Controlled Group to the Group shall not exceed the COLI Sub-cap and the Minority Controlled Group Sub-cap respectively:

	For the financial year ending on 31 December 2023 (HK\$ billion)	For the financial year ending on 31 December 2024 (HK\$ billion)	For the financial year ending on 31 December 2025 (HK\$ billion)
COLI Sub-cap	9	9	9
Minority Controlled Group Sub-cap	<u>11</u>	<u>11</u>	<u>11</u>
Annual Cap	20	20	20

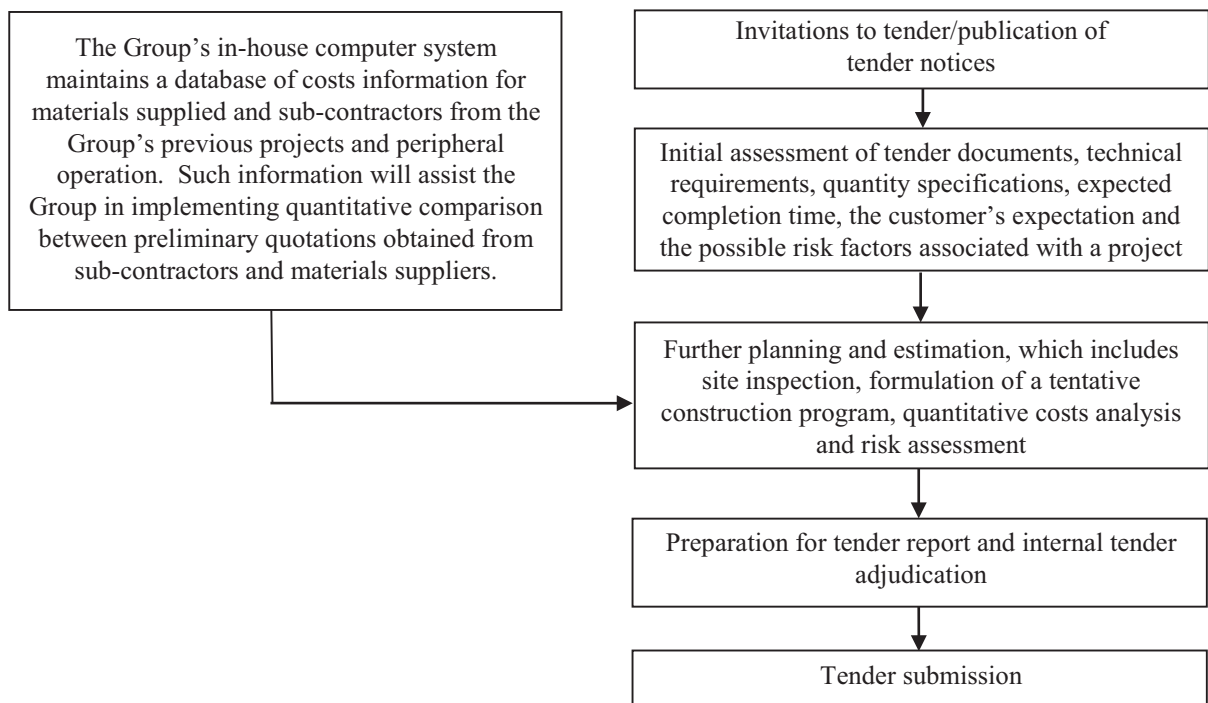
- (c) the fees in respect of the construction works payable by the Potential Tenderes to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific construction contracts.

LETTER FROM THE BOARD

Pricing basis of the tenders submitted by the Group

The price and terms of the tenders submitted by the Group to the COLI Group and/or the Minority Controlled Group for the COLI Group's and/or the Minority Controlled Group's (as the case may be) construction works in the PRC, Hong Kong and Macau are subject to the standard and systematic tender submission procedures maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties of the Group, in order to ensure that the price and terms of the proposed tender submitted by the Group to the Potential Tenderers are no more favourable to the Potential Tenderers than those submitted to independent third parties, and are no less favourable to the Group than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involve (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission. The procedures, as illustrated in the following diagram, will enable the Group to review the feasibility and profitability of the tender to be submitted and to decide the contents and pricing terms of the tender to be submitted.



In preparing and assessing the tender documents, the Group will take into account factors including the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible risk factors associated with a project. The Group will then perform site inspection, form a tentative construction program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the Group will review the costs information maintained by its in-house computer database for materials supplied and sub-contractors from the Group's previous projects and peripheral operation. The information will assist the Group in implementing quantitative comparison between preliminary quotations obtained from sub-contractors and materials suppliers.

LETTER FROM THE BOARD

If any contract is awarded to the Group as a result of the competitive tender, the relevant project owner of the COLI Group or the Minority Controlled Group (as the case may be) will issue a letter of award to the Group and the Group will act as construction contractor for such construction works in the PRC, Hong Kong and Macau based on the terms of the successful tender.

Since the tenders submitted by the Group to the COLI Group and/or the Minority Controlled Group as well as those submitted to independent third parties need to go through the same standard and systematic tendering procedures of the Group as set out above, the tenders submitted to the COLI Group and/or the Minority Controlled Group are prepared and assessed by the Group by taking into account the objective factors same as those for the tenders submitted to independent third parties, which include the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible risk factors associated with the project. The Group does not take into account any other different factors for the tenders submitted to the COLI Group and/or the Minority Controlled Group. As such, the standard and systematic tendering procedures of the Group as set out above ensure that the price and terms of the tenders submitted by the Group to the Potential Tenderers are no more favourable to the Potential Tenderers than those submitted to independent third parties, and are no less favourable to the Group than those submitted to independent third parties.

Set out below are the Historical Annual Caps and the historical transaction amounts under the Existing Master Engagement Agreement.

Historical Annual Caps under the Existing Master Engagement Agreement

	For the financial year ended on 31 December 2020 (HK\$ billion)	For the financial year ended on 31 December 2021 (HK\$ billion)	For the financial year ending on 31 December 2022 (HK\$ billion)
Maximum total contract sum of the construction contracts which may be awarded to the Group (as construction contractor) by the COLI Group	9	9	9
Maximum total contract sum of the construction contracts which may be awarded to the Group (as construction contractor) by the Minority Controlled Group	Not Applicable <i>(Note)</i>	11	12
Historical Annual Caps	9	20	21

Note: The Historical Annual Cap for the financial year ended on 31 December 2020 did not include any construction contracts which may be awarded to the Group (as construction contractor) by the Minority Controlled Group

LETTER FROM THE BOARD

Historical transaction amounts under the Existing Master Engagement Agreement

	For the financial year ended 31 December 2020 (HK\$ million)	For the financial year ended 31 December 2021 (HK\$ million)	For the nine months period ended 30 September 2022 (HK\$ million)
Total contract sum awarded by the COLI Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau	100	3,729	Nil
Total contract sum awarded by the Minority Controlled Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau	Not Applicable (Note)	3,637	4,888
Total	100	7,366	4,888

Note: The Historical Annual Cap for the financial year ended on 31 December 2020 did not include any construction contracts which may be awarded to the Group (as construction contractor) by the Minority Controlled Group

The utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the COLI Group for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022 is approximately 1.1%, 41.4% and nil respectively. The utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the Minority Controlled Group for the financial year ended 31 December 2021 and the nine months ended 30 September 2022 is approximately 33.1% and 40.7% respectively. As such, the Company confirms that the transaction amounts under the Existing Master Engagement Agreement are all within the Historical Annual Cap for the respective year/period.

Calculation of the COLI Sub-cap

The COLI Sub-cap is calculated with reference to the following factors:

- (a) historical total contract sum awarded by the COLI Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the COLI Group for the financial years ended 31 December 2020 and 2021 and the nine months period ended 30 September 2022 and the Group's expectation that the pandemic prevention measures in the PRC, Hong Kong and Macau will gradually be refined in a more precise manner as the relevant authorities have become more experienced in implementing effective prevention measures;

LETTER FROM THE BOARD

- (b) the Group's expectation that the total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau will generally experience a steady growth for three financial years ending on 31 December 2025 due to the abovementioned expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau, based on total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau for the financial year ended 31 December 2020 of approximately HK\$85,244 million, for the financial year ended 31 December 2021 of approximately HK\$86,588 million, and for the nine months period ended 30 September 2022 of approximately HK\$60,976 million;
- (c) the Board's analysis of the relatively unstable utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the COLI Group was primarily due to the unexpected delay in the tendering process of some projects under the pandemic and that some of the submitted tenders were not eventually awarded to the Group by the COLI Group. Moreover, the number of construction projects for which the Group is interested in tendering could fluctuate at times upon considering such projects' suitability for the Group, echoed by the unpredictability nature of tender outcomes, which would in turn affect the transaction amounts between the Group and the COLI Group. As such, given the limited number of construction projects that suits the Group for tender and that such projects were not eventually awarded to the Group, the transaction amount for the nine months ended 30 September 2022 fell significantly. Despite the pandemic, the utilisation rate of the Historical Annual Cap on the part of construction contracts awarded by the COLI Group for the financial year ended 31 December 2021 reached approximately 41.4%, and the total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau which the Group expects to tender for will continue to grow steadily as the tendering process for such construction projects will resume normal upon the abovementioned gradual refinement of the pandemic prevention measures;
- (d) in accordance with the information obtained from the COLI Group and the Group's construction works capacity, the Group expects to tender for 16 construction projects of the COLI Group which are expected to commence construction in 2023, amounting to a contract sum of approximately HK\$8,238 million. The Group expects that it will tender for similar contract amounts of the COLI Group's construction projects in 2024 and 2025 as well; and
- (e) applying a buffer of approximately 10% (i.e. around HK\$800 million) for each of the three financial years ending on 31 December 2025 to accommodate other unexpected construction works of the COLI Group with unforeseeable contract sums, and that the Board considers the said buffer is acceptable and in line with the usual practice of the Group and other Hong Kong listed companies.

In light of the above factors with the possibility of non-successful bids and the flexibility necessary for the Group to work along with the actual development schedule of the COLI Group's construction works, the Board considers that the COLI Sub-cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Calculation of the Minority Controlled Group Sub-cap

The Minority Controlled Group Sub-cap is calculated with reference to the following factors:

- (a) historical total contract sum awarded by the Minority Controlled Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the Minority Controlled Group for the financial year ended 31 December 2021 and the nine months period ended 30 September 2022 and the Group's expectation that the pandemic prevention measures in the PRC, Hong Kong and Macau will gradually be refined in a more precise manner as the relevant authorities have become more experienced in implementing effective prevention measures;
- (b) the Group's expectation that the total contract sum of construction projects of the Minority Controlled Group in the PRC, Hong Kong and Macau will generally experience a steady growth for three financial years ending on 31 December 2025 due to the abovementioned expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau, based on the total contract sum of construction projects of the Minority Controlled Group in the PRC, Hong Kong and Macau for the financial year ended 31 December 2020 of approximately HK\$442 million, for the financial year ended 31 December 2021 of approximately HK\$5,062 million, and for the nine months period ended 30 September 2022 of approximately HK\$8,257 million;
- (c) the Board's analysis of the relatively low utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the Minority Controlled Group was primarily due to the unexpected delay in the tendering process of some projects under the pandemic and that some of the submitted tenders were not eventually awarded to the Group by the Minority Controlled Group. Moreover, the number of construction projects for which the Group is interested in tendering could fluctuate at times upon considering such projects' suitability for the Group, echoed by the unpredictability nature of tender outcomes, which would in turn affect the transaction amounts between the Group and the Minority Controlled Group. Despite the pandemic, the utilisation rate of the Historical Annual Cap on the part of construction contracts awarded by the Minority Controlled Group for the nine months ended 30 September 2022 reached approximately 40.7% (representing an increase of approximately 7.6% as compared to the financial year ended 31 December 2021), and the total contract sum of construction projects of the Minority Controlled Group in the PRC, Hong Kong and Macau which the Group expects to tender for will continue to grow steadily as the tendering process for such construction projects will resume normal upon the abovementioned gradual refinement of the pandemic prevention measures; and
- (d) in accordance with the information obtained from the Minority Controlled Group and the Group's construction works capacity, the Group expects to tender for five construction projects of the Minority Controlled Group which are expected to commence construction in 2023, amounting to a contract sum of approximately HK\$11,580 million. The Group expects that it will tender for similar contract amounts of the Minority Controlled Group's construction projects in 2024 and 2025 as well.

LETTER FROM THE BOARD

In light of the above factors with the possibility of non-successful bids and the flexibility necessary for the Group to work along with the actual development schedule of the Minority Controlled Group's construction works, the Board considers that the Minority Controlled Group Sub-cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Condition Precedent

The New Master Engagement Agreement (together with the Annual Caps) shall become effective upon satisfaction of the following condition precedents:

- (a) passing of the resolution by the Independent Shareholders at the EGM approving the New Master Engagement Agreement and the transactions contemplated thereunder; and
- (b) each of the Company and COLI having complied with all other requirements as may be imposed by the Stock Exchange as a condition to the transactions contemplated under the New Master Engagement Agreement.

In the event that the New Master Engagement Agreement does not become effective, the Existing Master Engagement Agreement (together with the Historical Annual Caps) will remain in full force and binding on the Company and COLI until the expiry of the Existing Master Engagement Agreement.

INTERNAL CONTROL MEASURES

In addition to the standard and systematic tendering procedures of the Group as mentioned above, the Company will adopt the following internal control procedures in relation to the New Master Engagement Agreement to protect the interests of the Shareholders:

- (a) the Company will comply with its internal control procedures in respect of related party transactions and connected transactions before the Company enters into any transactions with the Potential Tenderes contemplated under the New Master Engagement Agreement;
- (b) the Group will monitor the implementation of the New Master Engagement Agreement on a regular basis and ensure that the transactions with the Potential Tenderes contemplated under the New Master Engagement Agreement will be conducted in accordance with the terms of the New Master Engagement Agreement;
- (c) the management of the Company will prepare biannual reports which contain a summary of the connected transactions conducted under the New Master Engagement Agreement during the period under review and such reports will be submitted to the Audit Committee of the Board and the Board for review;
- (d) the Annual Caps will be reviewed annually by the independent non-executive Directors and independent auditor of the Company; and
- (e) the Group strictly monitors the continuing connected transactions under the New Master Engagement Agreement for not exceeding the Annual Caps.

LETTER FROM THE BOARD

The Board considers that the above internal control procedures adopted by the Company in connection with the continuing connected transactions with the Potential Tenderes are appropriate and sufficient, and will give sufficient assurance that such continuing connected transactions will be appropriately monitored by the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER ENGAGEMENT AGREEMENT

The Directors consider that being able to participate in the construction works of the Potential Tenderes in the PRC, Hong Kong and Macau as construction contractor upon successful tender allows the Group to strengthen and further develop its construction business and qualifications in the PRC, Hong Kong and Macau.

The Directors believe that since the Potential Tenderes and the Group have a long-term relationship of cooperation, the Group has a better understanding of the operations and development of the Potential Tenderes. It is expected that the Group will be able to participate in the construction works of the Potential Tenderes in an expedient, cost efficient and smooth manner, which will be beneficial to the Group and the Potential Tenderes.

GENERAL

As at the Latest Practicable Date, the Group is principally engaged in construction business, infrastructure investments and prefabricated constructions.

COLI Group is principally engaged in the business of property development and investment, and other operations. CSCECL is the holding company of COHL which, in turn, is the controlling shareholder of both the Company and COLI. CSCECL is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

CSCEC is the ultimate holding company of each of CSCECL, COHL, the Company and COLI. CSCEC, together with its subsidiaries (excluding those listed on any stock exchange), is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CSCEC is the ultimate holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COLI by virtue of it being interested in approximately 64.81% of the issued share capital of the Company and approximately 56.09% of the issued share capital of COLI respectively. Accordingly, members of each of Potential Tenderes are connected persons of the Group. The transactions contemplated under the New Master Engagement Agreement between members of the COLI Group and/or the Minority Controlled Group on one hand and members of the Group on the other hand constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded to the Group by the Potential Tenderes for each financial year under the New Master Engagement Agreement (i.e. the Annual Cap) exceed 5% for the Company, the transactions contemplated under the New Master Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the New Master Engagement Agreement and the transactions contemplated thereunder and no director of the Company is required to abstain from voting on the Board resolution(s) approving the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps). However, Mr. Yan Jianguo, being the chairman and non-executive director of the Company and the chairman and president of COHL, Mr. Chen Xiaofeng, being the managing director and chief financial officer of COHL and non-executive director of the Company, and Mr. Zhang Haipeng, being director of both the Company and COHL, have voluntarily abstained from voting on the Board resolutions approving the entering into of the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps).

Shareholders should note that the Annual Caps represent the best estimates by the Directors of the amounts of the relevant transactions based on the information currently available. The Annual Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The Potential Tenderes may or may not retain the Group to engage in construction works in the PRC, Hong Kong and Macau up to the level of the COLI Sub-cap and Minority Controlled Group Sub-cap respectively, if at all, as the engagements are subject to tender procedures which are open to other independent third party construction contractors.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM via the e-Meeting System to be held on Wednesday, 21 December 2022 at 11:00 a.m. is set out on pages 47 to 49 of this circular. Ordinary resolution will be proposed to the Independent Shareholders at the EGM to consider and, if thought fit, approve the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps).

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM via the e-Meeting System, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM 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 via the e-Meeting System at the EGM or any adjourned meeting (as the case may be) should you so wish.

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 via the e-Meeting System at the EGM from Friday, 16 December 2022 to Wednesday, 21 December 2022, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend and vote via the

LETTER FROM THE BOARD

e-Meeting System at the EGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 15 December 2022.

VOTING BY WAY OF POLL

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 articles of association of the Company.

As at the Latest Practicable Date, COHL and its associates held in aggregate 3,264,976,136 Shares, representing approximately 64.81% of the issued share capital of the Company, of which 118,787,644 Shares were held by Silver Lot Development Limited, a direct wholly-owned subsidiary of COHL, and 3,146,188,492 Shares were held by COHL. COHL and its associates will abstain from voting at the EGM on the resolution approving the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps).

To the extent that the Directors are aware having made all reasonable enquiries, as at the Latest Practicable Date:

- (i) there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon COHL;
- (ii) COHL was not subject to any obligation or entitlement whereby it had or it might have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis; and
- (iii) it was not expected that there would be any discrepancy between COHL's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which it would control or would be entitled to exercise control over the voting right at the EGM.

The results of the voting will be announced in the manner prescribed under Rule 13.39(5) of the Listing Rules after the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps). Honestum International has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 20 and 21 in this circular which contains its recommendation to the Independent Shareholders in relation to the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps).

Your attention is also drawn to the letter from Honestum International set out on pages 22 to 42 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps).

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 transactions contemplated under the New Master Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Group, and the New Master Engagement Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the New Master Engagement Agreement (together with the Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully

By Order of the Board

China State Construction International Holdings Limited

Yan Jianguo

Chairman and Non-executive Director



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)

25 November 2022

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH CHINA OVERSEAS LAND & INVESTMENT LIMITED
AND THE MINORITY CONTROLLED GROUP IN RELATION
TO CONSTRUCTION WORKS**

We refer to the circular dated 25 November 2022 (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.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Honestum International has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps).

We wish to draw your attention to the letter from the Board, as set out on pages 7 to 19 of the Circular and the text of a letter of advice from Honestum International, as set out on pages 22 to 42 of the Circular, both of which provide details of the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps).

Having considered the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps), the advice of Honestum International, and the relevant information contained in the letter from the Board, we are of the opinion that the New Master Engagement Agreement and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable, and 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**

Adrian David Li Man Kiu
Independent Non-executive Director

Raymond Leung Hai Ming
Independent Non-executive Director

Lee Shing See
Independent Non-executive Director

Wong Wai Ching
Independent Non-executive Director

LETTER FROM HONESTUM INTERNATIONAL

The following is the full text of a letter of advice from Honestum International Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



25 November 2022

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

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CHINA OVERSEAS LAND & INVESTMENT LIMITED AND THE MINORITY CONTROLLED GROUP IN RELATION TO CONSTRUCTION WORKS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the New Master Engagement Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular (the “**Circular**”) dated 25 November 2022 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

References are made to the announcements of the Company dated 8 April 2020, 10 June 2021 and 10 September 2021 respectively, and the circulars of the Company dated 20 May 2020 and 22 October 2021 respectively, in relation to, among other things, the Existing Master Engagement Agreement entered into between the Company and COLI which will expire on 31 December 2022.

It is contemplated that the Potential Tenderes will continue to invite the Group to tender for construction works of the Potential Tenderes in the PRC, Hong Kong and Macau as construction contractor after the expiration of the Existing Master Engagement Agreement. As such, on 25 October 2022, the Company and COLI entered into the New Master Engagement Agreement to renew the Existing Master Engagement Agreement for a further term of three financial years commencing from 1 January 2023 and ending on 31 December 2025, pursuant to which (i) the Group may tender for the Potential Tenderes’ construction works in the PRC, Hong Kong and Macau as construction contractor from time to time for the three financial years ending on 31 December 2025 subject to the COLI Sub-cap or the Minority Controlled Group Sub-cap (as the case may be); and (ii) the COLI Group and/or the Minority Controlled Group may engage the Group as construction contractor for the COLI Group’s and/or the Minority Controlled Group’s construction works in the PRC, Hong Kong and Macau upon the Group’s successful tender.

LETTER FROM HONESTUM INTERNATIONAL

As at the Latest Practicable Date, CSCEC is the ultimate holding company of COHL, which, in turn, is the controlling shareholder of both the Company and COLI by virtue of it being interested in approximately 64.81% of the issued share capital of the Company and approximately 56.09% of the issued share capital of COLI. Accordingly, members of each of the Potential Tenderees are connected persons of the Group. The transactions contemplated under the New Master Engagement Agreement between members of the COLI Group and/or the Minority Controlled Group on one hand and members of the Group on the other hand constitute continuing connected transactions (“**Continuing Connected Transactions**”) for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded to the Group by the Potential Tenderees for each financial year under the New Master Engagement Agreement (i.e. the Annual Cap) exceed 5% for the Company, the transactions contemplated under the New Master Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to consider whether (i) the transactions contemplated under the New Master Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the Group; (ii) the New Master Engagement Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm’s length negotiations between the parties; and (iii) the terms of the transactions contemplated under the New Master Engagement Agreement (together with the Annual Caps) are fair and reasonable and in the interests of the Company and Shareholders as a whole, and to make recommendations to the Independent Shareholders in respect of the voting on ordinary resolution to be proposed at the EGM. We, Honestum International Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, we have acted as the independent financial adviser to the then independent board committee and the then independent shareholders of the Company, details of which are set out in the circulars of the Company dated (i) 17 December 2020 in relation to revision of annual caps and renewal of continuing connected transactions between the Company and COGO; (ii) 6 May 2021 regarding the formation of joint venture in relation to land in Zhuhai, the PRC, between the Company and COLI; and (iii) 22 October 2021 in relation to the continuing connected transactions between the Company and COLI in relation to the Revision Transactions. Save for the above, as at the Latest Practicable Date, we are independent from and not associated or connected with the Directors, chief executive and substantial shareholders of the Company or COLI or any of their respective subsidiaries or associates. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executive and substantial shareholders of the Company or COLI or any of their respective subsidiaries or associates. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and are eligible to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Master Engagement Agreement (together with the Annual Caps) and the transactions contemplated thereunder.

LETTER FROM HONESTUM INTERNATIONAL

BASIS OF OUR OPINION

In arriving at our recommendation, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management (the “**Management**”) of the Company were true, accurate and complete at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the Management regarding the terms of the New Master Engagement Agreement (together with the Annual Caps) and the transactions contemplated thereunder including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Management respectively in the Circular were reasonably made after due enquiry and careful consideration. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted an independent in-depth investigation into the business and affairs of the Group, COLI or any of their respective subsidiaries or associates.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Continuing Connected Transactions, we have taken into account the principal factors and reasons as set out below.

(A) Background of and reasons for entering into the Continuing Connected Transactions

(i) Background of the Group and the Potential Tenderers

The Group is principally engaged in construction business, infrastructure investments and prefabricated constructions and its revenue is mainly derived from the PRC, Hong Kong and Macau. According to the 2021 annual report of the Company (the “**2021 Annual Report**”), the total revenue from construction contracts represented approximately 41.5% of the Group’s total revenue during the financial year ended 31 December 2021.

LETTER FROM HONESTUM INTERNATIONAL

The COLI Group is principally engaged in the business of property development and investment, and other operations and its revenue is mainly derived from the PRC, Hong Kong and Macau. According to the 2021 annual report of COLI, the revenue from property development segment represented approximately 97.6% of the COLI Group's total revenue for the financial year ended 31 December 2021. Furthermore, the Potential Tenderers are actively engaged in the development of many extensive residential property projects and commercial property projects across the PRC, Hong Kong and Macau. During their normal course of business, the Potential Tenderers may invite the Group to tender for the construction works of the Potential Tenderers in the PRC, Hong Kong and Macau as construction contractor from time to time.

(ii) Reasons for entering into the Continuing Connected Transactions

Pursuant to the Existing Master Engagement Agreement, the Group may tender for the construction works of the Potential Tenderers in the PRC, Hong Kong and Macau as construction contractor from time to time subject to the Historical Annual Caps, i.e. the maximum total contract sum that may be awarded by the COLI Group and/or the Minority Controlled Group to the Group for each of the three financial years ending on 31 December 2022 shall not exceed HK\$9 billion, HK\$20 billion and HK\$21 billion, respectively.

As stated in the Letter from the Board, the COLI Group engaged the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the COLI Group for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022; and the Minority Controlled Group engaged the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the Minority Controlled Group for the financial year ended 31 December 2021 and the nine months ended 30 September 2022. It is contemplated that the Potential Tenderers will continue to invite the Group to tender for construction works of the Potential Tenderers in the PRC, Hong Kong and Macau as construction contractor after the expiration of the Existing Master Engagement Agreement. Furthermore, the Group expects that the total contract sum of construction projects of the Potential Tenderers in the PRC, Hong Kong and Macau will generally experience a steady growth for the three years ending on 31 December 2025 due to the expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau, based on the historical total contract sum of construction projects of the Potential Tenderers in the PRC, Hong Kong and Macau for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022.

The Directors consider that through the New Master Engagement Agreement, the Group is able to participate in the construction works of the Potential Tenderers in the PRC, Hong Kong and Macau as construction contractor upon successful tender and it allows the Group to strengthen and further develop its construction business and qualifications in the PRC, Hong Kong and Macau. Taking into account the total estimated contract sum of construction projects of the Potential Tenderers in the PRC, Hong Kong and Macau that the Group expects to tender for during the three financial years ending on 31 December 2025, the Company expects that the maximum total contract sum of the construction contracts that may be awarded by the Potential Tenderers to the Group for each of the three financial years ending on 31 December 2025 will be approximately HK\$20 billion. In this

LETTER FROM HONESTUM INTERNATIONAL

connection, the Company and COLI entered into the New Master Engagement Agreement (together with the Annual Caps) on 25 October 2022 to renew the Existing Master Engagement Agreement (together with the Historical Annual Caps) for a further term of three financial years commencing from 1 January 2023 and ending on 31 December 2025.

The New Master Engagement Agreement (together with the Annual Caps) shall become effective upon satisfaction of the condition precedents.

(iii) Benefits of the Continuing Connected Transactions

As stated in the Letter from the Board, the Directors believe that since the Potential Tenderes and the Group have a long-term relationship of cooperation, the Group has a better understanding of the operations and development of the Potential Tenderes. It is expected that the Group will be able to participate in the construction works of the Potential Tenderes in an expedient, cost efficient and smooth manner, which will be beneficial to the Group and the Potential Tenderes.

In relation to the renewal of the Historical Annual Caps, taking into account of the above and (i) the business nature of the Group and the Potential Tenderes; (ii) the transactions contemplated under the New Master Engagement Agreement are in line with the existing business activities of the Group, and are subject to same standard and systematic tender review procedures applicable to independent third parties and connected persons of the Company; (iii) the maximum total contract sum of the construction contracts in the PRC, Hong Kong and Macau that may be awarded by the Potential Tenderes to the Group is expected to be approximately HK\$20 billion for each of the three financial years ending on 31 December 2025, in view of the expected growth of the Potential Tenderes' total contract sum of construction projects due to the expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau, based on their historical total contract sum of construction projects in the PRC, Hong Kong and Macau, together with the Group's construction works capacity in the PRC, Hong Kong and Macau for such period; (iv) the Annual Caps under the New Master Engagement Agreement provide a good opportunity for the Group to further develop its construction business and qualifications in the PRC, Hong Kong and Macau; and (v) the New Master Engagement Agreement does not impose any contractual obligation on the Group to sign any definitive agreements with the COLI Group and/or the Minority Controlled Group, we are of the view that the entering into of the New Master Engagement Agreement (together with the Annual Caps) is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

LETTER FROM HONESTUM INTERNATIONAL

(B) Principal terms of the New Master Engagement Agreement

Date: 25 October 2022

Parties: the Company and COLI

Subject Matter: Pursuant to the New Master Engagement Agreement, the Company and COLI agreed, among other things, that:

- (a) the Group may tender for the Potential Tenderes' construction works in the PRC, Hong Kong and Macau as construction contractor in accordance with the tendering procedures of the COLI Group and/or the Minority controlled Group (as the case may be) from time to time and on the same and normal terms as offered to other independent third-party construction contractors;
- (b) if any contract is awarded to the Group as a result of the above tender, the Group may act as construction contractor for the COLI Group's and/or the Minority Controlled Group's (as the case may be) construction works in the PRC, Hong Kong and Macau based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the COLI Group and the Minority Controlled Group to the Group shall not exceed the COLI Sub-cap and the Minority Controlled Group Sub-cap respectively:

	For the financial year ending on 31 December 2023 (HK\$ billion)	For the financial year ending on 31 December 2024 (HK\$ billion)	For the financial year ending on 31 December 2025 (HK\$ billion)
COLI Sub-cap	9	9	9
Minority Controlled Group Sub-cap	<u>11</u>	<u>11</u>	<u>11</u>
Annual Cap	20	20	20

- (c) the fees in respect of the construction works payable by the Potential Tenderes to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific construction contracts.

LETTER FROM HONESTUM INTERNATIONAL

Pricing basis of the tenders submitted by the Group:

In preparing and assessing the tender documents, the Group will take into account factors including the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible risk factors associated with a project. The Group will then perform site inspection, form a tentative construction program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the Group will review the costs information maintained by its in-house computer database for materials supplied and sub-contractors from the Group's previous projects and peripheral operation. The information will assist the Group in implementing quantitative comparison between preliminary quotations obtained from sub-contractors and materials suppliers.

The price and terms of the tenders submitted by the Group to the COLI Group and/or the Minority Controlled Group for the COLI Group's and/or the Minority Controlled Group's (as the case may be) construction works in the PRC, Hong Kong and Macau are subject to the standard and systematic tender submission procedures maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties of the Group, in order to ensure that the price and terms of the proposed tender submitted by the Group to the Potential Tenderers are no more favourable to the Potential Tenderers than those submitted to independent third parties, and are no less favourable to the Group than those submitted to independent third parties. For the details of the Group's standard and systematic tender submission procedures, please refer to the Letter from the Board.

(C) Our review on the Group's tender submission procedures and tender review procedures

Shareholders should note that the New Master Engagement Agreement (together with the Annual Caps for the three financial years ending on 31 December 2025) do not impose any contractual obligation for the Group to tender for construction works of the COLI Group and/or the Minority Controlled Group. Instead, as confirmed by the Management, the Group has maintained standard and systematic tender review procedures to review the feasibility and profitability of the tender to be submitted from the Group to the Potential Tenderers or other independent third parties as described in the Letter from the Board.

As stated in the Letter from the Board, standard and systematic tender submission procedures have been maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties of the Group, in order to ensure that the price and terms of the proposed tender submitted by the Group to the Potential Tenderers are no more favourable to the Potential Tenderers than those submitted to independent third parties, and are no less favourable to the Group than those submitted to independent third parties. For details of the Group's standard and systematic tender submission procedures, please refer to the Letter from the Board.

LETTER FROM HONESTUM INTERNATIONAL

As stated in the Letter from the Board, the Group's standard and systematic tender submission procedures generally involve (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission, which apply to tenders submitted to both connected persons and independent third parties of the Group. Based on our interview with the Management and as advised by the Management, the Group's standard and systematic tender submission procedures are in line with the market practice. In view that the newly listed construction companies should include detailed disclosure in relation to their project tendering process in the business section of their prospectus, which is not normally included in the regular disclosure of listed companies, such as annual report or annual results announcement. We reviewed all the recent newly listed companies from 1 January 2020 to 6 November 2022, we noticed that there are 15, 4 and nil construction companies newly listed in 2020, 2021 and 2022 respectively, among which we have chosen construction companies with similar businesses with the Group, such as companies which are engaging in building construction and civil engineering, and excluding companies with businesses substantially different from the Group, such as companies which are engaging in fitting-out services, facade works and provision of electronic and mechanical engineering. Therefore, we have reviewed the project tendering process of six newly listed construction companies of which three were listed in 2020 and the other three were listed in 2021, which generally involve receiving tender invitation, tender assessment and preparation, and tender submission. We are of the view that the Group's tender submission procedures are in line with the market practice and are fair and reasonable.

As confirmed by the Management, each tender submission is subject to the review and approval of a review committee (the "**Review Committee**") comprising of 4-7 members and none of the committee members is employees or directors of the COLI Group or the Minority Controlled Group. We have reviewed the background and experience of the Review Committee, which includes engineers, economist and accountant with industry experience ranging from 20 years to over 30 years. We consider that the Review Committee has sufficient independence capabilities to review terms of transactions under the New Master Engagement Agreement.

To ascertain the Group's standard and systematic tender submission procedures, we have obtained and reviewed four randomly selected sample tender reports of the Group in 2021 and 2022, of which two were submitted to the Potential Tenderers in 2021 and 2022 respectively and two were submitted to independent third parties in 2021 and 2022 respectively. Based on our discussion with the Management and review, we noted that (i) the standard and systematic tender submission procedures have been implemented by the Group to review the feasibility and profitability of tender to be submitted and to decide the contents and pricing terms of the tender to be submitted; (ii) the pricing terms of the tenders were determined by the Group with reference to the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible risk factors associated with the project, and the Group does not take into account any other different factors for the tenders submitted to the COLI Group and/or the Minority Controlled Group; (iii) the tender submissions had been reviewed by the Review Committee; (iv) the abovementioned standard and systematic tender submission procedures maintained by the Group is applicable to tender submitted to both connected persons and independent third parties of the Group; and (v) the Group will adopt the internal control procedures in relation to the New Master Engagement Agreement to protect the interests of the Shareholders. We further understand that the Review Committee is responsible to make the final decision on whether to accept an invitation to tender based on the

LETTER FROM HONESTUM INTERNATIONAL

analysis result of the tender review process and to finalise the contents and pricing term of the proposed tender. If any contract is awarded to the Group as a result of the competitive tender, the relevant project owner will issue a letter of award to the Group and the Group will act as construction contractor for the relevant construction works based on the terms of the successful tender.

We have obtained and reviewed two Board minutes and two independent auditor's reports on continuing connected transactions in 2020 and 2021 respectively, and noticed that the Group has followed its internal control measures and the continuing connected transactions for the years under review had been reviewed by the independent non-executive Directors and independent auditor of the Company annually. As the tender documents submitted by the Group will be reviewed and evaluated by the Review Committee based on the same standard and systematic tender submission procedures applicable to tender submitted to both connected persons and independent third parties of the Group, and the Management confirmed that in addition to the current measures, the Group will follow further internal control procedures in relation to the New Master Engagement Agreement as mentioned in the Letter from the Board to protect the interests of the Shareholders, we consider that by following the standard and systematic tender submission procedures and with the approval of the Review Committee, the terms and conditions of the New Master Engagement Agreement and the Continuing Connected Transactions would be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

(D) The Annual Caps under the New Master Engagement Agreement

As set out in the Letter from the Board, the Historical Annual Caps and the historical transaction amounts under the Existing Master Engagement Agreement are as follows:

Historical Annual Caps under the Existing Master Engagement Agreement

	For the financial year ended on 31 December 2020 (HK\$ billion)	For the financial year ended on 31 December 2021 (HK\$ billion)	For the financial year ending on 31 December 2022 (HK\$ billion)
Maximum total contract sum of the construction contracts which may be awarded to the Group (as construction contractor) by the COLI Group	9	9	9
Maximum total contract sum of the construction contracts which may be awarded to the Group (as construction contractor) by the Minority Controlled Group	Not Applicable <i>(Note)</i>	11	12
Historical Annual Caps	9	20	21

Note: The Historical Annual Cap for the financial year ended on 31 December 2020 did not include any construction contracts which may be awarded to the Group (as construction contractor) by the Minority Controlled Group.

LETTER FROM HONESTUM INTERNATIONAL

Historical transaction amounts under the Existing Master Engagement Agreement

	For the financial year ended 31 December 2020 <i>(HK\$ million)</i>	For the financial year ended 31 December 2021 <i>(HK\$ million)</i>	For the nine months period ended 30 September 2022 <i>(HK\$ million)</i>
Total contract sum awarded by the COLI Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau	100	3,729	Nil
Total contract sum awarded by the Minority Controlled Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau	Not Applicable <u> </u> <i>(Note)</i>	<u> </u> 3,637	<u> </u> 4,888
Total	100	7,366	4,888

Note: The Historical Annual Cap for the financial year ended on 31 December 2020 did not include any construction contracts which may be awarded to the Group (as construction contractor) by the Minority Controlled Group.

The utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the COLI Group for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022 is approximately 1.1%, 41.4% and nil respectively. The utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the Minority Controlled Group for the financial year ended 31 December 2021 and the nine months ended 30 September 2022 is approximately 33.1% and 40.7% respectively. As such, the Company confirms that the transaction amounts under the Existing Master Engagement Agreement are all within the Historical Annual Cap for the respective year/period.

As stated in the Letter from the Board, the Annual Cap, which include the total of the COLI Sub-cap and the Minority Controlled Group Sub-cap, under the New Master Engagement Agreement for the three financial years ending on 31 December 2025 are determined with reference to the following factors:

Calculation of the COLI Sub-cap

As stated in the Letter from the Board, the COLI Sub-cap is calculated with reference to the following factors:

- (a) historical total contract sum awarded by the COLI Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the COLI

LETTER FROM HONESTUM INTERNATIONAL

Group for the financial years ended 31 December 2020 and 2021 and the nine months period ended 30 September 2022 and the Group's expectation that the pandemic prevention measures in the PRC, Hong Kong and Macau will gradually be refined in a more precise manner as the relevant authorities have become more experienced in implementing effective prevention measures;

- (b) the Group's expectation that the total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau will generally experience a steady growth for three financial years ending on 31 December 2025 due to the abovementioned expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau, based on total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau for the financial year ended 31 December 2020 of approximately HK\$85,244 million, for the financial year ended 31 December 2021 of approximately HK\$86,588 million, and for the nine months period ended 30 September 2022 of approximately HK\$60,976 million;
- (c) the Board's analysis of the relatively unstable utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the COLI Group was primarily due to the unexpected delay in the tendering process of some projects under the pandemic and that some of the submitted tenders were not eventually awarded to the Group by the COLI Group. Moreover, the number of construction projects for which the Group is interested in tendering could fluctuate at times upon considering such projects' suitability for the Group, echoed by the unpredictability nature of tender outcomes, which would in turn affect the transaction amounts between the Group and the COLI Group. As such, given the limited number of construction projects that suits the Group for tender and that such projects were not eventually awarded to the Group, the transaction amount for the nine months ended 30 September 2022 fell significantly. Despite the pandemic, the utilisation rate of the Historical Annual Cap on the part of construction contracts awarded by the COLI Group for the financial year ended 31 December 2021 reached approximately 41.4%, and the total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau which the Group expects to tender for will continue to grow steadily as the tendering process for such construction projects will resume normal upon the abovementioned gradual refinement of the pandemic prevention measures;
- (d) in accordance with the information obtained from the COLI Group and the Group's construction works capacity, the Group expects to tender for sixteen construction projects of the COLI Group which are expected to commence construction in 2023, amounting to a contract sum of approximately HK\$8,238 million. The Group expects that it will tender for similar contract amounts of the COLI Group's construction projects in 2024 and 2025 as well; and
- (e) applying a buffer of approximately 10% (i.e. around HK\$800 million) for each of the three financial years ending on 31 December 2025 to accommodate other unexpected construction works of the COLI Group with unforeseeable contract sums, and that the Board considers the said buffer is acceptable and in line with the usual practice of the Group and other Hong Kong listed companies.

LETTER FROM HONESTUM INTERNATIONAL

In light of the above factors with the possibility of non-successful bids and the flexibility necessary for the Group to work along with the actual development schedule of the COLI Group's construction works, the Board considers that the COLI Sub-cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Calculation of the Minority Controlled Group Sub-cap

As stated in the Letter from the Board, the Minority Controlled Group Sub-cap is calculated with reference to the following factors:

- (a) historical total contract sum awarded by the Minority Controlled Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the Minority Controlled Group for the financial year ended 31 December 2021 and the nine months period ended 30 September 2022 and the Group's expectation that the pandemic prevention measures in the PRC, Hong Kong and Macau will gradually be refined in a more precise manner as the relevant authorities have become more experienced in implementing effective prevention measures;
- (b) the Group's expectation that the total contract sum of construction projects of the Minority Controlled Group in the PRC, Hong Kong and Macau will generally experience a steady growth for three financial years ending on 31 December 2025 due to the abovementioned expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau, based on the total contract sum of construction projects of the Minority Controlled Group in the PRC, Hong Kong and Macau for the financial year ended 31 December 2020 of approximately HK\$442 million, for the financial year ended 31 December 2021 of approximately HK\$5,062 million, and for the nine months period ended 30 September 2022 of approximately HK\$8,257 million;
- (c) the Board's analysis of the relatively low utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the Minority Controlled Group was primarily due to the unexpected delay in the tendering process of some projects under the pandemic and that some of the submitted tenders were not eventually awarded to the Group by the Minority Controlled Group. Moreover, the number of construction projects for which the Group is interested in tendering could fluctuate at times upon considering such projects' suitability for the Group, echoed by the unpredictability nature of tender outcomes, which would in turn affect the transaction amounts between the Group and the Minority Controlled Group. Despite the pandemic, the utilisation rate of the Historical Annual Cap on the part of construction contracts awarded by the Minority Controlled Group for the nine months ended 30 September 2022 reached approximately 40.7% (representing an increase of approximately 7.6% as compared to the financial year ended 31 December 2021), and the total contract sum of construction projects of the Minority Controlled Group in the PRC, Hong Kong and Macau which the Group expects to tender for will continue to grow steadily as the tendering process for such construction projects will resume normal upon the abovementioned gradual refinement of the pandemic prevention measures; and

LETTER FROM HONESTUM INTERNATIONAL

- (d) in accordance with the information obtained from the Minority Controlled Group and the Group's construction works capacity, the Group expects to tender for five construction projects of the Minority Controlled Group which are expected to commence construction in 2023, amounting to a contract sum of approximately HK\$11,580 million. The Group expects that it will tender for similar contract amounts of the Minority Controlled Group's construction projects in 2024 and 2025 as well.

In light of the above factors with the possibility of non-successful bids and the flexibility necessary for the Group to work along with the actual development schedule of the Minority Controlled Group's construction works, the Board considers that the Minority Controlled Group Sub-cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Our assessments on the Annual Cap and its basis

In assessing the reasonableness of the above COLI Sub-cap and the Minority Controlled Group Sub-cap, we have reviewed and discussed with the Management the basis and assumptions underlying the projections of the Annual Caps. Based on our review and discussion, we understand from the Management that the Company has taken the following factors into account in determining the Annual Caps:

The COLI Sub-cap and the Minority Controlled Group Sub-cap

Under the New Master Engagement Agreement, the COLI Sub-cap and the Minority Controlled Group Sub-cap for each of the three financial years ending on 31 December 2025 are HK\$9 billion and HK\$11 billion, respectively. Comparing to the historical maximum total contract sum of the construction contracts which may be awarded to the Group (as construction contractor) by the COLI Group and the Minority Controlled Group for the year ending on 31 December 2022 of approximately HK\$9 billion and HK\$12 billion respectively, the Minority Controlled Group Sub-cap will remain the same at HK\$9 billion while the COLI Sub-cap will decrease by HK\$1 billion or approximately 8.3%, from HK\$12 billion to HK\$11 billion for each of the three financial years ending on 31 December 2025.

In reviewing the basis of the COLI Sub-cap and the Minority Controlled Group Sub-cap, we have considered the following factors and reasons:

i. Utilisation of the Historical Annual Caps

As set out in the Letter from the Board, under the Existing Master Engagement Agreement, the respective total contract sum awarded by the COLI Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau for the years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022 were approximately HK\$100 million, HK\$3,729 million and nil, respectively, representing approximately 1.1%, 41.4% and nil of the Historical Annual Caps for the respective year/period.

LETTER FROM HONESTUM INTERNATIONAL

Meanwhile, the total contract sum awarded by the Minority Controlled Group to the Group as construction contractor for the construction works in the PRC, Hong Kong and Macau for the year ended 31 December 2021 and the nine months ended 30 September 2022 were approximately HK\$3,637 million and HK\$4,888 million, respectively, representing approximately 33.1% and 40.7% of the Historical Annual Caps for the respective year/period. For the Historical Annual Cap for the financial year ended on 31 December 2020, it did not include any construction contracts which may be awarded to the Group (as construction contractor) by the Minority Controlled Group, primarily due to nil transaction for such year.

Therefore, the utilisation of the Historical Annual Cap for the year ended 31 December 2020 was approximately 1.1%, which represented the total contract sum awarded by the COLI Group for such year of approximately HK\$100 million. For the financial year ended 31 December 2021 and the nine months ended 30 September 2022, the total contract sum awarded by both the COLI Group and the Minority Controlled Group were approximately HK\$7,366 million and HK\$4,888 million respectively, representing approximately 36.8% and 23.3% of the Historical Annual Caps for the corresponding year/period.

As advised by the Management, the low utilisation rate of the Historical Annual Cap for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022 of approximately 1.1%, 36.8% and 23.3% was primarily due to the unexpected delay in the tendering process of some projects under the pandemic and that some of the submitted tenders were not eventually awarded to the Group by the Potential Tenderes. Moreover, the number of construction projects for which the Group is interested in tendering could fluctuate at times upon considering such projects' suitability for the Group, echoed by the unpredictability nature of tender outcomes, which would in turn affect the transaction amounts between the Group and the Potential Tenderes. However, despite the pandemic, the utilisation rate of the Historical Annual Cap on the part of construction contracts awarded by the COLI Group for the financial year ended on 31 December 2021 reached approximately 41.4% and the utilisation rate of the Historical Annual Cap on the part of construction contracts awarded by the Minority Controlled Group for the nine months ended 30 September 2022 reached approximately 40.7% (representing an increase of approximately 7.6% as compared to the financial year ended 31 December 2021), and the total contract sum of construction projects of the Potential Tenderes in the PRC, Hong Kong and Macau which the Group expects to tender for will continue to grow steadily as the tendering process for such construction projects will resume normal upon the gradual refinement of the pandemic prevention measures. In consideration of the expected tenders by the Group for the potential construction projects of the Potential Tenderes with the possibility of non-successful bids and the flexibility necessary for the Group to work along with the actual development schedule of the Potential Tenderes for the three years ending on 31 December 2025, the Management consider that it would be more appropriate to keep the Annual Caps under the New Master Engagement Agreement at a similar level to the Historical Annual Cap for the year ended 31 December 2021 and the year ending 31 December 2022, and thus the Annual Cap for each of the three financial years ending on 31 December 2025 is expected to be HK\$20 billion.

LETTER FROM HONESTUM INTERNATIONAL

As stated in the Letter from the Board, the relatively unstable utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the COLI Group and the relatively low utilisation rate of the Historical Annual Caps on the part of construction contracts awarded by the Minority Controlled Group was primarily due to the unexpected delay in the tendering process of some projects under the pandemic which resulted in some of the submitted tenders were not eventually awarded to the Group by the COLI Group and/or the Minority Controlled Group. Moreover, the number of construction projects for which the Group is interested in tendering could fluctuate at times upon considering such projects' suitability for the Group, echoed by the unpredictability nature of tender outcomes, which would in turn affect the transaction amounts between the Group and the COLI Group and/or the Minority Controlled Group. We have reviewed the list of potential projects of the Potential Tenderers that the Group expects, based on the Management's understanding and best estimation given the information currently available, to tender for during the three financial years ending on 31 December 2025 and applies for the calculation of the Annual Caps. In light of the possibility of non-successful bids, it is expected that the Annual Caps, including the buffer under the New Master Engagement Agreement will provide the flexibility necessary for the Group to work along with the actual development schedule of the Potential Tenderers' construction works. In view that the low utilisation rate of the Historical Annual Cap was primarily affected by the unexpected pandemic and the tendering process for construction projects is expected to resume normal following the gradual refinement of the pandemic prevention measures and taking into account of the possibility of non-successful bids and the flexibility necessary for the Group as mentioned above, we are of the view that the Annual Cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ii. The total contract sum of construction projects of the COLI Group and the Minority Controlled Group in the PRC, Hong Kong and Macau

As stated in the Letter from the Board, for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022, the total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau was approximately HK\$85,244 million, HK\$86,588 million and HK\$60,976 million respectively, representing an increase of approximately 1.6% for the year ended 31 December 2021 and a decrease of approximately 29.6% for the nine months ended 30 September 2022; and the total contract sum of construction projects of the Minority Controlled Group in the PRC, Hong Kong and Macau was approximately HK\$442 million, HK\$5,062 million and HK\$8,257 million respectively, representing an increase of approximately 1,045.2% and 63.1% for the year ended 31 December 2021 and the nine months ended 30 September 2022 respectively. Although the total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau recorded a decrease of approximately 29.6% for the nine months ended 30 September 2022 which was primarily due to the unexpected delay in the tendering process of some projects under the pandemic and that some of the submitted tenders were not eventually awarded to the Group by the COLI Group, the total contract sum of construction projects of the Minority Controlled Group in the PRC, Hong Kong and Macau recorded an increase of approximately 63.1% for the same period. In view of the historical total contract sum of construction projects of both the COLI Group and the Minority Controlled Group in the PRC, Hong Kong and Macau for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022, the Group expects that the total

LETTER FROM HONESTUM INTERNATIONAL

contract sum of construction projects of the Potential Tenderees in the PRC, Hong Kong and Macau will generally experience a steady growth for the three financial years ending on 31 December 2025 due to the expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau.

Taking into account (i) the future growth of the total contract sum of construction projects of both the COLI Group and the Minority Controlled Group in the PRC, Hong Kong and Macau in view of their historical total contract sum of construction projects in recent years and the expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau; (ii) the Group's construction works capacity in the PRC, Hong Kong and Macau and the information obtained from the Potential Tenderees, the Group expects to tender for sixteen construction projects of the COLI Group and five construction projects of the Minority Controlled Group which are expected to commence construction in 2023, with total contract sum of approximately HK\$8,238 million and HK\$11,580 million, respectively; (iii) the Group expects to tender for similar contract amounts of the Potential Tenderees' construction projects in 2024 and 2025 as well; and (iv) a buffer of approximately 10% (i.e. around HK\$800 million) for each of the three financial years ending on 31 December 2025 to accommodate other unexpected construction works of the COLI Group with unforeseeable contract sums, and that the Board considers the said buffer is acceptable and in line with the usual practice of the Group and other Hong Kong listed companies, the Management consider that it would be more appropriate to keep the Annual Caps under the New Master Engagement Agreement for each of the three financial years ending on 31 December 2025 at approximately HK\$20 billion.

As stated in the Letter from the Board and mentioned above, the number of construction projects for which the Group is interested in tendering could fluctuate at times upon considering such projects' suitability for the Group, echoed by the unpredictability nature of tender outcomes, which would in turn affect the transaction amounts between the Group and the COLI Group, and that the Board considers the 10% buffer is acceptable and in line with the usual practice of the Group and other Hong Kong listed companies. Taking into account of the average annual growth of the national GDP in the PRC of approximately 6.6% from 2013 to 2021 according to the National Bureau of Statistics, together with the possibility of non-successful bids and the flexibility necessary for the Group as mentioned above, we are of the view that the buffer of approximately 10% (i.e. around HK\$800 million) of the COLI Sub-cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

iii. Land reserve of the COLI Group in the PRC, Hong Kong and Macau

According to the annual report of COLI for the financial year ended 31 December 2020, the COLI Group acquired 64 land parcels in 30 cities in Mainland China and in Hong Kong in 2020, adding a total gross floor area ("GFA") of approximately 13.49 million square metres to its land reserve. According to the annual report of COLI for the financial year ended 31 December 2021, the COLI Group acquired 57 land parcels in 25 cities in Mainland China in 2021, adding a total GFA of approximately 11.65 million square metres to its land reserve. As at 31 December 2021, the COLI Group together with its associates and joint ventures, excluding COGO (the "COLI Group Series of Companies") had a total land reserve of approximately 51.00 million square metres, among which include a total land reserve of approximately 690,000 square metres in Hong Kong.

LETTER FROM HONESTUM INTERNATIONAL

According to the interim report of COLI for the six months ended 30 June 2022, the COLI Group acquired 21 land parcels in 13 cities in Mainland China during the period, adding a total GFA of approximately 3.58 million square metres to its land reserve. Furthermore, according to the announcements of COLI in relation to property sales and land acquisition updates, the COLI Group acquired 3, 3 and 4 land parcels in July, August and September of 2022, respectively. Taking into consideration the historical land acquisitions in the PRC and in Hong Kong carried out by the COLI Group in each of the years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022, it is expected that the COLI Group will further expand its land reserves in the PRC and in Hong Kong in the future. Given that the COLI Group is property developer with business focus mainly in the PRC, Hong Kong and Macau, such land reserves will be used for property development projects someday in the future. As the COLI Group's land bank grows, it is expected that the number of potential construction work projects originated from the COLI Group will increase, and consequentially, the demand for and contract sum of construction works offered to the Group or other independent construction contractors will continue to increase.

As stated in the annual report of COLI for the financial year ended 31 December 2021, property development projects of the COLI Group Series of Companies (excluding COGO) are mainly located in the first-tier and second-tier cities in Mainland China, and the PRC, Hong Kong and Macau remained as the core markets and the major contributor of the COLI Group Series of Companies (excluding COGO). As set out in the Letter from the Board, the determination of the Annual Caps for the three financial years ending on 31 December 2025 are mainly determined with reference to (i) the historical transaction amounts under the Existing Master Engagement Agreement awarded by the COLI Group to the Group for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022 and the Group's expectation that the pandemic prevention measures in the PRC, Hong Kong and Macau will gradually be refined in a more precise manner as the relevant authorities have become more experienced in implementing effective prevention measures; (ii) the historical transaction amounts under the Existing Master Engagement Agreement awarded by the Minority Controlled Group to the Group for the financial year ended 31 December 2021 and the nine months ended 30 September 2022 and the Group's expectation that the pandemic prevention measures in the PRC, Hong Kong and Macau will gradually be refined in a more precise manner as the relevant authorities have become more experienced in implementing effective prevention measures; (iii) the expected growth of the total contract sum of construction projects of the Potential Tenderes in the PRC, Hong Kong and Macau for the three financial years ending on 31 December 2025 due to the expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau; (iv) the Group's construction works capacity in the PRC, Hong Kong and Macau and the expected tenders by the Group for sixteen construction projects of the COLI Group and five construction projects of the Minority Controlled Group with total contract sum of approximately HK\$8,238 million and HK\$11,580 million, respectively, which are expected to commence construction in 2023 and the Group expects to tender for similar contract amounts of the Potential Tenderes' construction projects in 2024 and 2025 as well, such potential construction projects of which are located in the PRC and/or Hong Kong; and (v) a buffer of approximately 10% (around HK\$800 million) for each of the three financial years ending on 31 December 2025 to accommodate other unexpected construction works of the COLI Group with unforeseeable contract sums and/or possible deviation arising from the actual development plans of the COLI Group which may be different from that currently estimated by the Management

LETTER FROM HONESTUM INTERNATIONAL

when formulating the Annual Caps. According to the Management, the Annual Caps were determined according to the Management's understanding and best estimation based on the information currently available, including (i) the announcements of land acquisition updates of COLI, (ii) the land reserves of the COLI Group as disclosed in the announcements, annual reports and interim reports of COLI and (iii) the public information of land transactions in the PRC, Hong Kong and Macau. As advised by the Management, the Group would like to tender for the potential projects of the Potential Tenderes in the first-tier and second-tier cities in Mainland China, such as Shanghai, Jiaxing, Ningbo, Fuzhou and Guangzhou, including the potential projects for new land acquisitions in these cities.

Having considered that (i) the existing land reserves of the COLI Group as at 30 September 2022; (ii) the future growth and expansion in the land reserves of the COLI Group according to the Management's understanding and best estimation based on the information currently available; (iii) the potential construction projects originated from the COLI Group, in view of both the existing land reserves and the continuous expansion in the land reserves of the COLI Group, would increase during the three financial years ending on 31 December 2025; and (iv) the Group's construction works capacity in the PRC, Hong Kong and Macau, the Management expects that the COLI Group's demand for and contract sum of construction works offered to the Group or other independent construction contractors will continue to increase steadily during the three financial years ending on 31 December 2025.

iv. Contract sum per square metre

The contract sum per square metre of each project varied according to factors including the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible risk factors associated with the project. In this respect, we notice that the contract sums per square metre which applied for the calculation of the Annual Caps (ranging from approximately RMB3,500 to RMB7,200 for PRC projects) are basically within the range of the historical contract sums per square metre of projects awarded to the Group for the past three financial years, from 1 January 2020 and up to 30 September 2022.

According to the Management, in light of the possibility of non-successful bids, it was recommended to keep the Annual Caps at HK\$20 billion for each of the three financial years ending on 31 December 2025 in order to provide the flexibility for the Group to continue the transactions under the New Master Engagement Agreement without adversely affecting the business operations of the Group. Such Annual Caps were arrived after taking into accounts of several factors, including (i) historical total contract sum awarded by the COLI Group to the Group as construction contractor for construction works in the PRC, Hong Kong and Macau for the financial years ended 31 December 2020 and 2021; (ii) historical total contract sum awarded by the Minority Controlled Group to the Group as construction contractor for construction works in the PRC, Hong Kong and Macau for the financial year ended 31 December 2021 and the nine months ended 30 September 2022; (iii) historical total contract sum of construction projects of the Potential Tenderes in the PRC, Hong Kong and Macau for the financial years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022; (iv) the active expansion of the property development business of the Potential Tenderes in the PRC, Hong

LETTER FROM HONESTUM INTERNATIONAL

Kong and Macau in recent years; and (v) the future growth of the total contract sum of construction projects of the Potential Tenderes in the PRC, Hong Kong and Macau due to the expected gradual refinement of the pandemic prevention measures in the PRC, Hong Kong and Macau.

The Management further explained that, in view of the future growth of the total contract sum of construction projects of the Potential Tenderes, the Annual Caps of HK\$20 billion for each of the three financial years ending on 31 December 2025 should avoid limiting the Group from accepting any new tender invitations to be offered by the Potential Tenderes during that year, which may adversely affect the operation and business development of the Group. It is expected that these new properties development projects will invite qualified construction contractors, including the Group, tender for certain parts of such construction works as construction contractors over the next three years. As confirmed by the Management, the Group intends to maintain stable and long-term business relationship with the Potential Tenderes, and the Group may tender for the construction works of the Potential Tenderes in accordance with the tendering procedures of the Group from time to time over the next three years.

In view of (i) the land parcels of the COLI Group available for development in the PRC and Hong Kong as set out in the respective announcements, annual reports and interim report of COLI as mentioned above, (ii) the potential schedule for construction works of the Potential Tenderes for the three financial years ending on 31 December 2025 as discussed with the Management, (iii) the contract sums per square metre which applied for the calculation of the Annual Caps being basically within the range of the historical contract sums per square metre for projects awarded to the Group for the three financial years ending 31 December 2022, we consider that the COLI Sub-cap and the Minority Controlled Group Sub-cap for each of the three financial years ending on 31 December 2025 are fairly estimated by the Management. As such, together taking into consideration of the possibility of non-successful bids and the flexibility necessary for the Group to work along with the actual development schedule of the Potential Tenderes, we are of the view that the Annual Caps are fair and reasonable.

Given the abovementioned, we are of the view that the Annual Caps under the New Master Engagement Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

The Shareholders should note that the Annual Caps under the New Master Engagement Agreement represent the best estimates by the Directors of the amounts of the relevant transactions based on the information currently available. The Annual Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The Potential Tenderes may or may not retain the Group to engage in construction works in the PRC, Hong Kong and Macau up to the level of the COLI Sub-Cap and the Minority Controlled Group Sub-cap respectively, if at all, as the engagements are subject to tender procedures which are open to other independent third-party construction contractors.

LETTER FROM HONESTUM INTERNATIONAL

(E) Reporting requirements and conditions of the continuing connected transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the continuing connected transactions are subject to the following annual review requirements:

- a) the listed issuer's independent non-executive directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
 - in the ordinary and usual course of business of the listed issuer's group;
 - on normal commercial terms or better; and
 - according to the agreement governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole;

- b) the listed issuer must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the listed issuer's board of directors confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:
 - have not been approved by the listed issuer's board of directors;
 - were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group;
 - were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
 - have exceeded the annual caps;

- c) the listed issuer must provide a copy of the auditors' letter to the Exchange at least 10 business days before the bulk printing of its annual report;

LETTER FROM HONESTUM INTERNATIONAL

- d) the listed issuer must allow, and ensure that the counterparties to the continuing connected transactions allow, the auditors sufficient access to their records for the purpose of reporting on the transactions; and
- e) the listed issuer must promptly notify the Exchange and publish an announcement if the independent non-executive directors and/or the auditors cannot confirm the matters as required. The Exchange may require the listed issuer to re-comply with the announcement and shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the continuing connected transactions, in particular, (i) the restriction of the maximum value of the continuing connected transactions by way of the annual caps; (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the continuing connected transactions and the relevant annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the transactions contemplated under the New Master Engagement Agreement and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the factors and reasons as stated above, we consider that the terms of the New Master Engagement Agreement, including the Annual Caps, are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM for approving the transactions contemplated under the New Master Engagement Agreement and the Annual Caps.

Yours faithfully,
For and on behalf of
Honestum International Limited

Michael Chum
Chairman

Annette Tsang
Executive Director

Note: Mr. Michael Chum is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 25 years of experience in corporate finance industry. Ms. Annette Tsang is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 20 years of experience in corporate finance industry.

1. 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 enquiries, 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.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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 corporations (within the meaning of Part XV of the SFO) which were (i) 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 in which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

As at the Latest Practicable Date:

- (i) Mr. Zhou Hancheng, Mr. Hung Cheung Shew, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See respectively held 2,930,780 Shares, 591,584 Shares, 1,027,765 Shares, 813,569 Shares and 1,027,765 Shares, representing 0.058%, 0.012%, 0.020%, 0.016% and 0.020% of Shares in issue. All the Shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners;
- (ii) Mr. Yan Jianguo held 2,266,000 share options (including (1) 466,000 share options with an exercise period from 29 June 2020 to 28 June 2024 (both days inclusive) at an exercise price of HK\$25.850 per share and (2) 1,800,000 share options with an exercise period from 24 November 2022 to 23 November 2026 (both days inclusive) at an exercise price of HK\$18.724 per share) of COLI (an associated corporation of the Company), representing 0.021% of shares in issue of COLI. Mr. Hung Cheung Shew held 7,095 shares of COLI, representing 0.0001% of shares in issue of COLI. All the share options / shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners;
- (iii) Mr. Zhang Haipeng and Mr. Hung Cheung Shew respectively held 4,000,000 shares and 30,000 shares of China State Construction Development Holdings Limited (“CSCD”, a non-wholly owned subsidiary of the Company), representing 0.177% and 0.001% of shares in issue of CSCD. All the shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners;

- (iv) Mr. Hung Cheung Shew held 2,365 shares of China Overseas Property Holdings Limited (“COPHL”, an associated corporation of the Company), representing 0.0001% of shares in issue of COPHL. All the shares held by the Director are being personal interest, in long positions and in the capacity of beneficial owner; and
- (v) Mr. Chen Xiaofeng, Mr. Zhang Haipeng and Mr. Zhou Hancheng respectively held 160,000 shares, 880,000 shares and 1,254,000 shares of CSCECL (an intermediate holding company of the Company), representing 0.0004%, 0.002% and 0.003% of shares in issue of CSCECL. All the shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners. The Company was informed that their CSCECL’s shares were granted by CSCECL under its A-shares Restricted Stock Incentive Plan (Phases II and IV).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be (i) 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 in which they were taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

3. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Yan Jianguo, the chairman and non-executive director of the Company, is the chairman and executive director of COLI and the chairman and president of COHL, Mr. Chen Xiaofeng, the non-executive director of the Company, is the managing director and chief financial officer of COHL, and Mr. Zhang Haipeng, the chief executive officer and executive director of the Company, is a director of COHL. Operations of such companies are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as such companies are engaged in construction, property development and related businesses. As at the Latest Practicable Date, COHL held 3,264,976,136 Shares, representing approximately 64.81% of the issued share capital of the Company.

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

Save as disclosed in this section, as at the Latest Practicable Date, none of the Directors, proposed Directors nor any of their respective close associates had any interest in a business apart from the Group’s business, which competes or is likely to compete, either directly or indirectly, with the Group’s business and would require disclosure under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there is no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Group were made up.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

6. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date of this circular which is significant in relation to the businesses of the Group;
- (ii) none of the Directors nor proposed Directors had any interest, direct or indirect, in any asset which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Group were made up; and
- (iii) save as disclosed in the paragraph headed “COMPETING INTERESTS” above, 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 Divisions 2 and 3 of Part XV of the SFO.

7. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinions, letter or advice included in this circular:

Name	Qualification
Honestum International Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

The letter of Honestum International is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Honestum International 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.

As at the Latest Practicable Date, Honestum International had no interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Group were made up.

Honestum International 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 it appears.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<https://www.csci.com.hk>) respectively from the date of this circular up to and including the date of the EGM:

- (i) New Master Engagement Agreement; and
- (ii) Existing Master Engagement Agreement.

9. GENERAL

The English text of this circular shall prevail over the Chinese text.

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 (“**Meeting**”) of the shareholders of China State Construction International Holdings Limited (the “**Company**”) will be held on Wednesday, 21 December 2022 at 11:00 a.m. (or any adjournment thereof) via the e-Meeting System for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (A) (i) the New Master Engagement Agreement (as defined in the circular of the Company dated 25 November 2022 of which this notice forms part (the “**Circular**”)) (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;
- (ii) the Annual Caps (as defined in the Circular) for the respective financial years ending on 31 December 2023, 31 December 2024 and 31 December 2025 be and are hereby approved; and
- (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) 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 New Master Engagement 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

Yan Jianguo

Chairman and Non-executive Director

Hong Kong, 25 November 2022

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

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

Head office and principal place of business in Hong Kong:

28th Floor, China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

Notes

- (1) A form of proxy for use at the Meeting is enclosed herewith.
- (2) All registered shareholders will be able to join the Meeting or any adjourned meeting thereof via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer. All non-registered shareholders may consult directly with their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (as the case may be) for necessary arrangement to attend and vote via the e-Meeting System at the Meeting or any adjourned meeting thereof if they wish.
- (3) A registered shareholder entitled to attend and vote at the Meeting or any adjourned meeting thereof is entitled to appoint one or more proxies to attend and, on a poll, vote via the e-Meeting System instead of him/her. A proxy need not be a member of the Company.
- (4) 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.
- (5) 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 certified copy of such power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the Meeting or any adjourned meeting thereof. Forms of proxy sent electronically or by any other data transmission process will not be accepted.
- (6) In the case of joint holders of any share(s), only ONE PAIR of log-in username and password for the e-Meeting System will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such share(s) as if he/she/it was solely entitled thereto.
- (7) Completion and return of the form of proxy will not preclude members from attending and voting via the e-Meeting System at the Meeting or at any adjourned meeting thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (8) 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 via the e-Meeting System at the Meeting from Friday, 16 December 2022 to Wednesday, 21 December 2022, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend and vote via the e-Meeting System at the Meeting or any adjourned meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 15 December 2022.
- (9) As at the date of this notice, the Board comprises Mr. Yan Jianguo as Chairman and Non-executive Director; Mr. Chen Xiaofeng as Non-executive Director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Zhou Hancheng and Mr. Hung Cheung Shew as Executive Directors; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming, Mr. Lee Shing See and Ms. Wong Wai Ching as Independent Non-executive Directors.