
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS

REVISION OF THE ANNUAL CAPS UNDER THE FRAMEWORK AGREEMENT WITH CSCECL FOR THE HONG KONG PUBLIC CONSTRUCTION MAIN CONTRACTS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



紅日資本有限公司

RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 18 to 19 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 20 to 31 of this circular.

A notice convening the EGM to be held at Meeting Room S221, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 15 April 2020 at 2:00 p.m. is set out on pages 36 to 38 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

Shareholders or proxies who attend the EGM in person will each receive ONE gift as a token of the Company's appreciation. If a shareholder is also appointed as proxy/proxies of other shareholder(s), or a proxy represents multiple shareholders, the number of gift each of the aforesaid shareholder or proxy will receive is limited to ONE.

24 March 2020

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DEFINITIONS

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

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| “associates”, “connected person”, “controlling shareholder”, “percentage ratios”, “subsidiary(ies)” | each has the meaning ascribed to it in the Listing Rules; |
| “Board” | the board of Directors; |
| “COHL” | China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability, which is interested in approximately 64.66% of the issued share capital of the Company; |
| “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); |
| “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 the Company and CSCECL; |
| “CSCECL” | 中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC (the shares of which are listed on The Shanghai Stock Exchange), the intermediate holding company of the Company indirectly interested in more than 50% of the Company and a non-wholly owned subsidiary of CSCEC; |
| “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 Transactions; |
| “Executive Board” | has the meaning as defined in the paragraph headed “FRAMEWORK AGREEMENT — Customary terms of joint venture agreements — (d) Management” under the section headed “Letter from the Board” of this circular; |

DEFINITIONS

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| “Framework Agreement” | the framework agreement dated 4 June 2019 entered into between the Company and CSCECL in respect of the cooperation of the Company and CSCECL (or their respective subsidiaries) to enter into and implement the Hong Kong Public Construction Main Contracts at the request of the Company within the Original Annual Caps for the three financial years ending on 31 December 2021; |
| “Group” | the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange); |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Hong Kong Public Construction Main Contracts” | the main contractor contracts for the Hong Kong Public Construction Projects; |
| “Hong Kong Public Construction Projects” | the construction projects of large-scale transport facilities, drainage pipelines, housing and other related public utilities structures/facilities in Hong Kong; |
| “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 and Mr. Lee Shing See, to advise the Independent Shareholders in respect of the Transactions; |
| “Independent Financial Adviser” or “Red Sun” | Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities 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 Transactions; |
| “Independent Shareholders” | Shareholders other than CSCECL and its associates; |
| “JV Agreement” | has the meaning as defined in the paragraph headed “FRAMEWORK AGREEMENT — Customary terms of joint venture agreements” under the section headed “Letter from the Board” of this circular; |
| “Latest Practicable Date” | 19 March 2020, 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; |

DEFINITIONS

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| “Original Annual Caps” | the maximum total contract sum of the Hong Kong Public Construction Main Contracts that may be awarded to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor for each financial year under the Framework Agreement; |
| “PRC” | the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan; |
| “Procedures” | has the meaning as defined in the paragraph headed “FRAMEWORK AGREEMENT — Invitation to CSCECL for cooperation” under the section headed “Letter from the Board” of this circular; |
| “Proposed Revised Annual Caps” | the proposed revised maximum total contract sum of the Hong Kong Public Construction Main Contracts that may be awarded to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor for each financial year under the Supplemental Agreement; |
| “Respective Interest” | has the meaning as defined in the paragraph headed “FRAMEWORK AGREEMENT — Customary terms of joint venture agreements — (a) Proportion of interest” under the section headed “Letter from the Board” of this circular; |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Shareholder(s)” | the shareholder(s) of the Company from time to time; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Supplemental Agreement” | the supplemental agreement dated 14 February 2020 to the Framework Agreement entered into between the Company and CSCECL in respect of the revision of the Original Annual Caps for the two financial years ending on 31 December 2021; |
| “Third Runway Concourse and Apron Works” | means the construction works regarding the third runway concourse and apron in respect of the Three Runway System Project, which are expected to include: (i) a new third runway concourse which is a 8-storey multi-functional building with a total floor area of approximately 310,000 square metres; (ii) around 50 number of aircraft parking stands and adjacent taxiway; (iii) superstructure of a new air traffic control tower; and (iv) associated infrastructure works; |

DEFINITIONS

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|-------------------------------|--|
| “Three Runway System Project” | means the proposed expansion of the Hong Kong International Airport into a three-way system, which includes, amongst others, expansion of airfield facilities, expansion of terminal 2, and construction of third-runway passenger building (i.e. the third runway concourse) and airport support facilities and utilities, with the estimated construction cost in aggregate of HK\$141.5 billion at the money-of-the-day prices according to the Airport Authority of Hong Kong when the Framework Agreement was executed; |
| “Transactions” | the entering into of the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps); |
| “2019-2020 Budget” | the 2019-2020 Budget Speech of the government of Hong Kong; and |
| “%” | per cent.. |

LETTER FROM THE BOARD



中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3311)

Non-executive Director:

Mr. Yan Jianguo (*Chairman*)

Executive Directors:

Mr. Zhang Haipeng (*Chief Executive Officer*)

Mr. Tian Shuchen (*Vice President*)

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

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

24 March 2020

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**REVISION OF THE ANNUAL CAPS
UNDER THE FRAMEWORK AGREEMENT WITH CSCECL
FOR THE HONG KONG PUBLIC CONSTRUCTION MAIN CONTRACTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 14 February 2020 in respect of the Supplemental Agreement entered into between the Company and CSCECL on 14 February 2020.

The purpose of this circular is to provide you with, among other things, (i) the particulars of the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps), (ii) the letter from the Independent Board Committee with their view on the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps); and (iii) the letter from Red Sun with their advice on the Supplemental

LETTER FROM THE BOARD

Agreement and the transactions contemplated thereunder (together with the Proposed Revised 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 on the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps).

BACKGROUND

Reference is made to the announcement dated 4 June 2019 and the circular dated 10 July 2019 of the Company in relation to the Framework Agreement entered into between the Company and CSCECL, the term of which commences on 4 June 2019 until 31 December 2021 (i.e. covering three financial years ending on 31 December 2021).

On 4 June 2019, the Company and CSCECL entered into the Framework Agreement whereby the parties agree that they (or their respective subsidiaries) may cooperate to enter into the Hong Kong Public Construction Main Contracts as joint venture main contractor at the request of the Company. It is expected that the award of these contracts will generally be subject to a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in order to determine the contract sum of the relevant Hong Kong Public Construction Main Contracts.

The cooperation between the Company and CSCECL (or their respective subsidiaries) as contemplated by the Framework Agreement will take the form of contractual joint venture in accordance with terms customary in the construction industry in Hong Kong whereby the Company and CSCECL (or their respective subsidiaries) will cooperate to implement the relevant Hong Kong Public Construction Main Contracts as joint venture main contractor.

Upon a successful tender (or such other contract award process), the relevant Hong Kong Public Construction Main Contract shall be awarded by the relevant third-party developer/owner client to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor.

The Framework Agreement does not anticipate the formation of any joint venture company, nor acquisition or disposal of any entities. The contractual joint ventures as contemplated under the Framework Agreement are joint operations arrangement between the Company and CSCECL (or their respective subsidiaries) without the establishment of any separate legal entities to carry out the Hong Kong Public Construction Main Contracts, which are revenue nature transactions in the ordinary and usual course of business of the Company. These contractual joint ventures are expected to be categorized as “joint operations” in the financial statements of the Company.

FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

Date

4 June 2019

LETTER FROM THE BOARD

Parties

- (a) the Company; and
- (b) CSCECL, the intermediate holding company of the Company.

Term

The term of the Framework Agreement shall commence on 4 June 2019 until 31 December 2021 (i.e. covering 3 financial years ending on 31 December 2021).

Subject matter

Pursuant to the Framework Agreement, the Company and CSCECL agreed that:

- (a) at the request of the Company, the parties (or their respective subsidiaries) may cooperate to enter into and implement the Hong Kong Public Construction Main Contracts as joint venture main contractor, provided that the maximum total contract sum that may be awarded jointly to the Company and CSCECL (or their respective subsidiaries) for the relevant financial year shall not exceed the corresponding Original Annual Caps as set out in the paragraph headed “Original Annual Caps” below in this circular; and
- (b) the contractual joint ventures for entering into and implementing the particular Hong Kong Public Construction Main Contracts as contemplated under the Framework Agreement are joint operations arrangement between the Company and CSCECL (or their respective subsidiaries).

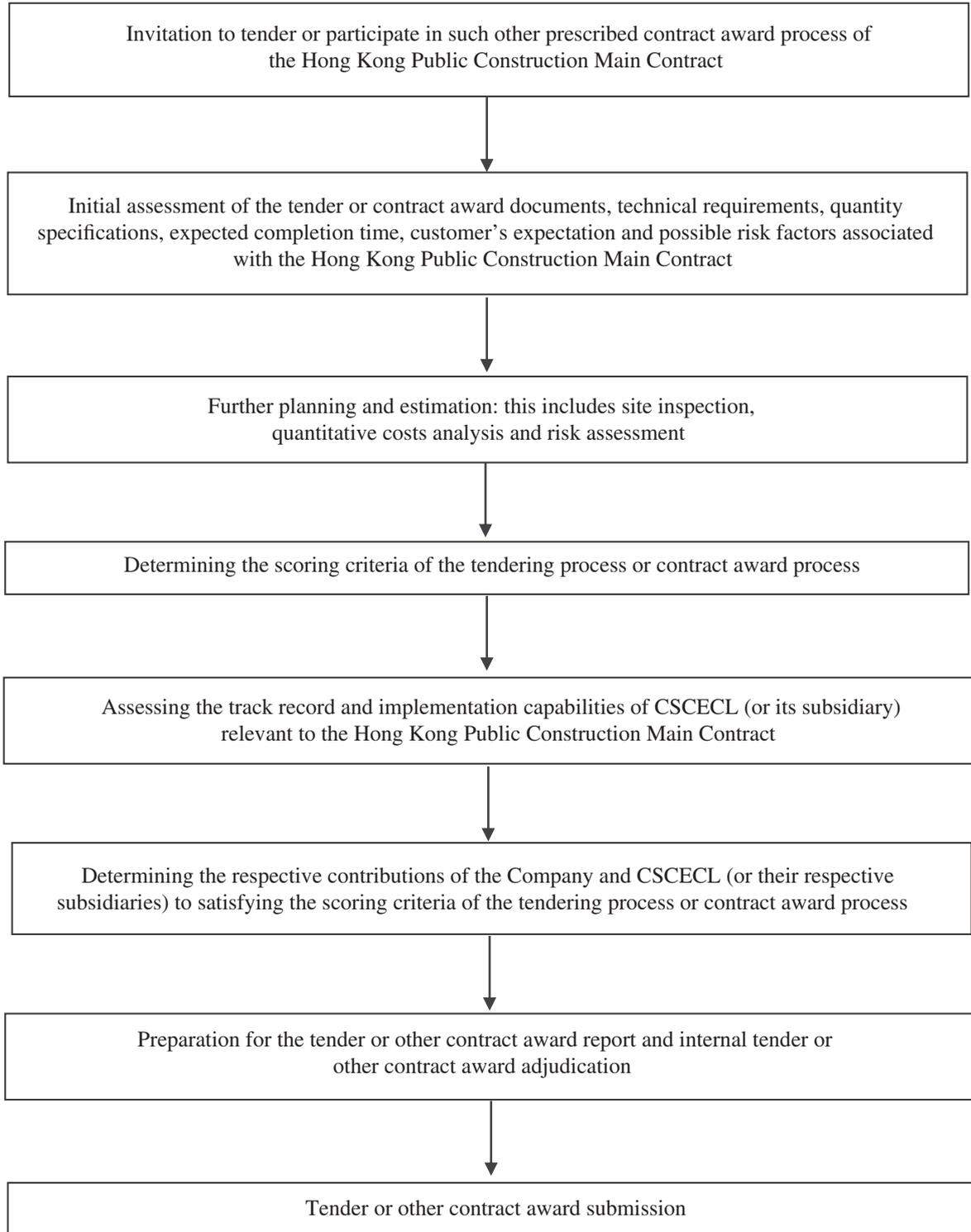
Invitation to CSCECL for cooperation

In the event that the Group decides to participate in the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of a Hong Kong Public Construction Main Contract, the Company (or its subsidiary) may invite CSCECL (or its subsidiary) to participate in such process with the Company as joint venture main contractor, if the engineering department of the Company (or its subsidiary), after making qualitative and quantitative assessment of the scoring criteria of such process, determines that such invitation will maximize the scoring of such tendering process or contract award process and therefore the chance of successful award of the Hong Kong Public Construction Main Contract.

The engineering department of the Company (or its subsidiary) will determine whether or not to make such invitation to CSCECL (or its subsidiary) during its standard tender or other contract award submission procedures in respect of a Hong Kong Public Construction Main Contract which generally involve (i) receiving invitation to tender or participate in such other prescribed contract award process of the Hong Kong Public Construction Main Contract; (ii) initial assessment of the tender or contract award documents; (iii) further planning and estimation; (iv) determining the scoring criteria of the tendering process or contract award process; (v) assessing the track record and implementation capabilities of CSCECL (or its subsidiary) relevant to the Hong Kong Public Construction Main

LETTER FROM THE BOARD

Contract; (vi) determining the respective contributions of the Company and CSCECL (or their respective subsidiaries) to satisfying the scoring criteria of the tendering process or contract award process; (vii) preparation for the tender or other contract award report and internal tender or other contract award adjudication; and (viii) tender or other contract award submission (the “**Procedures**”).



LETTER FROM THE BOARD

In assessing the tender or contract award documents, the Group will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectations and possible risk factors associated with the Hong Kong Public Construction Main Contract. The Group will then perform site inspection, conduct quantitative costs analysis and risk assessment.

If, during the Procedures, the engineering department of the Company (or its subsidiary) is satisfied that the participation of CSCECL (or its subsidiary) in the tendering process or such other prescribed contract award process in respect of the Hong Kong Public Construction Main Contract will maximize the scoring of such process and therefore the chance of successful award of the Hong Kong Public Construction Main Contract, the Company (or its subsidiary) may invite CSCECL (or its subsidiary) to participate in such tendering process or contract award process. The President of the engineering department of the Company (or its subsidiary), who does not hold any position in CSCECL (or its subsidiary), will review and approve the decision of making such invitation to CSCECL (or its subsidiary).

Contract sum of the Hong Kong Public Construction Main Contracts

As a general principle and in accordance with market practice, the contract sum with respect to the Hong Kong Public Construction Main Contracts shall be determined in the ordinary course of business on normal commercial terms and on an arm's length basis after a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client.

Original Annual Caps

The maximum total contract sum that may be awarded jointly to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor during the term of the Framework Agreement shall not exceed the following Original Annual Caps:

| For the financial year ending on 31 December 2019* | For the financial year ending on 31 December 2020 | For the financial year ending on 31 December 2021 |
|---|--|--|
| HK\$10 billion | HK\$15 billion | HK\$20 billion |

* (excluding any contractual joint ventures which were not entered into by the Company and CSCECL (or their respective subsidiaries) as contemplated under the Framework Agreement, or any contractual joint ventures entered into by the Company and CSCECL (or their respective subsidiaries) which were separately disclosed by the Company under the Listing Rules before 4 June 2019)

LETTER FROM THE BOARD

Basis of determining the Original Annual Caps

The Original Annual Caps are determined with reference to the estimated annual contract sum for the Hong Kong Public Construction Main Contracts during the relevant financial year taking into consideration the following figures as published in the 2019-2020 Budget:

| | 2017-2018 | 2018-2019 | 2019-2020 |
|---|-----------|------------------|-----------|
| | Actual | Revised Estimate | Estimate |
| Total government expenditure on infrastructure HK\$ (billion) | 86.088 | 76.708 | 79.039 |

In determining the Original Annual Caps, the Company has also considered the following:

- (a) a potential construction project for the Group in relation to a proposed new route in Kowloon with an estimated contract sum of HK\$10 billion; and
- (b) the potential construction projects which the Group expects to tender for in respect of the Three Runway System Project, and the expected tender by the Group for the potential works with approximately estimated contract sum of HK\$15 billion and HK\$20 billion for the financial years ending on 31 December 2020 and 2021, respectively, the estimation of which is based on the then expected scope and scale of works as well as the then prevailing market prices of the relevant construction materials and subcontracting charges.

Customary terms of joint venture agreements

During the term of the Framework Agreement, the Company and CSCECL (or their respective subsidiaries) will from time to time enter into a standard individual joint venture agreement (the “**JV Agreement**”) which contains the below terms customary in the construction industry in Hong Kong, for establishing a contractual joint venture to enter into and implement a particular Hong Kong Public Construction Main Contract:

(a) *Proportion of interest*

The respective interest of the Company and CSCECL (or their respective subsidiaries) in each contractual joint venture under a JV Agreement (the “**Respective Interest**”) will be determined by the engineering department of the Company (or its subsidiary), based on the respective contributions of the Company and CSCECL (or their respective subsidiaries) to satisfying the scoring criteria of the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of the Hong Kong Public Construction Main Contract. The scoring criteria and the respective contributions of the Company and CSCECL (or their respective subsidiaries) will be determined by the engineering department of the Company (or its subsidiary) during the Procedures.

LETTER FROM THE BOARD

(b) Profit/loss sharing

The Company and CSCECL (or their respective subsidiaries) shall be jointly and severally liable towards the relevant third-party developer/owner client for carrying out the Hong Kong Public Construction Main Contract awarded to them, notwithstanding the contractual arrangement between them under the JV Agreement. However, the liabilities, obligations, risks, rights, interests, profits and losses arising out of the contractual joint venture shall be shared or borne by the Company and CSCECL (or their respective subsidiaries) in accordance with their Respective Interest. If either party incurs any liabilities arising out of the contractual joint venture in excess of its Respective Interest, the other party shall indemnify such party so that the overall liability is apportioned between the parties in accordance with their Respective Interest.

(c) Financing and other support

Any initial and additional working capital of a contractual joint venture under a JV Agreement shall be contributed by the Company and CSCECL (or their respective subsidiaries) in accordance with their Respective Interest. The parties shall provide full technical and other support to the contractual joint venture as and when required.

(d) Management

A contractual joint venture under a JV Agreement shall be managed by an executive board (the “**Executive Board**”) to be set up by the Company and CSCECL (or their respective subsidiaries). The Executive Board shall comprise two members appointed by the Company (or its subsidiary) and two members appointed by CSCECL (or its subsidiary). A member appointed by the Company (or its subsidiary) and a member appointed by CSCECL (or its subsidiary) present at a meeting of the Executive Board shall form a quorum. Any decisions made in any meeting of the Executive Board shall require an unanimous consent of the members present at the meeting.

(e) Guarantee

In the event that the third-party developer/owner client requires the parent company of each of the Company and CSCECL (or their respective subsidiaries) to guarantee such party’s performance of the relevant Hong Kong Public Construction Main Contract, each of the Company and CSCECL (or their respective subsidiaries) shall indemnify its parent company for any liabilities arising from such guarantee.

(f) Restriction of transfers

Without the prior written consent from the other party, neither the Company (or its subsidiary) nor CSCECL (or its subsidiary) may: (i) transfer, assign, pledge or encumber a JV Agreement and/or any interest of the parties under such JV Agreement; and (ii) change the nature or scope of business of the contractual joint venture.

LETTER FROM THE BOARD

PROPOSED REVISED ANNUAL CAPS UNDER THE SUPPLEMENTAL AGREEMENT

When the Framework Agreement was executed, it was expected that the tender for the Third Runway Concourse and Apron Works would be scheduled to take place during 2021. The Group now anticipates that such works will be brought forward to 2020 instead.

In addition, upon a more in-depth assessment of the expansion works of the terminal 2 in respect of the Three Runway System Project (which the Group expects to tender for during 2020), based on the updated information and further requests given by the owner client after the execution of the Framework Agreement, the Group anticipates higher construction cost since a wider scope and larger scale of works with increased level of complexity will be involved. Based on the experience in handling the tender for the expansion works of the terminal 2 in respect of the Three Runway System Project, the Group expects it is likely that the construction cost associated with the Third Runway Concourse and Apron Works will also exceed the previous estimation when the Framework Agreement was executed as the Group anticipates that wider scope and larger scale of works with increased level of complexity will be involved as well.

Furthermore, the Group expects to tender for more potential Hong Kong Public Construction Projects during 2020 and 2021 than it previously expected when the Framework Agreement was executed.

In light of the foregoing, the Company and CSCECL expect that the maximum total contract sum of the Hong Kong Public Construction Main Contracts that may be awarded to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor under the Framework Agreement for the financial years ending on 31 December 2020 and 31 December 2021 will exceed the Original Annual Caps. In this connection on 14 February 2020, the Company and CSCECL entered into the Supplemental Agreement to revise the Original Annual Caps for the financial years ending on 31 December 2020 and 31 December 2021 as follows:

| | For the financial year ending on 31 December 2020 | For the financial year ending on 31 December 2021 |
|---------------------------------|--|--|
| Original Annual Caps | HK\$15 billion | HK\$20 billion |
| Proposed Revised Annual Caps | HK\$50 billion | HK\$25 billion |

Basis of determining the Proposed Revised Annual Caps

The Proposed Revised Annual Cap for the financial year ending on 31 December 2020 is determined with reference to the estimated contract sum of the potential Hong Kong Public Construction Projects that the Group expects to tender for during 2020, which include the expansion works of the terminal 2 in respect of the Three Runway System Project, the Third Runway Concourse and Apron Works and the construction works of a Chinese medicine hospital in Tseung Kwan O (with a main building of 9 storeys, which is expected to be equipped with, among others, inpatient and day facilities, ambulatory care facilities, rehabilitation and other health facilities, pharmacy facilities and clinical supporting facilities).

LETTER FROM THE BOARD

The Group expects that the construction cost associated with the expansion works of the terminal 2 in respect of the Three Runway System Project would exceed the previous estimation when the Framework Agreement was executed, since a wider scope and larger scale of works with increased level of complexity will be involved as (i) the complexity of the design and specification requirements; (ii) the content and volume of potential works; (iii) the complexity of the on-site environment; (iv) the restrictions of the potential works; and (v) the level of difficulty of the construction method have exceeded the Group's previous estimation due to the following major reasons:

- (a) the number of interlinked areas of the main building of the terminal 2 has been revised;
- (b) the period for completing the relevant material works of the terminal 2 has been shortened;
- (c) there has been significant expansion for the volume and content of underground construction works; and
- (d) the construction method to be employed for the construction of the building envelope has been revised.

Based on the experience in handling the expected tender for the expansion works of the terminal 2 in respect of the Three Runway System Project (whereby, including, the owner client giving updated information and further requests after the execution of the Framework Agreement), the Group expects it is likely that the construction cost associated with the Third Runway Concourse and Apron Works will also exceed the previous estimation when the Framework Agreement was executed as the Group anticipates that wider scope and larger scale of works with increased level of complexity will be involved as well. Therefore, the Proposed Revised Annual Cap for the financial year ending on 31 December 2020 also includes a buffer of 3% to 5% to accommodate such expected increase in the construction cost. Such buffer is determined with reference to the estimated wider scope and larger scale of works with increased level of complexity with respect to the Third Runway Concourse and Apron Works based on the Group's experience in handling the expected tender for the expansion works of the terminal 2 in respect of the Three Runway System Project.

The Proposed Revised Annual Cap for the financial year ending on 31 December 2021 is determined with reference to the estimated contract sum of the construction works of the new acute hospital at the Kai Tak Development Area which the Group expects to tender for during 2021. The new acute hospital at the Kai Tak Development Area is expected to provide 2,400 in-patient and day beds and associated medical and supporting facilities, 37 operating theatres, a neuroscience centre, an oncology centre, specialist outpatient clinics, a community health centre, an oral maxillofacial surgery and dental unit, and a helipad. The Proposed Revised Annual Cap for the financial year ending on 31 December 2021 also includes a buffer of 4% to 7% to accommodate other potential Hong Kong Public Construction Projects that have been announced and/or to be announced by the relevant third-party developer/owner client and an expected general increase in construction cost for such period. Such buffer is determined with reference to: (i) the estimated contract sum of the potential Hong Kong Public Construction Projects which have been announced by the relevant third-party developer/owner client, and which the Group is in the course of considering to tender for during 2021; (ii) the estimated contract sum of the potential Hong Kong Public Construction Projects which the Group anticipates to be announced by the relevant third-party developer/owner client and, which the

LETTER FROM THE BOARD

Group may consider to tender for during 2021; and (iii) the general increase in construction cost during 2021 which is estimated to be contributed by the general escalation in labour cost, materials cost, and cost relating to the implementation of safety measures, quality assurance and environmental protection measures.

Neither the Original Annual Caps nor the Proposed Revised Annual Caps represent the actual and final tender amounts of the Hong Kong Public Construction Main Contracts which are currently committed or awarded. The annual caps represent the maximum total contract sums of the Hong Kong Public Construction Main Contracts that may be awarded to the contractual joint venture set up by Company and CSCECL (or their respective subsidiaries) as main contractor for the relevant financial years under the Framework Agreement and the Supplemental Agreement merely for the purposes of compliance with the Listing Rules.

Save for the revision to the Original Annual Caps set out above, the other terms of the Framework Agreement remain unchanged.

Condition Precedent

The revision of the Original Annual Caps for the financial years ending on 31 December 2020 and 31 December 2021 contemplated under the Supplemental Agreement (together with the Proposed Revised Annual Caps for the financial years ending on 31 December 2020 and 31 December 2021) will take effect conditional upon the Independent Shareholders' approval having been obtained at the EGM.

In the event that the Supplemental Agreement does not become effective, the Framework Agreement will remain in full force and binding on the Company and CSCECL.

Historical amount

Since the Company and CSCECL have not entered into any Hong Kong Public Construction Main Contracts as joint venture main contractor pursuant to the Framework Agreement as at the Latest Practicable Date, there is no historical transaction amount available.

REASONS FOR AND BENEFITS OF THE REVISION OF THE ANNUAL CAPS UNDER THE FRAMEWORK AGREEMENT

CSCECL is one of the most established engineering contractors in the world, and it represents one of the highest levels of technology and management in various fields of construction. The Company expects that the scope of the Hong Kong Public Construction Main Contracts will cover only the Hong Kong Public Construction Projects, which is a special construction segment. With the revision of the annual caps under the Framework Agreement, the Company can continue to leverage on the substantial experience of CSCECL (or its subsidiary) as main contractor in landmark projects of skyscrapers, and large-scale infrastructure projects of key airports, rail transit, bridges, urban utilities, etc. in the PRC, in order to enhance the chance of successful award of the Hong Kong Public Construction Main Contracts to the Company (or its subsidiary).

LETTER FROM THE BOARD

The Directors (including the Independent Non-executive Directors of the Company whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the Supplemental Agreement (together with the Proposed Revised Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions (together with the Proposed Revised Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

As at the Latest Practicable Date, the Company is principally engaged in building construction, civil engineering works, electrical and mechanical works, infrastructure investment and project consultancy business.

CSCECL, which is an intermediate holding company of the Company, is a contractor that 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 the Company and CSCECL. As at the Latest Practicable Date, CSCEC holds 23,630,695,997 shares of CSCECL, representing approximately 56.30% of the total issued share capital of CSCECL. The principal businesses of CSCEC are 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, CSCECL is an intermediate holding company of the Company. Hence, CSCECL is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions for the Company.

Since the applicable percentage ratios as defined under the Listing Rules calculated for the Proposed Revised Annual Caps, for the financial years ending on 31 December 2020 and 31 December 2021, exceed 5%, the Transactions are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shareholders should note that the Proposed Revised Annual Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The Proposed Revised 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.

EXTRAORDINARY GENERAL MEETING

Set out on pages 36 to 38 of this circular is a notice convening the EGM to be held at Meeting Room S221, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 15 April 2020 at 2:00 p.m., at which the ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps).

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM 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 at the EGM from Wednesday, 8 April 2020 to Wednesday, 15 April 2020, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend the EGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 7 April 2020.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. The chairman of the EGM will demand a poll for the resolution to be proposed at the EGM in accordance with the Company's Articles of Association. As at the Latest Practicable Date, CSCECL and its associates (including COHL), in aggregate holding 3,264,976,136 shares of the Company, representing approximately 64.66% of the issued share capital of the Company, will abstain from voting at the EGM on the resolution relating to the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps). In addition, COHL is a wholly-owned subsidiary of CSCECL. COHL and its associates, in aggregate holding 3,264,976,136 shares of the Company, representing approximately 64.66% of the issued share capital of the Company as at the Latest Practicable Date will abstain from voting at the EGM on the resolution relating to the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps).

None of the Directors has a material interest in the Transactions and thus no Director is required to abstain from voting on the board resolution(s) approving the Transactions. The results of the voting will be announced in accordance with Rule 2.07C 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 Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps). Red Sun has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 18 and 19 in this circular which contains its recommendation to the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps).

LETTER FROM THE BOARD

Your attention is also drawn to the letter from Red Sun set out on pages 20 to 31 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps).

The Directors (including the Independent Non-executive Directors of the Company whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the Supplemental Agreement has been entered into on normal commercial terms and in ordinary and usual course of business of the Group, and the terms and conditions therein (together with the Proposed Revised Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

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)

24 March 2020

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**REVISION OF THE ANNUAL CAPS
UNDER THE FRAMEWORK AGREEMENT WITH CSCECL
FOR THE HONG KONG PUBLIC CONSTRUCTION MAIN CONTRACTS**

We refer to the circular dated 24 March 2020 (the “**Circular**”) issued by the Company to its 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 Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised 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. Red Sun has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps).

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 17 of the Circular and the text of a letter of advice from Red Sun, as set out on pages 20 to 31 of the Circular, both of which provide details of the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps).

Having considered the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps), the advice of Red Sun, and the relevant information contained in the letter from the Board, we are of the opinion that the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders in connection with the transactions contemplated under the Supplemental Agreement (together with the Proposed Revised Annual Caps) for inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

24 March 2020

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

REVISION OF THE ANNUAL CAPS UNDER THE FRAMEWORK AGREEMENT WITH CSCECL FOR THE HONG KONG PUBLIC CONSTRUCTION MAIN CONTRACTS

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps) between the Company and CSCECL, which constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 24 March 2020, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement dated 4 June 2019 and the circular dated 10 July 2019 of the Company in relation to the Framework Agreement entered into between the Company and CSCECL, the term of which commences on 4 June 2019 until 31 December 2021 (i.e. covering three financial years ending on 31 December 2021).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 14 February 2020, the Company and CSCECL entered into the Supplemental Agreement to revise the maximum total contract sum of the Hong Kong Public Construction Main Contracts that may be awarded to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor under the Framework Agreement, i.e. the Original Annual Caps, for the two financial years ending on 31 December 2021.

As at the Latest Practicable Date, CSCECL is an intermediate holding company of the Company. Hence, CSCECL is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions for the Company. Since the applicable percentage ratios as defined under the Listing Rules calculated for the Proposed Revised Annual Caps, for the financial years ending on 31 December 2020 and 31 December 2021, exceed 5%, the Transactions are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises Mr. Yan Jianguo as Chairman and Non-executive Director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew as Executive Directors; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps), are on normal commercial terms and are fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

We, Red Sun, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the transactions contemplated under the Supplemental Agreement (together with the Proposed Revised Annual Caps), for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, CSCECL and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps).

In addition to our appointment as the Independent Financial Adviser, in the previous 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 is set out in the relevant circular of the Company dated 10 July 2019 in relation to continuing connected transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, we have acted as the independent financial adviser for various transactions to the then independent board committee and the then independent shareholders of China State Construction Development Holdings Limited (formerly known as Far East Global Group Limited), being a non-wholly owned listed subsidiary of the Company, details of which are set out in the relevant circulars dated (i) 22 November 2019 in relation to a major and connected transactions and continuing connected transactions; (ii) 22 February 2019 in relation to a discloseable and connected transaction; (iii) 18 July 2018 in relation to continuing connected transactions; and (iv) 9 April 2018 in relation to a discloseable and connected transaction, respectively.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and CSCECL and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group, and CSCECL made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, CSCECL and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the transactions contemplated under the Supplemental Agreement (together with the Proposed Revised Annual Caps), and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

V. BACKGROUND INFORMATION OF THE TRANSACTIONS

1. Information of the Group

The Company is principally engaged in building construction, civil engineering works, electrical and mechanical works, infrastructure investment and project consultancy business.

2. INFORMATION OF CSCECL

As set out in the Letter from the Board, CSCECL, which is an intermediate holding company of the Company, is a contractor that is principally engaged in construction works in various cities in the PRC and various countries around the world. According to the annual report of CSCECL for the year ended 31 December 2018, its total revenue increased by approximately 13.8% from approximately RMB1,054.1 billion for the year ended 31 December 2017 to approximately RMB1,199.3 billion for the year ended 31 December 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Overview of the economy and building construction activities in Hong Kong

The table below sets out a summary of Hong Kong's gross value of construction works performed by main contractors analysed by broad trade group (in nominal terms) (按行業大組別劃分的主要承建商所完成工程總值(以名義計算)) from 2016 to the third quarter of 2019, extracted from the published information by the Census and Statistics Department of Hong Kong.

| | 2016 | 2017 | 2018 | 2019 |
|----------------------------|----------------|----------------|----------------|--------------------------|
| | HK\$ million | HK\$ million | HK\$ million | Q1 to Q3 HK\$ million |
| Private sector sites | 77,666 | 74,945 | 75,613 | 52,820 |
| Public sector sites | 81,367 | 87,854 | 75,707 | 45,328 |
| Locations other than sites | 77,458 | 87,119 | 100,760 | 72,456 |
| Total | 236,491 | 249,918 | 252,080 | 170,604 |

Source: Census and Statistics Department of Hong Kong

As set out on the website of the Census and Statistics Department of Hong Kong (<http://www.censtatd.gov.hk/>), year-on-year growth in gross value of construction works performed by main contractors analysed by broad trade group (in nominal terms) in 2016 was approximately HK\$236.5 billion, representing an increase of approximately 5.7% to approximately HK\$250.0 billion in 2017 and further increased by approximately 0.9% to approximately HK\$252.1 billion in 2018. In 2019, the gross value of construction works performed by main contractors analysed by broad trade group (in nominal terms) for the first three quarters was approximately HK\$170.6 billion.

In addition, we also noted from the government publications that there are various plans in relation to large-scale public infrastructures and/or building projects launched in Hong Kong, such as the proposed expansion of Hong Kong International Airport into a three-runway system under the Hong Kong International Airport Master Plan 2030 launched in 2011.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice to the Independent Board Committee and the Independent Shareholders with regards to the Supplemental Agreement (together with the Proposed Revised Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background

CSCECL is one of the most established engineering contractors in the world, and it represents one of the highest levels of technology and management in various fields of construction. The Company expects that the scope of the Hong Kong Public Construction Main Contracts will cover only the Hong Kong Public Construction Projects, which is a special construction segment. With the revision of the annual caps under the Framework Agreement, the Company can continue to leverage on the substantial experience of CSCECL (or its subsidiary) as main contractor in landmark projects of skyscrapers, and large-scale infrastructure projects of key airports, rail transit, bridges, urban

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

utilities, etc. in the PRC, in order to enhance the chance of successful award of the Hong Kong Public Construction Main Contracts to the Company (or its subsidiary). Accordingly, we concur with the Management that the entering in the Supplemental Agreement (together with the Proposed Annual Caps) is in the ordinary and usual course of the business of the Group and in the interest of the Company and the Shareholders as a whole.

2. The Proposed Revised Annual Caps

As stated in the Letter from the Board, when the Framework Agreement was executed, it was expected that the tender for the Third Runway Concourse and Apron Works would be scheduled to take place during 2021. The Group now anticipates that it will be brought forward to 2020 instead.

As such, the Company and CSCECL expect that the maximum total contract sum of the Hong Kong Public Construction Main Contracts that may be awarded to the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor under the Framework Agreement for the financial years ending on 31 December 2020 and 31 December 2021 will exceed the Original Annual Caps. In this connection, on 14 February 2020, the Company and CSCECL entered into the Supplemental Agreement to revise the Original Annual Caps for the financial years ending on 31 December 2020 and 31 December 2021 as follows:

| | For the financial year ending on 31 December 2020 | For the financial year ending on 31 December 2021 |
|------------------------------|--|--|
| Original Annual Caps | HK\$15 billion | HK\$20 billion |
| Proposed Revised Annual Caps | HK\$50 billion | HK\$25 billion |

Basis of determining the Proposed Revised Annual Caps

As stated in the Letter from the Board, the Proposed Revised Annual Cap for the financial year ending on 31 December 2020 is determined with reference to the estimated contract sum of the potential Hong Kong Public Construction Projects that the Group expects to tender for during 2020, which include the expansion works of the terminal 2 in respect of the Three Runway System Project, the Third Runway Concourse and Apron Works and the construction works of a Chinese medicine hospital in Tseung Kwan O (with a main building of 9 storeys, which is expected to be equipped with, among others, inpatient and day facilities, ambulatory care facilities, rehabilitation and other health facilities, pharmacy facilities and clinical supporting facilities).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group expects that the construction cost associated with the expansion works of the terminal 2 in respect of the Three Runway System Project would exceed the previous estimation when the Framework Agreement was executed, since a wider scope and larger scale of works with increased level of complexity will be involved as (i) the complexity of the design and specification requirements; (ii) the content and volume of potential works; (iii) the complexity of the on-site environment; (iv) the restrictions of the potential works; and (v) the level of difficulty of the construction method have exceeded the Group's previous estimation due to the following major reasons:

- (a) the number of interlinked areas of the main building of the terminal 2 has been revised;
- (b) the period for completing the relevant material works of the terminal 2 has been shortened;
- (c) there has been significant expansion for the volume and content of underground construction works; and
- (d) the construction method to be employed for the construction of the building envelope has been revised.

Based on the experience in handling the expected tender for the expansion works of the terminal 2 in respect of the Three Runway System Project (whereby, including, the owner client giving updated information and further requests after the execution of the Framework Agreement), the Group expects it is likely that the construction cost associated with the Third Runway Concourse and Apron Works will also exceed the previous estimation when the Framework Agreement was executed as the Group anticipates that wider scope and larger scale of works with increased level of complexity will be involved as well. Therefore, the Proposed Revised Annual Cap for the financial year ending on 31 December 2020 also includes a buffer of 3% to 5% to accommodate such expected increase in the construction cost. Such buffer is determined with reference to the estimated wider scope and larger scale of works with increased level of complexity with respect to the Third Runway Concourse and Apron Works based on the Group's experience in handling the expected tender for the expansion works of the terminal 2 in respect of the Three Runway System Project.

The Proposed Revised Annual Cap for the financial year ending on 31 December 2021 is determined with reference to the estimated contract sum of the construction works of the new acute hospital at the Kai Tak Development Area which the Group expects to tender for during 2021. The new acute hospital at the Kai Tak Development Area is expected to provide 2,400 in-patient and day beds and associated medical and supporting facilities, 37 operating theatres, a neuroscience centre, an oncology centre, specialist outpatient clinics, a community health centre, an oral maxillofacial surgery and dental unit, and a helipad. The Proposed Revised Annual Cap for the financial year ending on 31 December 2021 also includes a buffer of 4% to 7% to accommodate other potential Hong Kong Public Construction Projects that have been announced and/or to be announced by the relevant third-party developer/owner client and an expected general increase in construction cost for such period. Such buffer is determined with reference to: (i) the estimated contract sum of the potential Hong Kong Public Construction Projects which have been announced by the relevant third-party developer/owner client, and which the Group is in the course of considering to tender for during 2021; (ii) the estimated contract sum of the potential Hong Kong Public Construction Projects which the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group anticipates to be announced by the relevant third-party developer/owner client and, which the Group may consider to tender for during 2021; and (iii) the general increase in construction cost during 2021 which is estimated to be contributed by the general escalation in labour cost, materials cost, and cost relating to the implementation of safety measures, quality assurance and environmental protection measures.

In assessing the fairness and reasonableness of the Proposed Revised Annual Caps, we have (i) reviewed a list of potential construction projects in Hong Kong which the Group expects to tender for during the two years ending 31 December 2021; and (ii) discussed with the Management the basis for the selection of such potential construction projects in relation to the provision of Hong Kong Public Construction Main Contract which the Group expects to tender for the proposed expansion of Hong Kong International Airport into a three-runway system, which, in aggregate, the estimated construction cost of the three-runway system is approximately HK\$141.5 billion at money-of-the-day prices according to Airport Authority Hong Kong, which include, amongst others, expansion of airfield facilities, modification or expansion of terminal 2, construction of third-runway passenger building and airport support facilities and utilities, as well as the two construction projects on two hospitals as mentioned above.

Furthermore, we have discussed with the Management the basis and assumptions to determine the buffer for the two years ending 31 December 2021 and understand that the estimation of the buffer is based on, amongst others, the potential increase in construction costs. To this end, we have also reviewed publications by Census and Statistics Department of Hong Kong titled “Index Number of the Costs of Labour and Materials Used in Public Sector Construction Projects”¹ and noted that the average year-on-year growth rate on labour and material price for 2018 and 2019 was approximately 7.6% and 2.7%, respectively, which is in line with the buffer which ranges from 3% to 7% estimated by the Management.

As discussed with the Management, we noted that the invitation to tender for certain potential Hong Kong Public Construction Projects, which was expected to be scheduled to take place during 2021 when the Framework Agreement was executed, is anticipated to be brought forward to 2020, which includes the Third Runway Concourse and Apron Works. In addition, upon a more in-depth assessment of the expansion works of the terminal 2 in respect of the Three Runway System Project (which the Group expects to tender for during 2020), based on the updated information and further requests given by the owner client after the execution of the Framework Agreement, the Group anticipates higher construction cost since a wider scope and larger scale of works with increased level of complexity will be involved. Based on the experience in handling the tender for the expansion works of the terminal 2 in respect of the Three Runway System Project, the Group expects it is likely that the construction cost associated with the Third Runway Concourse and Apron Works will also exceed the previous estimation when the Framework Agreement was executed as the Group anticipates that wider scope and larger scale of works with increased level of complexity will be involved as well.

¹ Source: Census and Statistics Department of Hong Kong

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, the Group expects to tender for more potential Hong Kong Public Construction Projects during 2020 and 2021 than it previously expected when the Framework Agreement was executed. Hence, we concur with the Management that the Proposed Revised Annual Caps will provide the flexibility but not the obligation for the Group to carry out the Hong Kong Public Construction Projects as mentioned above.

Accordingly, the Group expects to tender the potential works with approximately contract sum of HK\$50 billion and HK\$25 billion for the year ending 31 December 2020 and 31 December 2021, respectively, the estimation is based on the expected scope and scale of works as well as the prevailing market prices of relevant construction materials and subcontracting charges. We understand from the Management that the aforesaid potential construction projects are currently subject to successful tenders or negotiation, accordingly, the Company and CSCECL (or their respective subsidiaries) as joint venture main contractor under the Framework Agreement may or may not be awarded with any of the contracts. As such, the utilisation of the Proposed Revised Annual Caps shall depend on, among others, the relevant contracts being awarded and undertaken by the Group during the relevant period.

Having considered that (i) the overview of the Hong Kong economy and its large-scale infrastructure and/or building construction activities, in particular, the historical Hong Kong's gross value construction work exceeding HK\$200 billion per annum from 2016 to 2018 and exceeding HK\$170 billion recorded for the first three quarters of 2019 which have been set out under the paragraph headed "3. Overview of the economy and building construction activities in Hong Kong" in this letter above; (ii) the potential launch of large-scale public infrastructures and/or building projects as set out in the government publications, creating a more favourable environment, under which the Group may have potential projects it can tender for; (iii) the potential projects by the relevant third party client which the Group and/or CSCECL may tender for; (iv) the basis and assumption for the determination of the Proposed Revised Annual Caps, including the buffer; and (v) the average year-on-year growth rate on labour and material price for 2018 and 2019 as mentioned above, we consider the basis for determining the Proposed Revised Annual Caps, including the buffer, to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Nevertheless, the Shareholders are advised that the Proposed Revised Annual Caps represent the best estimates by the Group based on the information available at the time. Shareholders should note that the Proposed Revised Annual Caps under the Supplemental Agreement (including the underlying basis and assumptions) shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group and of the CSCECL Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Internal control

Internal approval process

As stated in the Letter from the Board, in the event that the Group decides to participate in the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of a Hong Kong Public Construction Main Contract, the Company (or its subsidiary) may invite CSCECL (or its subsidiary) to participate in such process with the Company as joint venture main contractor, if the engineering department of the Company (or its subsidiary), after making qualitative and quantitative assessment of the scoring criteria of such process, determines that such invitation will maximize the scoring of such tendering process or contract award process and therefore the chance of successful award of the Hong Kong Public Construction Main Contract.

The engineering department of the Company (or its subsidiary) will determine whether or not to make such invitation to CSCECL (or its subsidiary) during its standard tender or other contract award submission procedures in respect of a Hong Kong Public Construction Main Contract which generally involve (i) receiving invitation to tender or participate in such other prescribed contract award process of the Hong Kong Public Construction Main Contract; (ii) initial assessment of the tender or contract award documents; (iii) further planning and estimation; (iv) determining the scoring criteria of the tendering process or contract award process; (v) assessing the track record and implementation capabilities of CSCECL (or its subsidiary) relevant to the Hong Kong Public Construction Main Contract; (vi) determining the respective contributions of the Company and CSCECL (or their respective subsidiaries) to satisfying the scoring criteria of the tendering process or contract award process; (vii) preparation for the tender or other contract award report and internal tender or other contract award adjudication; and (viii) tender or other contract award submission (i.e., the Procedures).

In assessing the tender or contract award documents, the Group will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectations and possible risk factors associated with the Hong Kong Public Construction Main Contract. The Group will then perform site inspection, conduct quantitative costs analysis and risk assessment.

If, during the Procedures, the engineering department of the Company (or its subsidiary) is satisfied that the participation of CSCECL (or its subsidiary) in the tendering process or such other prescribed contract award process in respect of the Hong Kong Public Construction Main Contract will maximize the scoring of such process and therefore the chance of successful award of the Hong Kong Public Construction Main Contract, the Company (or its subsidiary) may invite CSCECL (or its subsidiary) to participate in such tendering process or contract award process. The President of the engineering department of the Company (or its subsidiary), who does not hold any position in CSCECL (or its subsidiary), will review and approve the decision of making such invitation to CSCECL (or its subsidiary).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our analysis

For our assessment in connection with internal approval process, we have reviewed the internal standard procedures of the Group governing the tendering process (i.e. the Procedures) which set out, among others, standard procedures for tenders, covering areas such as (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) determining the scoring criteria; (v) assessing the track record and implementation capabilities of potential joint venture partner; (vi) determining the respective contributions of the Company and its potential joint venture partners to satisfying the scoring criteria of the tendering process; (vii) preparation for tender report and internal tender adjudication; and (viii) tender submission.

Furthermore, on a best effort basis, we have obtained and reviewed a total of six samples of the assessment on Joint Venture Partner for Project Tender* (工程投標聯營夥伴確定表) for tenders for contractual joint venture with independent third parties and a connected person and a schedule setting out the relevant contract value or intended contract value for each tender assessment for the two years ended 31 December 2019 (the “Assessments”), on a non-exhaustive basis, in relation to the formation of joint venture entered into or intended to be entered into by the Company and independent third parties as well as a connected person for Hong Kong construction projects with the relevant contract value or intended contract value of approximately or exceeding HK\$400 million. Based on our discussions with the Management and review on the Assessments, we noted that the contractual joint venture with connected person is reviewed against the same prescribed procedures which were applied to contractual joint venture with independent third parties.

Having considered that the internal control guidance regarding a proper tender procedure (i.e. the Procedures) which also applies to the tenders with either connected persons or independent third party, we concur with the Directors’ view that the Company has sufficient internal control procedures to govern the terms of the Framework Agreement.

VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the basis and reasons for entering into the Supplemental Agreement; and
- (ii) the basis for determining the Proposed Revised Annual Caps includes, amongst other things, the estimated contract sum for the potential Hong Kong Public Construction Main Contracts, details of which are set out under the section headed “2. The Proposed Revised Annual Caps” in this letter above,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

we are of the view that the transactions contemplated under the Supplemental Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the Proposed Revised Annual Caps, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the resolution to approve the Supplemental Agreement and the transactions contemplated thereunder (together with the Proposed Revised Annual Caps) at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Jimmy Chung
Managing Director

Mr. Jimmy Chung is a Responsible Officer of Red Sun to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and permitted to undertake work as sponsor. He has over 20 years of experience in corporate finance industry in Greater China.

* *For identification purposes only*

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 chief executive of the Company 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 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); (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; 591,584; 1,027,765; 813,569; and 1,027,765 shares of the Company, representing 0.058%; 0.012%; 0.020%; 0.016%; and 0.020% of shares in issue of the Company. 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 share options to subscribe 700,000 shares (representing 0.006% shares in issue) of China Overseas Land & Investment Limited (“**COLI**”, an associated corporation of the Company). All the share options held by the Director are being personal interest, in long positions and in the capacity of beneficial owner;
- (iii) Mr. Zhang Haipeng held 3,078,000 shares (representing 0.143% shares in issue) in China State Construction Development Holdings Limited (formerly known as Far East Global Group Limited) (“**CSC Development**”, a non-wholly owned subsidiary of the Company). All the shares held by the Director are being personal interest, in long positions and in the capacity of beneficial owner;

- (iv) Mr. Hung Cheung Shew held 7,095 shares (representing 0.000% shares in issue) in COLI; 30,000 shares (representing 0.001% shares in issue) in CSC Development; and 2,365 shares (representing 0.000% in issue) in China Overseas Property Holdings Limited (an associated corporation of the Company). All the shares held by the Director are being personal interest, in long positions and in the capacity of beneficial owner; and
- (v) Mr. Zhang Haipeng, Mr. Tian Shuchen and Mr. Zhou Hancheng respectively held 774,000; 284,000; and 684,000 shares in China State Construction Engineering Corporation Limited (“CSCECL”, an intermediate holding company of the Company), representing 0.002%; 0.001%; and 0.002% of shares in issue in 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 (Phase II).

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, a non-executive director of the Company, is a director of the Company’s holding company, namely COHL, and some of its subsidiaries. Operations of such companies are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as these companies are engaged in construction, property development and related businesses. As at the Latest Practicable Date, COHL held 3,264,976,136 shares of the Company, representing approximately 64.66% of the issued share capital of the Company.

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

Save as disclosed in this section, as at the Latest Practicable Date, none of the Directors 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 were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, 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 had any direct or indirect interest in any asset which, since 31 December 2018 (the date to which the latest published audited accounts of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group; 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 |
|-------------------------|--|
| Red Sun Capital Limited | a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

The letter of Red Sun is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Red Sun 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, Red Sun 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 2018, the date to which the latest published audited accounts of the Group were made up.

Red Sun has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 28th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (i) the Supplemental Agreement;
- (ii) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (iii) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from Red Sun” of this circular; and
- (iv) the letter of consent from the expert referred to under the paragraph headed “Qualification and Consent of Expert” in this appendix.

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 at Meeting Room S221, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 15 April 2020 at 2:00 p.m. 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 Supplemental Agreement (as defined in the circular of the Company dated 24 March 2020 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 Proposed Revised Annual Caps (as defined in the Circular) for the respective financial years ending on 31 December 2020 and 31 December 2021 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 authorized 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 Supplemental 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, 24 March 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

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

Notes

- (1) A form of proxy for use at the Meeting is enclosed herewith.
- (2) Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (4) In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, 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.
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the joint registered holders present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
- (6) Completion and return of the form of proxy will not preclude members from attending and voting in person at the Meeting or at any adjourned meeting thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (7) The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the Meeting from Wednesday, 8 April 2020 to Wednesday, 15 April 2020, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend the Meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 7 April 2020.
- (8) **Shareholders or proxies who attend the Meeting in person will each receive ONE gift as a token of the Company's appreciation. If a shareholder is also appointed as proxy/proxies of other shareholder(s), or a proxy represents multiple shareholders, the number of gift each of the aforesaid shareholder or proxy will receive is limited to ONE.**

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (9) Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the Meeting against the epidemic to protect the shareholders from the risk of infection:
- (i) Compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.0 degrees Celsius will not be admitted to the venue.
 - (ii) Every shareholder or proxy is required to wear surgical facial mask throughout the meeting.
 - (iii) No refreshment will be served.