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

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

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中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3311)

DISCLOSEABLE AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE IN RELATION TO LAND IN ZHUHAI, THE PRC

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Board is set out on pages 7 to 16 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 17 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 18 to 37 of this circular.

A notice convening the EGM via the e-Meeting System to be held on Wednesday, 9 June 2021 at 3:45 p.m. (or so soon after the conclusion or adjournment of the annual general meeting of the Company to be convened at 3:00 p.m. on the same date) is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the EGM via the e-Meeting System, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the 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 via the e-Meeting System at the meeting or any adjourned meeting (as the case may be) should you so wish.

6 May 2021

CONTENTS

	<i>Page</i>
Definitions	1
Special Arrangements for the EGM	5
Letter from the Board	7
Letter from the Independent Board Committee	17
Letter from Honestum International	18
Appendix I — Valuation Report	I-1
Appendix II — General Information	II-1
Notice of the EGM	EGM-1

DEFINITIONS

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

“Amended Assignment Contract”	has the meaning given to it in the sub-section headed “COOPERATION AGREEMENT — Formation of joint venture through the JV Company” under the section headed “LETTER FROM THE BOARD” in this circular;
“Assignment Contract”	has the meaning given to it in the sub-section headed “COOPERATION AGREEMENT — Formation of joint venture through the JV Company” under the section headed “LETTER FROM THE BOARD” in this circular;
“associate(s)”, “close associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“CC Macau (Guangdong Hengqin)”	China Construction Macau (Guangdong Hengqin) Development Company Limited (中建澳門(廣東橫琴)發展有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“CC Macau (Guangdong Hengqin)’s Loan”	has the meaning given to it in the sub-section headed “COOPERATION AGREEMENT — Advancement of loan to the JV Company” under the section headed “LETTER FROM THE BOARD” in this circular;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of CSCECL and the controlling shareholder of COLI and the Company;
“COLI”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);
“COLI Group”	COLI and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange);
“COLI Independent Shareholders”	holders of COLI’s ordinary shares other than COHL and its associates;

DEFINITIONS

“COLI Zhuhai”	China Overseas (Zhuhai) Company Limited (中海地產(珠海)有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of COLI;
“Company”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“Completion”	completion of the respective contribution to the registered capital of the JV Company by COLI Zhuhai and CC Macau (Guangdong Hengqin) in accordance with the Cooperation Agreement;
“Cooperation Agreement”	the cooperation agreement entered into amongst COLI Zhuhai, CC Macau (Guangdong Hengqin) and the JV Company dated 29 March 2021 in relation to the formation of a joint venture through the JV Company for the purpose of investing into and developing the Zhuhai Project;
“CSCEC”	China State Construction Engineering Corporation (中國建築集團有限公司), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of CSCECL, COHL, COLI and the Company;
“CSCECL”	China State Construction Engineering Corporation Limited, a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of CSCEC and the holding company of COHL;
“Current Shareholder’s Loans”	has the meaning given to it in the sub-section headed “COOPERATION AGREEMENT — Advancement of loan to the JV Company” under the section headed “LETTER FROM THE BOARD” in this circular;
“Director(s)”	the director(s) of the Company;
“EGM”	extraordinary general meeting of the Company to be held to consider and approve, among other things, the Transaction;
“Filing”	has the meaning given to it in the sub-section headed “COOPERATION AGREEMENT — Completion” under the section headed “LETTER FROM THE BOARD” in this circular;

DEFINITIONS

“Group”	the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on the Stock Exchange);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the Transaction;
“Independent Financial Adviser” or “Honestum International”	Honestum International Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction;
“Independent Shareholders”	Shareholders other than COHL and its associates;
“Inter-company Loan”	has the meaning given to it in the sub-section headed “COOPERATION AGREEMENT — Advancement of loan to the JV Company” under the section headed “LETTER FROM THE BOARD” in this circular;
“JV Company”	Zhuhai Hai Yue Real Estate Development Company Limited (珠海市海悅房地產開發有限公司), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of COLI as at the Latest Practicable Date, and a joint venture company to be formed pursuant to the Cooperation Agreement;
“Land”	the land situated at Wanzai Area, Shizimen Central Business District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市十字門中央商務區灣仔片區) (Zhu Heng Guo Tu Chu Land No. 2020-06 (珠橫國土儲2020-06號地塊)) as described in the sub-section headed “INFORMATION ABOUT THE JV COMPANY, THE LAND AND THE ZHUHAI PROJECT — The Land” under the section headed “LETTER FROM THE BOARD” in this circular;
“Latest Practicable Date”	3 May 2021, 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

“PRC”	People’s Republic of China, and for the purposes of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“sq.m.”	square metre, unit of area;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the entering into of the Cooperation Agreement and the transactions contemplated thereunder;
“Valuer” or “CBRE”	CBRE Limited, an independent property valuer;
“Zhuhai Project”	a project relating to the development of residential and commercial properties on the Land, details of which are set out in the sub-section headed “INFORMATION ABOUT THE JV COMPANY, THE LAND AND THE ZHUHAI PROJECT — The Zhuhai Project” under the section headed “LETTER FROM THE BOARD” in this circular; and
“%”	per cent.

The English names of the PRC entities referred to in this circular are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

SPECIAL ARRANGEMENTS FOR THE EGM

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

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

HOW TO ATTEND AND VOTE

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

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

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

If you are a non-registered Shareholder, you may consult directly with your banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (as the case may be) for necessary arrangement to attend and vote via the e-Meeting System at the EGM if you wish.

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

For the purpose of determining shareholders' eligibility to attend and vote via the e-Meeting System at the EGM, the register of members of the Company will be closed from Friday, 4 June 2021 to Wednesday, 9 June 2021, both days inclusive, during which period no transfer of Shares will be effected.

SPECIAL ARRANGEMENTS FOR THE EGM

If you have any questions relating to the EGM, please contact the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, with the following details:

Address:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email:	emeeting@hk.tricorglobal.com
Telephone:	(852) 2975 0928
Fax:	(852) 2861 1465

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

LETTER FROM THE BOARD



中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3311)

Non-executive 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

6 May 2021

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE IN RELATION TO LAND IN ZHUHAI, THE PRC

INTRODUCTION

Reference is made to the announcement of the Company dated 29 March 2021 in relation to, among other things, the Cooperation Agreement entered into among COLI Zhuhai, CC Macau (Guangdong Hengqin) and the JV Company.

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

- the particulars of the Transaction;
- the letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the Transaction;

LETTER FROM THE BOARD

- the letter from Honestum International with their advice on the Transaction to the Independent Board Committee and the Independent Shareholders,

as well as to seek the approval of the Independent Shareholders in respect of the Transaction.

BACKGROUND

On 29 March 2021, COLI Zhuhai, CC Macau (Guangdong Hengqin) (being an indirect wholly-owned subsidiary of the Company) and the JV Company entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form a joint venture through the JV Company for the purpose of investing into and developing the Zhuhai Project; and (b) regulate their respective rights and obligations in the JV Company. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through COLI Zhuhai) and the Company (through CC Macau (Guangdong Hengqin)), respectively.

COOPERATION AGREEMENT

Date

29 March 2021

Parties

- (1) COLI Zhuhai;
- (2) CC Macau (Guangdong Hengqin); and
- (3) the JV Company.

As at the Latest Practicable Date, the JV Company has registered capital of RMB20 million and is wholly-owned by COLI Zhuhai, which is in turn wholly-owned by COLI.

Formation of joint venture through the JV Company

COLI Zhuhai successfully bid for the Land in November 2020 and signed the Contract for State-Owned Construction Land Use Right Assignment (國有建設用地使用權出讓合同) (the “**Assignment Contract**”) with Zhuhai Bureau of Natural Resources (珠海市自然資源局) for its acquisition of the land use right of the Land at the purchase price of RMB10,476,228,651. Subsequently, the land use right of the Land was transferred from COLI Zhuhai to the JV Company pursuant to the amendment contract to the Assignment Contract (the “**Amended Assignment Contract**”) signed among COLI Zhuhai, Zhuhai Bureau of Natural Resources and the JV Company in December 2020.

LETTER FROM THE BOARD

For the purpose of forming a joint venture through the JV Company to invest into and develop the Zhuhai Project, COLI Zhuhai and CC Macau (Guangdong Hengqin) agreed that, pursuant to the Cooperation Agreement, the registered capital of the JV Company shall be increased from RMB20 million to RMB200 million in the following manner:

- (1) COLI Zhuhai shall pay up and contribute in addition of RMB140 million to the registered capital of the JV Company; and
- (2) CC Macau (Guangdong Hengqin) shall pay up and contribute RMB40 million to the registered capital of the JV Company.

COLI Zhuhai and CC Macau (Guangdong Hengqin) will, through the JV Company, jointly carry out the Zhuhai Project and develop the Land pursuant to the Cooperation Agreement.

Conditions precedent

Completion is conditional on the fulfilment of the below conditions:

- (1) the Company having obtained the approval of the Independent Shareholders at the EGM by way of poll in relation to the Transaction in accordance with the Listing Rules;
- (2) COLI having obtained the approval of the COLI Independent Shareholders at a general meeting of COLI by way of poll in relation to the Transaction in accordance with the Listing Rules (if required);
- (3) each of the Company and COLI having complied with all requirements under the Listing Rules with respect to the Transaction, if any;
- (4) the JV Company having been duly established and being validly existing under the laws of the PRC;
- (5) the JV Company having obtained all the necessary approvals and licences;
- (6) the Cooperation Agreement and other relevant transaction documents having been duly executed;
- (7) the terms of the Cooperation Agreement not being inconsistent with the terms of the Assignment Contract and the Amended Assignment Contract; and
- (8) each of COLI Zhuhai and CC Macau (Guangdong Hengqin) having obtained the right, power and authority and taken all actions necessary to execute and deliver the Cooperation Agreement and other relevant transaction documents and perform its obligations thereunder.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the conditions as set out in the above paragraphs (4), (5), (7) and (8) have been fulfilled and those as set out in the above paragraphs (1), (3) and (6) have not been fulfilled. The condition as set out in the above paragraph (2) is not required to be fulfilled.

Completion

Completion shall take place within seven (7) business days after fulfilment of the conditions precedent set out in the paragraph above (or such other date as may be agreed by COLI Zhuhai and CC Macau (Guangdong Hengqin) in writing).

Upon Completion and completion of filing with the relevant authorities in the PRC in respect thereof (the “**Filing**”), the registered capital of the JV Company will be RMB200 million and owned as to 80% and 20% by COLI Zhuhai and CC Macau (Guangdong Hengqin) respectively, and accordingly, the JV Company will continue to be accounted for as a subsidiary of COLI and its financial results will be consolidated into the COLI Group’s consolidated financial statements.

Advancement of loan to the JV Company

As at the Latest Practicable Date, COLI Zhuhai has advanced to the JV Company and procured the advancement to the JV Company of an aggregate sum by way of loans of RMB5,269,614,325.50 as part payment of the purchase price for the acquisition of the land use right of the Land and working capital of the JV Company (collectively, the “**Inter-company Loan**”).

Within ten (10) business days after completion of the Filing, CC Macau (Guangdong Hengqin) shall settle 20% of the Inter-company Loan (the “**CC Macau (Guangdong Hengqin)’s Loan**”) plus accrued interest (which was set at a rate of 4.35% per annum) and assume, as a result, an amount of shareholder’s loan to the JV Company which is proportionate to CC Macau (Guangdong Hengqin)’s equity interest (i.e. 20%).

From the date of advancement of the CC Macau (Guangdong Hengqin)’s Loan by CC Macau (Guangdong Hengqin), (a) 20% of the Inter-company Loan shall be deemed to have been assigned to CC Macau (Guangdong Hengqin); and (b) the CC Macau (Guangdong Hengqin)’s Loan and the remaining 80% of the Inter-company Loan shall be regarded as shareholder’s loans of the JV Company (collectively, the “**Current Shareholder’s Loans**”) which shall thereafter be subject to interest rate of 4.75% per annum.

As a result, not later than ten (10) business days after completion of the Filing, the JV Company shall become indebted to COLI Zhuhai and CC Macau (Guangdong Hengqin) in the proportion of 80:20, which corresponds to COLI Zhuhai’s and CC Macau (Guangdong Hengqin)’s respective effective interests in the JV Company.

LETTER FROM THE BOARD

Total capital commitment

The total capital commitment to the JV Company for the Zhuhai Project is approximately RMB11,400 million (inclusive of, among other things, (a) the registered capital of the JV Company; (b) the purchase price of the land use right of the Land together with the relevant taxes and interests; and (c) part of the development costs with respect to the Zhuhai Project), which shall be contributed by COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company as follows:

- (1) COLI Zhuhai : approximately RMB9,120 million
- (2) CC Macau (Guangdong Hengqin) : approximately RMB2,280 million

and to be settled by cash and funded by internal resources of COLI Zhuhai and CC Macau (Guangdong Hengqin), respectively, and/or external financing.

The respective contribution to the total capital commitment to the JV Company for the Zhuhai Project by COLI Zhuhai and CC Macau (Guangdong Hengqin) is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Zhuhai Project and the parties' interests in the JV Company.

The aforesaid total capital commitment will comprise the contributions to the registered capital of the JV Company and shareholder's loans (which comprise the Current Shareholder's Loans) to be provided to the JV Company by COLI Zhuhai and CC Macau (Guangdong Hengqin).

Future funding

The working capital requirements of the JV Company in relation to the development of the Zhuhai Project is expected to be approximately RMB11,200 million and shall be financed by (a) COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company by shareholder's loans (which comprise the Current Shareholder's Loans); and (b) external financing from banks, financial institutions and other third party sources upon the approval of more than two-thirds of the directors of the JV Company.

The shareholder's loans advanced or to be advanced by COLI Zhuhai and CC Macau (Guangdong Hengqin) are subject to the interest rate of 4.75% per annum. The interests accrued on such shareholder's loans are payable on a semi-annually basis. If required, COLI Zhuhai and CC Macau (Guangdong Hengqin) may provide guarantee or other security in proportion to their respective equity interests in the JV Company to guarantee or secure any external financing of the JV Company.

LETTER FROM THE BOARD

Management

The board of directors of the JV Company shall comprise five (5) directors; four (4) of whom shall be appointed by COLI Zhuhai and the remaining one (1) shall be appointed by CC Macau (Guangdong Hengqin). The chairman of the board of directors of the JV Company, who shall also be the legal representative of the JV Company, shall be a director appointed by COLI Zhuhai. The board of directors of the JV Company will govern the overall management and strategic planning of the JV Company.

The JV Company shall have two (2) supervisors and each of COLI Zhuhai and CC Macau (Guangdong Hengqin) shall appoint one (1) supervisor.

The JV Company shall have one (1) general manager and one (1) financial controller which shall be appointed by COLI Zhuhai.

Distributions

Provided that the JV Company has repaid all its indebtedness (including shareholder's loans and other loans due to banks, financial institutions and other third party sources), and the operation of the JV Company and the Zhuhai Project is not adversely affected, the JV Company may make distributions to COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company.

Restrictions on equity transfers and encumbrances

Each of COLI Zhuhai and CC Macau (Guangdong Hengqin) may not transfer or pledge its equity interest in and shareholder's loans advanced to the JV Company to a third party without the prior written consent of the other party, and is liable to the other party for a penalty of RMB10 million if it is in breach of such restriction.

INFORMATION ABOUT THE JV COMPANY, THE LAND AND THE ZHUHAI PROJECT

The JV Company

The JV Company was established by COLI Zhuhai on 9 December 2020 in the PRC with limited liability with a registered capital of RMB20 million, as a single purpose vehicle to hold the land use rights of the Land and to carry out the Zhuhai Project. As COLI Zhuhai had successfully bid for the Land in November 2020 and the JV Company was established by COLI Zhuhai in December 2020, the JV Company has no material business operations as at the Latest Practicable Date.

The Land

The Land comprises one parcel of land with an aggregate site area of approximately 192,250.40 sq.m. situated at Wanzai Area, Shizimen Central Business District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市十字門中央商務區灣仔片區), and is planned for residential use, commercial use, educational use, neighbourhood centre use and construction of town road. As at the Latest Practicable Date, the Land remains undeveloped.

LETTER FROM THE BOARD

The Zhuhai Project

The Zhuhai Project will involve the development of the Land and thereafter the sale of the residential and commercial properties developed thereon by the JV Company. The Zhuhai Project will be developed in phases and the construction is expected to commence in the second quarter of 2021. The pre-sale of the first phase of the properties is expected to commence in the third quarter of 2021 and the overall project is expected to be completed in phases and delivered to the relevant purchasers during the period from the third quarter of 2023 to the fourth quarter of 2024.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group has extensive experience in building construction and site formation while the COLI Group has extensive experience in property development. In recent years, the Group has undertaken several large-scale construction-related projects in the Hengqin Free Trade Zone (being the area in which the Zhuhai Project is located) of contract size over RMB3,500 million in aggregate, which involve construction of residential and commercial premises and infrastructure. In addition, the Group and the COLI Group have long-standing cooperation relationships in respect of construction-related projects in Macau and the Zhuhai area. Therefore, in light of the above and given (i) the sizable total Land costs in the amount of approximately RMB10,476 million and (ii) the estimated development timespan of the Zhuhai Project of about 5 years (which is a relatively lengthy period), directors of both the Company and COLI believe that the joint venture arrangement can benefit from the substantial experience of the Group in building construction and site formation and the COLI Group's extensive experience in property development and hence, expediting the development of the Zhuhai Project; and cost effectiveness and quality control in respect of the construction work on the Land can also be achieved, thereby bringing synergy between the Group and the COLI Group which would in turn be beneficial to the development of the Land.

INFORMATION ON THE PARTIES TO THE COOPERATION AGREEMENT

The COLI Group is principally engaged in property development and investment, and other operations.

The Group is principally engaged in construction business, infrastructure investments and prefabricated constructions.

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

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

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, COHL is a controlling shareholder of both COLI and the Company by virtue of it being interested in approximately 56.05% of the issued share capital of COLI and approximately 64.79% of the issued share capital of the Company respectively. Accordingly, each of COLI Zhuhai and the JV Company (both being an indirect wholly-owned subsidiary of COLI) is a connected person of the Company. As the highest applicable percentage ratio in respect of the total capital commitment of the Company for the Transaction exceeds 5% but is less than 25%, the Transaction constitutes (a) a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (b) a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Transaction and no Director is required to abstain from voting on the Board resolution(s) approving the Transaction. Mr. Yan Jianguo, being the chairman and non-executive Director of the Company, the chairman and executive director of COLI and the chairman and president of COHL, was absent from the relevant Board meeting and did not vote on the Board resolution(s) approving the Transaction. Mr. Zhang Haipeng, being an executive Director and a director of COHL, has voluntarily abstained from voting on the Board resolution(s) approving the Transaction.

EGM

A notice convening the EGM via the e-Meeting System to be held on Wednesday, 9 June 2021 at 3:45 p.m. (or so soon after the conclusion or adjournment of the annual general meeting of the Company to be convened at 3:00 p.m. on the same date) is set out on pages EGM-1 to EGM-2 of this circular. An ordinary resolution will be proposed to the Independent Shareholders at the EGM to consider and, if thought fit, to approve the Transaction.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting via the e-Meeting System, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the 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 via the e-Meeting System at the EGM or any adjourned meeting (as the case may be) should you so wish.

The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote via the e-Meeting System at the EGM from Friday, 4 June 2021 to Wednesday, 9 June 2021, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend and vote via the e-Meeting System at the 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 Thursday, 3 June 2021.

LETTER FROM THE BOARD

VOTING BY WAY OF POLL

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. The chairman of the EGM will demand a poll for the resolution to be proposed at the EGM in accordance with the Company's articles of association.

As at the Latest Practicable Date, COHL and its associates held in aggregate 3,264,976,136 Shares, representing approximately 64.79% of the issued share capital of the Company, of which 118,787,644 Shares were held by Silver Lot Development Limited, a direct wholly-owned subsidiary of COHL, and 3,146,188,492 Shares were held by COHL. COHL and its associates will abstain from voting at the EGM on the resolution relating to the Transaction.

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

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

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

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on the Transaction. Honestum International 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 page 17 of this circular which contains its recommendation to the Independent Shareholders in relation to the Transaction.

Your attention is also drawn to the letter from Honestum International set out on pages 18 to 37 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transaction.

LETTER FROM THE BOARD

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

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices 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)

6 May 2021

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE

IN RELATION TO LAND IN ZHUHAI, THE PRC

We refer to the circular dated 6 May 2021 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Honestum International has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

We wish to draw your attention to the letter from the Board, as set out on pages 7 to 16 of the Circular and the text of a letter of advice from Honestum International, as set out on pages 18 to 37 of the Circular, both of which provide details of the Transaction.

Having considered (i) the Transaction; (ii) the advice of Honestum International; and (iii) the relevant information contained in the letter from the Board, we are of the opinion that the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. 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 HONESTUM INTERNATIONAL

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



6 May 2021

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

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION REGARDING FORMATION OF JOINT VENTURE IN RELATION TO LAND IN ZHUHAI, THE PRC

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Cooperation Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular (the “**Circular**”) dated 6 May 2021 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

Reference is made to the announcement issued by the Company dated 29 March 2021 regarding the formation of joint venture in relation to land in Zhuhai, the PRC. On 29 March 2021, COLI Zhuhai, CC Macau (Guangdong Hengqin) (being an indirect wholly-owned subsidiary of the Company) and the JV Company entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form a joint venture through the JV Company for the purpose of investing into and developing the Zhuhai Project; and (b) regulate their respective rights and obligations in the JV Company. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through COLI Zhuhai) and the Company (through CC Macau (Guangdong Hengqin)), respectively.

As at the Latest Practicable Date, COHL is a controlling shareholder of both COLI and the Company by virtue of it being interested in approximately 56.05% of the issued share capital of COLI and approximately 64.79% of the issued share capital of the Company respectively. Accordingly, each of COLI Zhuhai and the JV Company (both being an indirect wholly-owned subsidiary of COLI) is a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the total capital commitment of the Company for the Transaction exceeds 5% but is less than 25%, the Transaction constitutes (a) a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (b) a connected transaction for the Company and is subject to reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM HONESTUM INTERNATIONAL

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to consider whether (i) the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the terms of the Transactions are fair and reasonable and in the interests of the Company and Shareholders as a whole, and to make recommendations to the Independent Shareholders in respect of the voting on ordinary resolution to be proposed at the EGM. We, Honestum International Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, we have acted as the independent financial adviser to the then independent board committee and the then independent shareholders of the Company, details of which are set out in (i) the circular of the Company dated 20 May 2020 in relation to revision of annual caps and renewal of continuing connected transactions between the Company and COLI and (ii) the circular of the Company dated 17 December 2020 in relation to revision of annual caps and renewal of continuing connected transactions between the Company and China Overseas Grand Oceans Group Limited (the “**COGO**”). Save for the above, as at the Latest Practicable Date, we are independent from and not associated or connected with the Directors, chief executive and substantial shareholders of the Company or COLI or any of their respective subsidiaries or associates. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executive and substantial shareholders of the Company or COLI or any of their respective subsidiaries or associates. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and are eligible to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

BASIS OF OUR OPINION

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

LETTER FROM HONESTUM INTERNATIONAL

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Transaction, we have taken into account the principal factors and reasons as set out below:

(A) Background of and reasons for entering into the Cooperation Agreement

(i) *Background of the Group and the COLI Group*

The Group

The Group is principally engaged in construction business, infrastructure investments and prefabricated constructions and its revenue is mainly derived from the PRC, Hong Kong and Macau.

According to the 2019 annual report of the Company (the “**2019 Annual Report**”), the Group recorded revenue of approximately HK\$61,669.7 million for the year ended 31 December 2019, representing an increase of approximately 10.9% compared with approximately HK\$55,626.3 million for the previous financial year. Gross profit for the year was approximately HK\$9,235.7 million, representing an increase of approximately 6.2% compared to previous financial year. However, gross profit margin for the year decreased slightly by approximately 0.6% against the previous year to approximately 15.0%, primarily due to the decrease in gross profit margin of the reportable segment in Hong Kong and Macau. Profit attributable to owners of the Company was approximately HK\$5,413.2 million, which increased by approximately 20.3% compared with the corresponding figure in previous year and the net profit margin for the year increased slightly by approximately 0.7% against the previous year to approximately 8.8%.

As at 31 December 2019, the non-current assets and the current assets of the Group amounted to approximately HK\$85,924.3 million and HK\$75,499.6 million, representing an increase of approximately 13.3% and 25.3% compared to approximately HK\$75,859.4 million and HK\$60,262.7 million as at 31 December 2018 respectively. The current liabilities of the Group as at 31 December 2019 amounted to approximately HK\$71,105.8 million, representing an increase of approximately 32.6% compared with approximately HK\$53,630.0 million as at 31 December 2018. The non-current liabilities of the Group amounted to approximately HK\$39,410.6 million as at 31 December 2019 and approximately HK\$39,413.9 million as at 31 December 2018, no material fluctuation was noted. As

LETTER FROM HONESTUM INTERNATIONAL

at 31 December 2019, the net current assets and the net assets of the Group amounted to approximately HK\$4,393.9 million and HK\$50,907.6 million, representing a drop of approximately 33.8% and an increase of approximately 18.2% compared with approximately HK\$6,632.7 million and HK\$43,078.3 million as at 31 December 2018 respectively. The bank balances and cash of the Group increased from approximately HK\$17,925.7 million as at 31 December 2018 to approximately HK\$22,623.6 million as at 31 December 2019, representing an increase of approximately 26.2%.

According to the results announcement of the Company (the “**2020 Annual Results Announcement**”), for the year ended 31 December 2020, the Group recorded revenue of approximately HK\$62,458.0 million, representing an increase of approximately 1.3% compared with that of last year. Gross profit for the year ended 31 December 2020 amounted to approximately HK\$9,284.2 million, representing an increase of approximately 0.5% comparing with last year and the overall gross profit margin for the year slightly decreased by approximately 0.1% to approximately 14.9%. Profit attributable to owners of the Company for the year ended 31 December 2020 amounted to approximately HK\$6,015.4 million, representing an increase of approximately 11.1% compared to that of last year and the net profit margin for the year increased by approximately 0.8%, from approximately 8.8% for the year ended 31 December 2019 to approximately 9.6% for the year ended 31 December 2020.

As at 31 December 2020, the non-current assets and the current assets of the Group amounted to approximately HK\$98,804.3 million and HK\$88,007.0 million, representing an increase of approximately 15.0% and 16.6% compared to the corresponding figures as at 31 December 2019 respectively. The current liabilities and the non-current liabilities of the Group as at 31 December 2020 amounted to approximately HK\$79,939.5 million and HK\$48,592.3 million, representing an increase of approximately 12.4% and 23.3% comparing to the corresponding figures as at 31 December 2019 respectively. As at 31 December 2020, the net current assets and the net assets of the Group amounted to approximately HK\$8,067.5 million and HK\$58,279.5 million, representing an increase of approximately 83.6% and 14.5% compared with the corresponding figures as at 31 December 2019 respectively. The bank balances and cash of the Group slightly decreased from approximately HK\$22,623.6 million as at 31 December 2019 to approximately HK\$22,455.4 million as at 31 December 2020, representing a drop of approximately 0.7%.

Set out below is the financial highlights of the Group extracted from the 2019 Annual Report and the 2020 Annual Results Announcement.

	For the year ended 31 December		
	2020	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	62,458,009	61,669,678	55,626,304
Gross profit	9,284,159	9,235,703	8,696,421
Gross profit margin	14.9%	15.0%	15.6%
Profit attributable to owners of the company	6,015,368	5,413,208	4,500,148
Net profit margin	9.6%	8.8%	8.1%

LETTER FROM HONESTUM INTERNATIONAL

	As at 31 December		
	2020	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	98,804,266	85,924,262	75,859,423
Current assets	88,007,041	75,499,641	60,262,668
Current liabilities	79,939,492	71,105,770	53,629,989
Net current assets	8,067,549	4,393,871	6,632,679
Non-current liabilities	48,592,268	39,410,568	39,413,852
Net assets	58,279,547	50,907,565	43,078,250
Bank balances and cash	22,455,362	22,623,621	17,925,708

The COLI Group

The COLI Group is principally engaged in property development and investment, and other operations.

According to the 2019 annual report of COLI, for the year ended 31 December 2019, COLI's revenue was approximately RMB163,651.0 million, gross profit was approximately RMB55,080.1 million and profit attributable to its owners was approximately RMB41,618.3 million, representing the growth rate of approximately 13.6%, 1.2% and 10.3% compared to approximately RMB144,027.3 million, RMB54,434.9 million and RMB37,716.3 million recorded for the year ended 31 December 2018 respectively, upholding its profitability at an industry-leading level, achieving better and faster development.

According to the 2020 annual results announcement of COLI, for the year ended 31 December 2020, COLI's revenue was approximately RMB185,789.5 million, gross profit was approximately RMB55,820.9 million and profit attributable to its owners was approximately RMB43,904.0 million, representing an increase of approximately 13.5%, 1.3% and 5.5% when compared to the year ended 31 December 2019 respectively. The increase in its revenue was mainly attributable to the increase in its revenue from property development business.

As at 31 December 2019, the net current assets of the COLI Group reached approximately RMB302,383.3 million, recorded an increase of approximately 8.8% compared to approximately RMB277,841.1 million as at 31 December 2018; COLI's net assets amounted to approximately RMB289,144.6 million as at 31 December 2019, recorded an increase of approximately 12.7% compared to approximately RMB256,611.9 million as at 31 December 2018. Its bank balances and cash increased from approximately RMB87,885.4 million as at 31 December 2018 to approximately RMB95,447.6 million as at 31 December 2019, representing an increase of approximately 8.6%.

LETTER FROM HONESTUM INTERNATIONAL

As at 31 December 2020, COLI's net current assets reached approximately RMB332,291.0 million, representing an increase of approximately 9.9% compared to corresponding figure as at 31 December 2019; COLI's net assets amounted to approximately RMB328,349.3 million as at 31 December 2020, representing an increase of approximately 13.6% compared to the corresponding figure as at 31 December 2019. COLI's bank balances and cash further increased by approximately 15.7% to approximately RMB110,468.9 million as at 31 December 2020.

Set out below is the financial highlights of the COLI Group extracted from its annual report for the year ended 31 December 2019 and its annual results announcement for the year ended 31 December 2020.

	For the year ended 31 December		
	2020	2019	2018
	<i>RMB\$'000</i>	<i>RMB\$'000</i>	<i>RMB\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	185,789,528	163,650,953	144,027,289
Gross profit	55,820,852	55,080,112	54,434,926
Gross profit margin	30.0%	33.7%	37.8%
Profit attributable to owners of the company	43,903,954	41,618,313	37,716,257
Net profit margin	23.6%	25.4%	26.2%

	As at 31 December		
	2020	2019	2018
	<i>RMB\$'000</i>	<i>RMB\$'000</i>	<i>RMB\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	187,404,193	163,264,226	138,361,635
Current assets	636,253,178	560,631,561	495,586,101
Current liabilities	303,962,200	258,248,215	217,745,008
Net current assets	332,290,978	302,383,346	277,841,093
Non-current liabilities	191,345,851	176,502,947	159,590,874
Net assets	328,349,320	289,144,625	256,611,854
Bank balances and cash	110,468,910	95,447,568	87,885,381

(ii) Background to the formation of joint venture through the JV Company

COLI Zhuhai successfully bid for the Land in November 2020 and signed the Contract for State-Owned Construction Land Use Right Assignment (國有建設用地使用權出讓合同) (the “**Assignment Contract**”) with Zhuhai Bureau of Natural Resources (珠海市自然資源局) for its acquisition of the land use right of the Land at the purchase price of RMB10,476,228,651. Subsequently, the land use right of the Land was transferred from COLI Zhuhai to the JV Company pursuant to the amendment contract to the Assignment Contract (the “**Amended Assignment Contract**”) signed among COLI Zhuhai, Zhuhai Bureau of Natural Resources and the JV Company in December 2020.

LETTER FROM HONESTUM INTERNATIONAL

For the purpose of forming a joint venture through the JV Company to invest into and develop the Zhuhai Project, COLI Zhuhai and CC Macau (Guangdong Hengqin) agreed that, pursuant to the Cooperation Agreement, the registered capital of the JV Company shall be increased from RMB20 million to RMB200 million in the following manner:

- (1) COLI Zhuhai shall pay up and contribute in addition of RMB140 million to the registered capital of the JV Company; and
- (2) CC Macau (Guangdong Hengqin) shall pay up and contribute RMB40 million to the registered capital of the JV Company,

COLI Zhuhai and CC Macau (Guangdong Hengqin) will, through the JV Company, jointly carry out the Zhuhai Project and develop the Land pursuant to the Cooperation Agreement.

(iii) Information about the JV Company, the Land and the Zhuhai Project

The JV Company

The JV Company was established by COLI Zhuhai on 9 December 2020 in the PRC with limited liability with a registered capital of RMB20 million, as a single purpose vehicle to hold the land use rights of the Land and to carry out the Zhuhai Project. As COLI Zhuhai had successfully bid for the Land in November 2020 and the JV Company was established by COLI Zhuhai in December 2020, the JV Company has no material business operations as at the Latest Practicable Date.

The Land

The Land comprises one parcel of land with an aggregate site area of approximately 192,250.40 sq.m. situated at Wanzai Area, Shizimen Central Business District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市十字門中央商務區灣仔片區), and is planned for residential use, commercial use, educational use, neighbourhood centre use and construction of town road. As at the Latest Practicable Date, the Land remains undeveloped.

The Zhuhai Project

The Zhuhai Project will involve the development of the Land and thereafter the sale of the residential and commercial properties developed thereon by the JV Company. The Zhuhai Project will be developed in phases and the construction is expected to commence in the second quarter of 2021. The pre-sale of the first phase of the properties is expected to commence in the third quarter of 2021 and the overall project is expected to be completed in phases and delivered to the relevant purchasers during the period from the third quarter of 2023 to the fourth quarter of 2024.

LETTER FROM HONESTUM INTERNATIONAL

(iv) The reasons for entering into the Transaction

Principal business and expansion strategy of the Group

The Group is principally engaged in construction business, infrastructure investments and prefabricated constructions. For the year ended 31 December 2020, the Group recorded revenue of approximately HK\$62,458.0 million, representing an increase of approximately 1.3% compared with that of last year. During the year, the revenue of the Group's infrastructure investment projects and construction related business in Mainland China was approximately HK\$32,349.7 million, accounting for approximately 51.8% of its total revenue and representing an increase of approximately 1.3% compared with that of last year. Infrastructure investment projects remained the core business and the major contributor of the Group in Mainland China, which included investment and construction of toll road, toll bridge and a variety of housing projects, such as affordable housing, hospital and school.

According to the 2019 Annual Report, central ministries and commissions issued policies to strengthen the supervision over public-private partnership ("PPP") projects, further regulated government purchase of services, and made more detailed restrictions on capital expenditure and repayment sources of local government infrastructure investment. Based on the strategy of balancing between scale of growth, leverage level and cash flow, the Group reduced the proportion of orders for long term projects, strengthened business model innovation and actively acquired infrastructure projects with a shorter cycle, faster turnover and higher return.

As stated in the 2020 Annual Results Announcement, facing the challenges of the pandemic and the complicated economic landscape, the Group continued to adhere to its strategy of balancing between scale of growth and leverage level, while proactively addressed the impact of the pandemic. The Group optimized operating structure and achieved sound business development. The Group will continue to focus on expanding investment projects with faster turnover and high yield rate in Mainland China. The new contracts signed in Mainland China amounted to approximately HK\$65.58 billion for the year. The proportion of projects with long cycle was further reduced, the structure of orders on hand was continuously optimized and the turnover was gradually accelerated.

(v) Benefits of the Transaction

Cooperation with and support from the COLI Group

COLI Zhuhai had successfully bid for the Land and the consideration amounted to approximately RMB10,476.2 million. The Land comprises one parcel of land with an aggregate site area of approximately 192,250.40 sq.m. situated at Wanzai Area, Shizimen Central Business District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市十字門中央商務區灣仔片區), and is planned for residential use, commercial use, educational use, neighbourhood centre use and construction of town road. As at the Latest Practicable Date, the Land remains undeveloped. It is expected that the Zhuhai Project will be developed in phases and the construction is expected to commence in the second quarter of 2021. The pre-sale of the first phase of the properties is expected to commence in the third quarter of 2021 and the overall project is expected to be completed in phases and delivered to the relevant purchasers during the period from the third quarter of 2023 to the fourth quarter of 2024.

LETTER FROM HONESTUM INTERNATIONAL

As stated in the Letter from the Board, the Group has extensive experience in building construction and site formation while the COLI Group has extensive experience in property development. In recent years, the Group has undertaken several large-scale construction-related projects in the Hengqin Free Trade Zone (being the area in which the Zhuhai Project is located) of contract size over RMB3,500 million in aggregate, which involve construction of residential and commercial premises and infrastructure. In addition, the Group and the COLI Group have long-standing cooperation relationships in respect of construction-related projects in Macau and the Zhuhai area. Therefore, in light of the above and given (i) the sizable total Land costs in the amount of approximately RMB10,476 million and (ii) the estimated development timespan of the Zhuhai Project of about 5 years (which is a relatively lengthy period), directors of both the Company and COLI believe that the joint venture arrangement can benefit from the substantial experience of the Group in building construction and site formation and the COLI Group's extensive experience in property development and hence, expediting the development of the Zhuhai Project; and cost effectiveness and quality control in respect of the construction work on the Land can also be achieved, thereby bringing synergy between the Group and the COLI Group which would in turn be beneficial to the development of the Land.

In light of the size of required investment, we consider that the Transaction allow the Group to share capital commitment on the Zhuhai Project with COLI Zhuhai and to leverage on the COLI Group's substantial experience in property development and investment track record and the brand and network of both COLI Zhuhai and the COLI Group. According to COLI's 2019 annual report, the COLI Group, together with its joint ventures and associates (collectively the "**COLI Group Series of Companies**") (excluding COGO) completed 95 property development projects with a total area of approximately 16.34 million sq.m. in 30 cities in Mainland China and in Hong Kong for the year ended 31 December 2019, which included projects in Zhuhai with a total area of approximately 137,000 sq.m.. Revenue from its property development segment for the year ended 31 December 2019 amounted to approximately RMB159.2 billion and the relevant segment profits amounted to approximately RMB52.2 billion. According to COLI's 2020 annual results announcement, the COLI Group Series of Companies (excluding COGO) completed the property development projects with a total area of approximately 17.86 million sq.m. in 28 cities in Mainland China and in Hong Kong for the year ended 31 December 2020, which included projects in Zhuhai with a total area of approximately 379,000 sq.m.. Revenue from its property development segment for the year ended 31 December 2020 amounted to approximately RMB180.8 billion and the relevant segment profits amounted to approximately RMB54.2 billion. Furthermore, the COLI's property development projects maintained their premium gross profit margin, which was over 30% for the years ended 31 December 2019 and 2020.

Taking into consideration that (i) the COLI Group is principally engaged in property development and investment while COLI Zhuhai is an indirect wholly-owned subsidiary of COLI and is principally engaged in property development; (ii) the COLI Group has substantial experience and proven track record in property development in the PRC, including completed projects in Zhuhai; (iii) the COLI Group recorded profitable results for its property development business in the PRC; (iv) the estimated development timespan of the Transaction of approximately 5 years is relatively short comparing to those projects previously undertaken by the Group in Mainland China; and (v) the Group could, via the Transaction, benefit from COLI Zhuhai's local management presence and its property development experience in Zhuhai, it is expected that the formation of the joint venture would

LETTER FROM HONESTUM INTERNATIONAL

enhance the property portfolio of the Group with relatively better managed investment risks. Based on the above, we concur with the view of the Directors that the formation of the joint venture through the JV Company with COLI Zhuhai will provide synergy to the Group and is in the interest of the Group as a whole.

(B) Principal terms of the Cooperation Agreement

Date

29 March 2021

Parties

- (1) COLI Zhuhai;
- (2) CC Macau (Guangdong Hengqin); and
- (3) the JV Company.

As at the Latest Practicable Date, the JV Company has registered capital of RMB20 million and is wholly-owned by COLI Zhuhai, which is in turn wholly-owned by COLI.

Conditions precedent

Completion is conditional on the fulfilment of the below conditions:

- (1) the Company having obtained the approval of the Independent Shareholders at the EGM by way of poll in relation to the Transaction in accordance with the Listing Rules;
- (2) COLI having obtained the approval of the COLI Independent Shareholders at a general meeting of COLI by way of poll in relation to the Transaction in accordance with the Listing Rules (if required);
- (3) each of the Company and COLI having complied with all requirements under the Listing Rules with respect to the Transaction, if any;
- (4) the JV Company having been duly established and being validly existing under the laws of the PRC;
- (5) the JV Company having obtained all the necessary approvals and licences;
- (6) the Cooperation Agreement and other relevant transaction documents having been duly executed;
- (7) the terms of the Cooperation Agreement not being inconsistent with the terms of the Assignment Contract and the Amended Assignment Contract; and

LETTER FROM HONESTUM INTERNATIONAL

- (8) each of COLI Zhuhai and CC Macau (Guangdong Hengqin) having obtained the right, power and authority and taken all actions necessary to execute and deliver the Cooperation Agreement and other relevant transaction documents and perform its obligations thereunder.

As at the Latest Practicable Date, the conditions as set out in the above paragraphs (4), (5), (7) and (8) have been fulfilled and those as set out in the above paragraphs (1), (3) and (6) have not been fulfilled. The condition as set out in the above paragraph (2) is not required to be fulfilled.

Completion

Completion shall take place within seven (7) business days after fulfilment of the conditions precedent set out in the paragraph above (or such other date as may be agreed by COLI Zhuhai and CC Macau (Guangdong Hengqin) in writing).

Upon Completion and completion of filing with the relevant authorities in the PRC in respect thereof (the “**Filing**”), the registered capital of the JV Company will be RMB200 million and owned as to 80% and 20% by COLI Zhuhai and CC Macau (Guangdong Hengqin) respectively, and accordingly, the JV Company will continue to be accounted for as a subsidiary of COLI and its financial results will be consolidated into the COLI Group’s consolidated financial statements.

Advancement of loan to the JV Company

As at the Latest Practicable Date, COLI Zhuhai has advanced to the JV Company and procured the advancement to the JV Company of an aggregate sum by way of loans of RMB5,269,614,325.50 as part payment of the purchase price for the acquisition of the land use right of the Land and working capital of the JV Company (collectively, the “**Inter-company Loan**”).

Within ten (10) business days after completion of the Filing, CC Macau (Guangdong Hengqin) shall settle 20% of the Inter-company Loan (the “**CC Macau (Guangdong Hengqin)’s Loan**”) plus accrued interest (which was set at a rate of 4.35% per annum) and assume, as a result, an amount of shareholder’s loan to the JV Company which is proportionate to CC Macau (Guangdong Hengqin)’s equity interest (i.e. 20%).

From the date of advancement of the CC Macau (Guangdong Hengqin)’s Loan by CC Macau (Guangdong Hengqin), (a) 20% of the Inter-company Loan shall be deemed to have been assigned to CC Macau (Guangdong Hengqin); and (b) the CC Macau (Guangdong Hengqin)’s Loan and the remaining 80% of the Inter-company Loan shall be regarded as shareholder’s loans of the JV Company (collectively, the “**Current Shareholder’s Loans**”) which shall thereafter be subject to interest rate of 4.75% per annum.

As a result, not later than ten (10) business days after completion of the Filing, the JV Company shall become indebted to COLI Zhuhai and CC Macau (Guangdong Hengqin) in the proportion of 80:20, which corresponds to COLI Zhuhai’s and CC Macau (Guangdong Hengqin)’s respective effective interests in the JV Company.

LETTER FROM HONESTUM INTERNATIONAL

Total capital commitment

The total capital commitment to the JV Company for the Zhuhai Project is approximately RMB11,400 million (inclusive of, among other things, (a) the registered capital of the JV Company; (b) the purchase price of the land use right of the Land together with the relevant taxes and interests; and (c) part of the development costs with respect to the Zhuhai Project), which shall be contributed by the COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company as follows:

- (1) COLI Zhuhai : approximately RMB9,120 million
- (2) CC Macau (Guangdong Hengqin) : approximately RMB2,280 million

and to be settled by cash and funded by internal resources of COLI Zhuhai and CC Macau (Guangdong Hengqin), respectively, and/or external financing.

The respective contribution to the total capital commitment to the JV Company for the Zhuhai Project by COLI Zhuhai and CC Macau (Guangdong Hengqin) is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Zhuhai Project and the parties' interests in the JV Company.

The aforesaid total capital commitment will comprise the contributions to the registered capital of the JV Company and shareholder's loans (which comprise the Current Shareholder's Loans) to be provided to the JV Company by COLI Zhuhai and CC Macau (Guangdong Hengqin).

Future funding

The working capital requirements of the JV Company in relation to the development of the Zhuhai Project is expected to be approximately RMB11,200 million and shall be financed by (a) COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company by shareholder's loans (which comprise the Current Shareholder's Loans); and (b) external financing from banks, financial institutions and other third party sources upon the approval of more than two-thirds of the directors of the JV Company.

The shareholder's loans advanced or to be advanced by COLI Zhuhai and CC Macau (Guangdong Hengqin) are subject to the interest rate of 4.75% per annum. The interests accrued on such shareholder's loans are payable on a semi-annually basis. If required, COLI Zhuhai and CC Macau (Guangdong Hengqin) may provide guarantee or other security in proportion to their respective equity interests in the JV Company to guarantee or secure any external financing of the JV Company.

LETTER FROM HONESTUM INTERNATIONAL

Management

The board of directors of the JV Company shall comprise five (5) directors; four (4) of whom shall be appointed by COLI Zhuhai and the remaining one (1) shall be appointed by CC Macau (Guangdong Hengqin). The chairman of the board of directors of the JV Company, who shall also be the legal representative of the JV Company, shall be a director appointed by COLI Zhuhai. The board of directors of the JV Company will govern the overall management and strategic planning of the JV Company.

The JV Company shall have two (2) supervisors and each of COLI Zhuhai and CC Macau (Guangdong Hengqin) shall appoint one (1) supervisor.

The JV Company shall have one (1) general manager and one (1) financial controller which shall be appointed by COLI Zhuhai.

Distributions

Provided that the JV Company has repaid all its indebtedness (including shareholder's loans and other loans due to banks, financial institutions and other third party sources), and the operation of the JV Company and the Zhuhai Project is not adversely affected, the JV Company may make distributions to COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company.

Restrictions on equity transfers and encumbrances

Each of COLI Zhuhai and CC Macau (Guangdong Hengqin) may not transfer or pledge its equity interest in and shareholder's loans advanced to the JV Company to a third party without the prior written consent of the other party, and is liable to the other party for a penalty of RMB10 million if it is in breach of such restriction.

(C) Our review on the major terms of the Cooperation Agreement

(a) Formation of joint venture through the JV Company

Pursuant to the Cooperation Agreement, the purpose of forming a joint venture through the JV Company is only for investing into and developing the Zhuhai Project. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through COLI Zhuhai) and the Company (through CC Macau (Guangdong Hengqin)) respectively. The amount of capital can be shared through the formation of the joint venture in proportion to the respective effective interest in the JV Company of COLI Zhuhai and CC Macau (Guangdong Hengqin), so as to benefit the Company in terms of risk diversification.

According to the announcements of the Company, we noted that the Company had entered into other joint ventures with other entities from time to time and there were nine joint ventures in aggregate as announced by the Company in 2019 and 2020, of which four were in 2019 and five were in 2020 respectively. Such nine joint ventures included three infrastructure investment projects and three property development projects in the PRC and one infrastructure investment project and two

LETTER FROM HONESTUM INTERNATIONAL

property development projects in Hong Kong. We have reviewed the key terms in the formation of such five joint ventures of property development projects in the PRC and Hong Kong, including but not limited to, the board composition, nature of commitment, where profit distribution is proportionately distributed according to the equity distribution of the joint ventures for the purpose of co-developing the property projects, which are generally in line with the terms of the Cooperation Agreement. We are of the view that the formation of the joint venture through the JV Company is a usual course of business for the Company, in particularly to co-invest in property development projects.

Furthermore, the estimated development timespan of the Transaction of approximately five years is relatively short comparing to those projects previously undertaken by the Group in Mainland China, which is in line with the strategy of the Group of shorter project lifecycle. As such, we are of the view that the formation of joint venture through the JV Company is in the ordinary course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(b) Advancement of loan to the JV Company

CC Macau (Guangdong Hengqin) shall settle 20% of the Inter-company Loan plus accrued interest (which was set at a rate of 4.35% per annum). According to the Management, such interest rate is reference to the RMB benchmark interest rate for loan within one year announced by the People's Bank of China.

The shareholder's loans advanced or to be advanced by COLI Zhuhai and CC Macau (Guangdong Hengqin) are subject to the interest rate of 4.75% per annum. The interests accrued on such shareholder's loans are payable on a semi-annually basis. According to the Management, such interest rate is reference to the RMB benchmark interest rate for loan over one year and up to five years announced by the People's Bank of China.

Taking into consideration that (i) the CC Macau (Guangdong Hengqin)'s Loan represented 20% of the advancement of loan to the JV Company which is in proportion to CC Macau (Guangdong Hengqin)'s equity interest (i.e. 20%) in the JV Company; (ii) the interest accrued of 4.35% per annum in relation to CC Macau (Guangdong Hengqin)'s Loan is reference to the appropriate RMB benchmark interest rate; and (iii) the Company is entitled to an interest income with reference to the appropriate RMB benchmark interest rate from the shareholder's loans to be advanced to the JV Company, we are of the view that such terms are fair and reasonable.

(c) Total capital commitment

Given that the capital commitment by the COLI Zhuhai and CC Macau (Guangdong Hengqin) is in proportion to their respective equity interests in the JV Company and is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Zhuhai Project, we are of the view that the terms in relation to share of the total capital commitment are fair and reasonable and on normal commercial terms after arm's length negotiations between the parties.

LETTER FROM HONESTUM INTERNATIONAL

(d) Future funding

The working capital requirements of the JV Company in relation to the development of the Zhuhai Project is expected to be approximately RMB11,200 million and shall be financed by (a) COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company by shareholder's loans (which comprise the Current Shareholder's Loans); and (b) external financing with banks, financial institutions and other third party sources upon the approval of more than two-thirds of the directors of the JV Company. Given that (i) the shareholder's loans shall be financed by COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company; and (ii) COLI Zhuhai and CC Macau (Guangdong Hengqin) may (if required) provide guarantee or other security in proportion to their respective equity interests in the JV Company to guarantee or secure any external financing of the JV Company, we are of the view that the terms in relation to future funding are fair and reasonable.

(e) Management

The board of directors of the JV Company will govern the overall management and strategic planning of the JV Company. As one out of the five directors in the board of directors of the JV Company will be appointed by the Company, the composition of the board of the JV Company is proportionate to the respective equity interests of COLI Zhuhai and CC Macau (Guangdong Hengqin) in the JV Company. As such, we are of the view that the terms of management composition are fair and reasonable.

(f) Distributions

Provided that the JV Company has repaid all its indebtedness (including shareholder's loans and other loans due to banks, financial institutions and other third party sources), and the operation of the JV Company and the Zhuhai Project is not adversely affected, the JV Company may make distributions to COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company. We are of the view that the terms of distributions are fair and reasonable.

(D) Our review on the valuation of the Land

In assessing the fair and reasonableness of the market price of the Land, we consider it is appropriate and necessary to focus our analysis on the independent valuation of the Land, details of which are set out in Appendix I to the Circular.

(a) Legal title of the Land

As advised by the Company, the relevant land use rights certificate has not been obtained as at the date of valuation. According to the legal opinion on the title of the Land (the "**PRC legal opinion**") issued by the Company's PRC legal adviser, D&S Law Firm (the "**PRC legal adviser**") dated 29 March 2021, the land premium has not been fully settled and thus the relevant State-owned Land Use Rights Certificate has not been obtained as at the date of valuation. Upon full settlement of land use rights grant premium in accordance with the State-owned Land Use Right Grant Contract of the Land, the JV Company will have the right to apply for a valid State-owned Land Use Rights Certificate according to the laws of the PRC.

LETTER FROM HONESTUM INTERNATIONAL

As advised by the PRC legal adviser, there is no legal impediment for the JV Company to obtain the relevant land use rights certificate upon full settlement of the land use rights grant premium. Furthermore, as the relevant land use rights certificate has not been obtained and the corresponding mortgage and other rights cannot be registered. Therefore, the Land is not subject to any mortgage or encumbrance currently.

(b) Valuation of the Land

Based on the valuation conducted by the Valuer, the market value of the Land as at 28 February 2021 amounted to RMB10,500 million. According to the valuation report, the Valuer has relied on the PRC legal opinion in the course of the valuation for the Land and the Valuer has prepared the valuation on the basis that the owner has proper title to the Land and has free and uninterrupted rights to use, occupy or assign the Land for the whole of the unexpired terms as granted.

As set out in the valuation report, in arriving at the market value of the Land, the valuation is prepared in accordance with the “HKIS Valuation Standards 2020” published by The Hong Kong Institute of Surveyors (the “HKIS”), the “RICS Valuation, Global Standards 2020” of the Royal Institution of Chartered Surveyors (the “RICS”) Valuation Standards and the “International Valuation Standards 2020” published by the International Valuation Standards Council (the “IVSC”) subject to variation to meet local established law. The Valuer has also complied with all the requirements contained in the Companies Ordinance, Chapter 5, Practice Note 12 of the Listing Rules.

In relation to the valuation in assessing the market value of the Land, we have reviewed and discussed with the Valuer the methodology of, and basis and assumptions adopted for, the valuation of the Land as set out in the independent valuation report as set out in Appendix I to the Circular. Moreover, we have discussed with the engagement team of the Valuer as to their expertise and property valuation experience. Furthermore, the Valuer has confirmed their independence as mentioned in the valuation report.

(c) Valuation methodology

We have reviewed the valuation report and noted that the Valuer has adopted the cost approach in valuating the Land. Cost approach considers the cost of replacing the improvements and fit-out of the Land with ‘today’s’ equivalent. Based on our interview with the Valuer, the Valuer advised that the cost approach is the most appropriate methodology for the valuation of the Land, taking into consideration that (i) the Valuer has carried out inspection of the Land which is in site formation stage as at the date of valuation; (ii) the Land is acquired in the end of November 2020 through formal land grant process and only very marginal preliminary cost incurred as at the date of valuation; and (iii) the residual approach is not considered appropriate for the valuation since the proposed development scheme is not yet finalised and approved as at the date of valuation and would subject to further changes.

LETTER FROM HONESTUM INTERNATIONAL

As advised by the Valuer, the residual approach is another widely practiced valuation methodology for land under development. It is used to appraise the potential profitability of the property after development and involves many assumptions including the input variables used in determining the valuation results. Taking into consideration that (i) the proposed development scheme of the Land has not yet finalised as at the date of valuation and may subject to material changes and (ii) the residual approach involves estimates and future factors which may or may not be realised, the valuation result currently determined under the residual approach may substantially deviate from the actual value of the Land in the future. As such, we concur with the Valuer's view that residual approach is inappropriate for the valuation of the Land taking into account the development stage of the property. Furthermore, as advised by the Valuer, income approach is generally used for income producing investment properties, which is considered not appropriate for valuation of land under development such as the Land.

The Land was initially acquired by COLI Zhuhai in November 2020 from the local government which was subsequently transferred to the JV Company in December 2020 and no secondary market information about the newly acquired land was available. We note that in valuation reports disclosed in at least three recent circulars of listed companies, cost approach is adopted by professional valuers in assessing the value for assets without a known secondary market, which takes into account the fundamental cost to reproduce the assets appraised in accordance with the current market prices of similar assets. As advised by the Company and as stated in the valuation report, the incurred cost as at the valuation date is approximately RMB10,097,000, representing only approximately 0.3% of the total budget construction cost of the property. Moreover, in view that the acquisition of the Land is taken place publicly through formal land grant process recently, the acquisition cost of the Land is considered representing the current market price. Accordingly, we concur with the Valuer that the cost approach is appropriate for the valuation of the Land.

(d) Valuation assumptions

As set out in the valuation report, the Valuer has prepared the valuation on the basis that the owner has proper title to the Land and has free and uninterrupted rights to use, occupy or assign the Land for the whole of the unexpired terms as granted. The valuation has also been made on the assumption that the owner sells the property in the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property. In addition, the Valuer assumed that no allowance has been made for any charges, mortgages, or amounts owing neither on the property nor for any expenses or taxation which may be incurred in effective sale. Unless otherwise stated, it is also assumed that the property was free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values in the valuation report. Furthermore, the valuation is prepared on the basis of 100% interest of the Land and not the shareholdings of the company holding the property interest hereof. In this regard, we note from the Valuer that these assumptions are commonly adopted in the valuation of properties and we also note that similar assumptions are applied in valuation reports disclosed in at least 10 circulars of listed companies in the past six months. Given that the Land is appraised with similar assumptions as other similar properties in the open market, we are of the view that these valuation assumptions are fair and reasonable.

LETTER FROM HONESTUM INTERNATIONAL

(e) Other valuation methods

For cross-reference purpose, an assessment of current market value is also required for the land component of the property. The Valuer has adopted the direct comparison approach in the assessment of the Land. It is based on comparing the Land directly with other comparable properties transacted closed to the date of valuation. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. As advised by the Valuer, the direct comparison approach is commonly used valuation method when sufficient market comparable is available for analysis.

As stated in the valuation report, the Valuer has made reference to various land transactions which has characteristics comparable to the Land. Such land comparables selected are transacted between 2019 to 2021 in Zhuhai with similar characteristics to the Land including location, size, plot ratio and land use right term. The accommodation value of each relevant land transaction is in the range between RMB16,000/sq.m. to RMB25,000/sq.m.. Due adjustments to the unit site value of the land comparables has been made to reflect factors including but not limited to transaction time, location, view, plot ratio, usage and size in arriving the key assumption. In the valuation of the Land, the Valuer has adopted the unit site value of approximately RMB23,300/sq.m., which is consistent with the relevant comparables.

Based on our interview with the Valuer, we understand that information of the land transactions through the formal land grant process are available at the official website of the local government. As confirmed by the Valuer, the land comparables represent an exhaustive list to the best of their knowledge. We have obtained details of the relevant land comparables, reviewed and cross-checked the transaction details of the land comparables at the official website of Zhuhai Bureau of Natural Resources. For cross-checking purpose, we have reviewed the transaction details of land at the official website of Zhuhai Bureau of Natural Resources. Out of the 144 land transactions occurred from January 2019 to March 2021, we concur with the Valuer that three transactions are with similar location, size, plot ratio and usage to the Land and apply such three transactions as comparables in our cross-checking with the valuation of the Land. Based on the sale price, plot ratio and site area as publicly available at the official website, we are able to calculate the accommodation values of the selected comparables which are in the range between RMB16,000/sq.m. to RMB25,000/sq.m.. Based on the Valuer's valuation of the Land of approximately RMB10,500 million and the total proposed maximum plot ratio GFA of 450,000 sq.m., the unit site value of the Land is approximately RMB23,300/sq.m. which is within the range derived from the cross-checking comparables. In addition, we are also given to understand that the Land is located at Shizimen Central Business District which sits adjacent to three major ports namely Hengqin, Gongbei and Wanzai port and facing Macau to the east across a waterway. It is positioned as the first CBD on the west bank of Pearl River. Given the potential prime location of the Land, we concur with the Valuer's view that the unit site value of the Land is consistent with the relevant comparables and the valuation is fair and reasonable.

LETTER FROM HONESTUM INTERNATIONAL

As mentioned above and as advised by the Valuer, income approach and residual approach are also commonly used for property valuation. The residual approach is generally applied for land under development and the income approach is generally used for income producing investment properties. Given that the valuation using both the income approach and the residual approach involves estimation of future economic benefits, the more precise and certain of the development plan and/or the income stream of the property, the better the valuation result could reflect the true value of such property. However, as at the date of valuation, the Land is merely a price of undeveloped land with less than 0.3% of the total budget construction cost incurred, and its development plan and future income stream are yet to be finalised and be approved, and hence, are subject to various uncertainty to a large extent. In view of the uncertainties in respect of the development plan and future income stream, we consider that the valuation of the Land using both the income approach and the residual approach may not be an appropriate reference for cross-checking purpose.

On the basis that (i) the PRC legal adviser is in the opinion that there is no legal impediment for the JV Company to obtain the relevant land use rights certificate upon full settlement of the land premium according to the Assignment Contract in accordance with applicable laws; (ii) the independent valuation of the Land was performed by the Valuer with relevant professional qualification and experience; and (iii) as advised by the Management, the outstanding amount of the land premium will be settled in full on/before 27 July 2021 according to the terms of the Assignment Contract, we concur with the Directors' view that the capital value of the Land is fair and reasonable.

(E) Financial Impact on the Company

(a) Net assets and earnings

Upon formation of the joint venture through the JV Company by way of the aforesaid capital injection and completion of filing with the relevant authorities in the PRC, the registered capital of the JV Company will be owned as to 80% and 20% by COLI Zhuhai and CC Macau (Guangdong Hengqin) respectively, and accordingly, the JV Company will continue to be accounted for as a subsidiary of COLI and its financial results will be consolidated into the COLI Group's consolidated financial statements.

According to the Cooperation Agreement, the total capital commitment to the JV Company for the Zhuhai Project is approximately RMB11,400 million (inclusive of, among other things, (a) the registered capital of the JV Company; (b) the purchase price of the land use right of the Land together with the relevant taxes and interests; and (c) part of the development costs to the Zhuhai Project, which shall be contributed by the COLI Zhuhai and CC Macau (Guangdong Hengqin) in proportion to their respective equity interests in the JV Company. Accordingly, the capital commitment shall be contributed by CC Macau (Guangdong Hengqin) would be approximately RMB2,280 million (equivalent to approximately HK\$2,714.3 million). As stated in the 2020 Annual Results Announcement, as at 31 December 2020, the net current assets and the net assets of the Group amounted to approximately HK\$8,067.5 million and HK\$58,279.5 million respectively, and thus, investment by the Group in the JV Company is not expected to have any significant immediate effect on the net assets of the Group.

LETTER FROM HONESTUM INTERNATIONAL

Since the development of the Zhuhai Project is still in the early stage, it is not expected that significant contributions will be recorded from the JV Company for the Group in the near future. However, after the starting of pre-sale and completion of the development of the Zhuhai Project, it is expected that the JV Company would contribute positively to the Group's future financial performance.

(b) Working capital

As stated in the 2020 Annual Results Announcement, the bank balances and cash and the net current assets of the Group were approximately HK\$22,455.4 million and HK\$8,067.5 million respectively as at 31 December 2020.

We discussed and confirmed with the Management that the Group's proportionate total investment amount in the JV Company is expected to be approximately RMB2,280 million (equivalent to approximately HK\$2,714.3 million), which represents approximately 12.1% of the bank balances and cash of the Group as at 31 December 2020. Taken into account the cash position and available bank facilities of the Group as at 31 December 2020, the Group's share of the total capital commitment in the JV Company is not expected to have significant impact on the working capital of the Group.

RECOMMENDATION

Having taken into account the factors and reasons as stated above and the Company had entered into other joint ventures with other entities from time to time as mentioned above, we consider that the terms of the Transaction are on normal commercial terms and are fair and reasonable, and the Transaction is entered into in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Transaction.

Yours faithfully,

For and on behalf of

Honestum International Limited

Michael Chum

Annette Tsang

Chairman

Executive Director

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

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from CBRE in connection with its valuation as at 28 February 2021 of the Property.

CBRE Limited

28 April 2021

CBRE

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地產代理(公司)牌照號碼
Estate Agent's Licence No: C-004065

China State Construction International Holdings Limited
29/F, China Overseas Building,
139 Hennessy Road,
Wanchai, Hong Kong

Dear Sirs,

In accordance with instruction from **China State Construction International Holdings Limited** (the "Company") for us to carry out a valuation of property interest of a **mixed-use development located at Wanzai Area, Shizimen Central Business District, Zhuhai, Guangdong Province, the People's Republic of China** (the "PRC") (the "Property") held by Zhuhai Hai Yue Real Estate Development Company Limited (珠海市海悅房地產開發有限公司), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 28 February 2021 (the "Date of Valuation").

Valuation Basis, Assumptions and Methodology

Our valuation is prepared in accordance with the "HKIS Valuation Standards 2020" published by The Hong Kong Institute of Surveyors (the "HKIS"), the "RICS Valuation, Global Standards 2020" of the Royal Institution of Chartered Surveyors (the "RICS") Valuation Standards and the "International Valuation Standards 2020" published by the International Valuation Standards Council (the "IVSC") subject to variation to meet local established law. Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards.

Our valuations are made on the basis of market value which is defined by the International Valuation Standards and followed by the HKIS and RICS to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have also complied with all the requirements contained in the Companies Ordinance, Chapter 5, Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property.

No allowance has been made in our valuations for any charges, mortgages, or amounts owing neither on the property nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the property was free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have valued the Property as a single property interest and 100% of the property interest and not the ownership of companies or the shares within each.

Our valuation is current as at the Date of Valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

We have valued the Property by Cost Approach given the Property is in site formation stage and only very marginal cost occurred as at the Date of Valuation, according to the information as provided by the Company and also based on our site visit. We are also advised by the Company that the Development Scheme of the Property has not been finalized and approved yet and is also subject to further changes. Therefore, we do not consider Residual Approach as a proper approach to value the Property as at the Date of Valuation.

Cost Approach

Cost Approach considers the cost of replacing the improvements and fit-out of the Property with ‘today’s’ equivalent. An assessment of current market value is also required for the land component of the Property.

We have adopted the Direct Comparison Approach in the assessment of the land portion of the Property as the subject site is recently acquired in the end of November 2020 through formal land grant process and similar market comparables are also available in the market.

Direct Comparison Approach

Direct Comparison Approach is based on comparing the Property to be valued directly with other comparable properties transacted closed to the date of valuation. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. Physical, location and economical characteristics are important criteria to be analysed when comparing such comparables against the Property.

Source of Information

We have relied on the information given by the Company, in particular, but not limited to title documents, proposed development scheme, area information, construction cost information, construction period and etc.

No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations.

We have taken every reasonable care both during reviewing the information provided to us and in making relevant enquiries. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

We have not been instructed to independently verify the information provided to us. Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/ or the assumptions made. Should it be established subsequently that the details relating to the Property are incorrect or inadequate, we reserve the right to adjust the value reported herein.

In the course of our valuation for the property in the PRC, we have relied on the legal opinion provided by the Company's PRC legal advisor, D&S Law Firm (廣東德賽律師事務所) (the "PRC Legal Opinion"). We have been provided with extracts from relevant documents relating to such property. We have not, however, inspected the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only. Unless otherwise stated, in valuing the Property, we have prepared our valuation on the basis that the owner have proper title to the property and have free and uninterrupted rights to use, occupy or assign the property for the whole of the unexpired terms as granted.

We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Property Inspection

We made inspection of the Property for this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the Property is free of rot, infestation, or any other structural defects. During our inspection, we have not carried our investigations on the site to determine the suitability of the ground conditions and the services for any future development.

We have not carried out site measurements to verify the correctness of the areas of the Property. We have assumed that the areas shown on the documents and official site plan are correct. Our valuation is on the basis that these aspects are satisfactory. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Inspection of the property was carried out on 24 March 2021 by our technical staff Mr. Laurent Li, Senior Valuer. He has 3 years' experience in the valuation of properties in the PRC.

Currency

Unless otherwise stated, all monetary figures stated in this report are in Renminbi ("RMB"), the official currency of the PRC.

We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
CBRE Limited

Rita Wong
MRICS, MHKIS, AAPI RPS(GP)
Executive Director
Head of Valuation & Consulting, Greater China
License No.: No. 1277938

Note:

Ms. Rita Wong, MRICS, MHKIS, AAPI RPS(GP) is a qualified general practice surveyor and has 27 years of valuation experience in the PRC and Hong Kong.

Sunny Han
CFA, MRICS, MCIREA
Director
Valuation & Advisory Services, Eastern China
License No.: No. 6479250

Ms. Sunny Han, CFA, MRICS, MCIREA, for and on behalf of CBRE (Shanghai) Management Limited, is signing as a contributor and local specialist. She is a qualified general practice surveyor and has 15 years of valuation experience in the PRC and Hong Kong. For the avoidance of doubt, CBRE (Shanghai) Management Limited has co-signed this Report purely to confirm its role as contributor.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 28 February 2021
A Mixed-use Development Located at Wanzai Area, Shizimen Central Business District, Zhuhai, Guangdong Province, the People's Republic of China	<p>Zhuhai Property is located at Shizimen Central Business District. Covering an area of 5.77 sq km, Shizimen CBD sits adjacent to three major ports namely Hengqin, Gongbei and Wanzai port, facing Macau to the east across a waterway. It is also positioned as the first CBD on the west bank of Pearl River.</p> <p>The Property interest is held for development. The Property covers a site area of 192,250.40 sq m with a total proposed aboveground GFA of 437,261.44 sq m. It will comprise blocks of super high-rise, high-rise, mid-rise residential units, apartments, ancillary retail and car parking spaces.</p> <p>According to the State-owned Land Use Rights Grant Contract, the Property is held for residential, commercial, education, road, green space use for 70 years, 40 years, 50 years, 50 years and 30 years respectively.</p>	As advised by the Company and per our inspection, the Property is in site formation stage and expected to be completed by the end of 2023.	RMB10,500,000,000 (RENMINBI TEN BILLION FIVE HUNDRED MILLION ONLY)

Notes:

- Pursuant to the provided copies of the State-owned Land Use Right Grant Contract and supplementary agreement issued by Zhuhai Municipal Bureau of Natural Resources, the land use rights with site area of 192,250.40sq m have been granted to Zhuhai Hai Yue Real Estate Development Company Limited (珠海市海悦房地產開發有限公司) with details below:

Contract No.	440401-2020-000048
Issue Date	27 November 2020 for State-owned Land Use Right Grant Contract 21 December 2020 for Supplementary Agreement
Grantee	Zhuhai Hai Yue Real Estate Development Company Limited
Location	To the east of Jinbi Road, to the south of Nanwan Avenue, to the west of Huizhan 4th Road and to the north of Qinglv South Road, Wanzai Area, Shizimen Central Business District
Site Area (sq m)	192,250.40
Permitted Land Use	Residential, commercial, education, road and greenery use
Land Use Right Term	70 years(residential), 40 years(commercial), 50 years(education), 50 years(road) and 30 years (greenery)
Plot Ratio	1.0≤ Plot Ratio ≤2.34

Plot Ratio GFA (sq m)	450,000
Transaction Price (RMB)	RMB10,476,228,651
Construction Period	Start date before 26 December 2021, completion date before 26 December 2024

	Portion	Site Area (sq m)	Proposed Plot Ratio GFA(sq m)
	Plot 1	29,685.56	Retail≥24,580.00, Residential Apartment≤82,288.00, Motorized Vehicles≥246 lots Non-motorized Vehicles≥99 lots
	Plot 2	15,842.17	Retail≥13,307.00, Residential Apartment≤53,230.00, Motorized Vehicles≥134.00 lots Non-motorized Vehicles≥54 lots
	Plot 3	36,847.50	Residential ≤60,608.00, Motorized Vehicles≥607.00 lots Non-motorized Vehicles≥183.00 lots
	Plot 4	25,730.64	Residential ≤41,169.00, Residential Apartment≥61,754.00, Motorized Vehicles≥1,030.00 lots Non-motorized Vehicles≥309.00 lots
Remarks	Plot 5	38,482.96	Residential ≤55,762.00, Residential Apartment≥32,749.00, Motorized Vehicles≥886.00 lots Non-motorized Vehicles≥266.00 lots
	Plot 6	6,082.75	Kindergarten≥6,083.00, Motorized Vehicles≥9.00 lots Non-motorized Vehicles≥54.00 lots
	Plot 7	5,094.94	Neighborhood Center≥ 5,095.00, Motorized Vehicles≥21.00 lots Non-motorized Vehicles≥21.00 lots
	Plot 8	13,374.75	Retail≤13,375.00, Motorized Vehicles≥134.00 lots Non-motorized Vehicles≥41.00 lots
	Plot 9	21,109.13	Road*
	Total	192,250.40	≤ 450,000.00 , (Apartment≤230,021.00, Residential≤157,539.00, Retail≥51,262.00, Kindergarten*≥6,083.00, Neighborhood Center*≥5,095.00)

Remarks:* Construction cost of kindergarten, neighborhood center and road portion will be borne by the developer and will be handed over to the government upon completion.

2. Pursuant to the Construction Land Planning Permit Di Zi di 440402202100001 dated 5 January 2021, Zhuhai Hai Yue Real Estate Development Company Limited has been permitted to use a parcel of land with a site area of approximately 192,250.40 sq m for residential, apartment, retail, kindergarten, neighborhood center and road development with total proposed maximum plot ratio GFA of 450,000.00 sq m.
3. As advised by the Company, the State-owned Land Use Rights Certificate has not been obtained as at the date of valuation. We have assumed that proper title to the Property will be obtained and the Grantee/Company is entitled to occupy, use, develop, lease, mortgage and transfer the Property.
4. According to the preliminary development scheme as provided by the Company, the total aboveground GFA of the Proposed Development is 437,261.44 sq m with details summarized below:

Portion	GFA (sq m)
Super High-rises	17,787.00
High-rises	112,731.35
Mid-rises	44,247.20
Apartment	211,415.89
Retail	51,080.00
Titled CPS	2,333 (lots)
Civil Defense CPS	1,546 (lots)
Total	437,261.44

**Remarks: as advised, the area breakdown above is marginally different from that stipulated in the State-owned Land Use Right Grant Contract and subject to further change.*

5. We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser, D&S Law Firm dated 29 March 2021, which contains, inter alia, the following information:
 - a) Zhuhai Hengqin Administration for Industry and Commerce has issued the business license to Zhuhai Hai Yue Real Estate Development Company on 9 December 2020. The permitted business scope includes real estate development and operation;
 - b) Zhuhai Hai Yue Real Estate Development Company Limited has signed the State-owned Land Use Right Grant Contract of the Property;
 - c) Zhuhai Hai Yue Real Estate Development Company Limited has not fully settled the land premium thus has not obtained the State-owned Land Use Rights Certificate as at the date of valuation. Upon full settlement of land use rights grant premium in accordance with the State-owned Land Use Right Grant Contract of the Property, Zhuhai Hai Yue Real Estate Development Company Limited will have the right to apply for a valid State-owned Land Use Rights Certificate according to the laws of the PRC;
 - d) Zhuhai Hai Yue Real Estate Development Company Limited is not entitled to transfer the Property until obtaining the State-owned Land Use Rights Certificate and investment exceeding 25% of the total budgeted investment;
 - e) The Company, through its subsidiary China Construction Macau (Guangdong Henqin) Development Company Limited (中建澳門(廣東橫琴)發展有限公司), has entered into an agreement on 29 March 2021 with China Overseas (Zhuhai) Company Limited (中海地產(珠海)有限公司) to subscribe to the project company-Zhuhai Hai Yue Real Estate Development Company Limited. The Company holds 20% equity interest in the project company and the profit sharing is in accordance with the equity holding stake.

- f) The State-owned Land Use Rights Certificate has not been obtained and the corresponding mortgage and other rights cannot be registered. Therefore, the Property is not subject to any mortgage or encumbrance currently.
6. As advised by the Company, the Agreement mentioned above in Note 5(d) between China Construction Macau (Guangdong Henqqin) Development Company Limited and China Overseas (Zhuhai) Company Limited is considered as a connected transaction. We have received the soft copy of the Agreement and taken reasonable care in reviewing the document. We have not, however, inspected the original documents to verify ownership or any amendment which did not appear on the copy handed to us. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company.
7. As provided by the Company, the total budget construction cost of the Property is RMB3,668,000,000 (including VAT and excluding professional fee and marketing cost) and the incurred cost as at valuation date is approximately RMB10,097,000.
8. In undertaking our valuation of the Property, we have made reference to the various land transactions which have characteristics comparable to the property. The accommodation value of each relevant land transaction is in the range between RMB16,000/sq m to RMB25,000/sq m. Due adjustments to the unit site value of these transactions have been made to reflect factors including but not limited to transaction time, location, view, plot ratio, usage and size in arriving at the key assumptions. In our valuation, we have adopted the unit site value of about RMB23,300/sq m, which is consistent with the relevant comparables.
9. The Gross Development Value (“GDV”) subject to current development scheme and assumptions is approximately RMB17,900,000,000 assuming completion as at the date of valuation. If the development scheme turns out to be different, we reserve our right to revise the GDV.
10. We have prepared our valuation based on the following assumptions:
- a) The market value of the Property is valued in its existing state and subject to the incurred cost as provided;
 - b) All land premium, costs of resettlement and provision of public utilities have been fully settled;
 - c) The design and construction of the Property will be in compliance with the local planning and building regulations and have been approved by the relevant authorities;
 - d) The Company is in possession of a proper title to the Property and is entitled to occupy, use, develop, lease, mortgage and transfer the Property;
 - e) We have valued the Property on the assumption that it is freely transferable for its existing uses for the whole of the unexpired term of land use right as granted to both local and overseas purchasers without payment of any premium to the relevant authorities;
 - f) Our assessment is provided without regard to mortgage or loans and assumes that a clear and merchantable title is available and that no third party has mortgage priority;
 - g) The valuation is on the basis of 100% interest of the Property and not the shareholdings of the company holding the property interest hereof;
 - h) Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value;
 - i) We have relied to a considerable extent on the information given by the Company, in particular, but not limited to, title documents, proposed development scheme, area information, construction cost information and etc. If this information turns out to be different, we reserve the right to revise the valuation.

RESPONSIBILITY STATEMENT

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

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

As at the Latest Practicable Date:

- (i) Mr. Zhou Hancheng, Mr. Hung Cheung Shew, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See respectively held 2,930,780; 591,584; 1,027,765; 813,569; and 1,027,765 Shares, representing 0.058%; 0.012%; 0.020%; 0.016%; and 0.020% of Shares in issue. All the Shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners;
- (ii) Mr. Yan Jianguo held 2,500,000 share options (including (1) 700,000 share options with an exercise period from 29 June 2020 to 28 June 2024 (both days inclusive) at an exercise price of HK\$25.850 per share and (2) 1,800,000 share options with an exercise period from 24 November 2022 to 23 November 2026 (both days inclusive) at an exercise price of HK\$18.724 per share) of COLI (an associated corporation of the Company), representing 0.023% of shares in issue of COLI. Mr. Hung Cheung Shew held 7,095 shares of COLI, representing 0.000% of shares in issue of COLI. All the share options / shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners;
- (iii) Mr. Zhang Haipeng, Mr. Tian Shuchen and Mr. Hung Cheung Shew respectively held 3,750,000 shares, 10,000,000 shares and 30,000 shares of China State Construction Development Holdings Limited ("CSCD", a non-wholly owned subsidiary of the Company), representing 0.174%, 0.464% and 0.001% of shares in issue of CSCD. All the shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owner;

- (iv) Mr. Hung Cheung Shew held 2,365 shares of China Overseas Property Holdings Limited (“COPHL”, an associated corporation of the Company), representing 0.000% of shares in issue of COPHL. All the shares held by the Director are being personal interest, in long positions and in the capacity of beneficial owner; and

- (v) Mr. Zhang Haipeng, Mr. Tian Shuchen and Mr. Zhou Hancheng respectively held 1,298,000; 570,000; and 1,254,000 shares of CSCECL (an intermediate holding company of the Company), representing 0.003%; 0.001%; and 0.003% of shares in issue of CSCECL. All the shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners. The Company was informed that their CSCECL’s shares were granted by CSCECL under its A-shares Restricted Stock Incentive Plan (Phases II and IV).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had, or was deemed to have, or any interest or short position in the shares, underlying shares and 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); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Yan Jianguo, the chairman and non-executive Director of the Company, is the chairman and executive director of COLI and the chairman and president of COHL, and Mr. Zhang Haipeng, the chief executive officer and executive Director of the Company, is a director of COHL. Operations of such companies are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as these companies are engaged in construction, property development and related businesses. As at the Latest Practicable Date, COHL held 3,264,976,136 Shares, representing approximately 64.79% 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, proposed Directors nor any of their respective close associates had any interest in a business apart from the Group’s business, which competes or is likely to compete, either directly or indirectly, with the Group’s business and would require disclosure under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder.

MATERIAL ADVERSE CHANGE

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 2020, being the date to which the latest published audited accounts of the Company were made up.

SERVICE CONTRACTS

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

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 which is significant in relation to the businesses of the Group;
- (ii) none of the Directors nor proposed Directors had any interest, direct or indirect, in any asset which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Group were made up; and
- (iii) save as disclosed in the paragraph headed “COMPETING INTERESTS” above, so far as was known to the Directors, none of the Directors nor proposed 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.

QUALIFICATIONS AND CONSENTS OF EXPERTS

The following sets out the qualifications of the experts who have given their opinions, letters or advice included in this circular:

Name	Qualification
Honestum International	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
CBRE	an independent property valuer
D&S Law Firm	PRC legal adviser

The letter from each of Honestum International, CBRE and D&S Law Firm is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, each of Honestum International, CBRE and D&S Law Firm 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, each of Honestum International, CBRE and D&S Law Firm had no interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Group were made up.

Each of Honestum International, CBRE and D&S Law Firm 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.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours 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 9 June 2021 (except Saturdays and Sundays):-

- (i) the Cooperation Agreement;
- (ii) the Assignment Contract;
- (iii) the Amended Assignment Contract;
- (iv) 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;
- (v) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “LETTER FROM HONESTUM INTERNATIONAL” of this circular;
- (vi) the valuation report dated 28 April 2021 from CBRE, the text of which is set out in Appendix I; and
- (vii) the letters of consent from the experts referred to under the section headed “Qualifications and Consents of Experts” in this appendix.

GENERAL

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

NOTICE OF THE EGM



中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3311)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of the shareholders of China State Construction International Holdings Limited (the “**Company**”) will be held on Wednesday, 9 June 2021 at 3:45 p.m. (or so soon after the conclusion or adjournment of the annual general meeting of the Company to be convened at 3:00 p.m. on the same date) for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (A) the Cooperation Agreement (as defined in the circular of the Company dated 6 May 2021 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; and
- (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company or such other person, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Cooperation 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, 6 May 2021

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

NOTICE OF THE EGM

Head office and principal place of business in Hong Kong:

28th Floor, China Overseas Building

139 Hennessy Road

Wanchai,

Hong Kong

Notes:

- (1) A form of proxy for use at the Meeting is enclosed herewith.
- (2) All registered shareholders will be able to join the Meeting via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer. All non-registered shareholders may consult directly with their banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (as the case may be) for necessary arrangement to attend and vote via the e-Meeting System at the Meeting if they wish.
- (3) A registered shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote via the e-Meeting System instead of him/her. A proxy need not be a member of the Company.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (5) In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the 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.
- (6) In the case of joint holders of any share(s), only ONE PAIR of log-in username and password for the e-Meeting System will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such share(s) as if he/she/it was solely entitled thereto.
- (7) Completion and return of the form of proxy will not preclude members from attending and voting via the e-Meeting System at the Meeting or at any adjourned meeting thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (8) The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote via the e-Meeting System at the Meeting from Friday, 4 June 2021 to Wednesday, 9 June 2021, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend and vote via the e-Meeting System at the Meeting, 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 Thursday, 3 June 2021.
- (9) As at the date of this notice, the Board 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.