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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)

**(1) CONNECTED AND DISCLOSEABLE TRANSACTION
ACQUISITION OF VALUE IDEA INVESTMENTS LIMITED
AND
(2) CONNECTED AND DISCLOSEABLE TRANSACTION
ACQUISITION OF FULLER SKY ENTERPRISES LIMITED
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



**光大控股
EVERBRIGHT**

China Everbright Capital Limited

A letter from the Board is set out on pages 4 to 13 of this circular and a letter from the Independent Board Committee is set out on pages 14 and 15 of this circular. A letter from China Everbright, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

A notice convening the EGM to be held at 30th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Friday, 28 November 2008 at 11:00 a.m. is set out on pages 37 to 39 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

27 October 2008

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DEFINITIONS

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

“associate(s)”, “connected person(s)”, “subsidiary(ies)”, “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CBRE”	CB Richard Ellis Limited;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company and COLI;
“COLI”	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange (stock code: 688);
“Company”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (stock code: 3311);
“CORB”	China Overseas Road & Bridge Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of COLI;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the Value Idea Agreement, the Fuller Sky Agreement and the transactions contemplated thereunder;
“Ever Power”	Ever Power Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Enlarged Group”	the Group after completion of the Fuller Sky Acquisition and the Value Idea Acquisition;
“Fuller Sky”	Fuller Sky Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Massive Information;
“Fuller Sky Acquisition”	the acquisition of 100% of the issued share capital of Fuller Sky and the Fuller Sky Loan contemplated under the Fuller Sky Agreement;

DEFINITIONS

“Fuller Sky Agreement”	the agreement entered into by Massive Information and Ever Power on 6 October 2008 in relation to the sale and purchase of 100% of the issued share capital of Fuller Sky and the assignment of the Fuller Sky Loan;
“Fuller Sky Loan”	the unsecured and non-interest bearing loan repayable on demand owing by Fuller Sky to Massive Information as at completion of the Fuller Sky Agreement;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, consisting of Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Mr. Raymond Leung Hai Ming and Mr. Lee Shing See, all being independent non-executive Directors;
“Independent Financial Adviser” or “China Everbright”	China Everbright Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Value Idea Agreement and the Fuller Sky Agreement and a licensed corporation for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO;
“Independent Shareholder(s)”	Shareholder(s) other than COHL and its associates;
“Latest Practicable Date”	24 October 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Massive Information”	Massive Information Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of COHL;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) in the ordinary share capital of the Company;

DEFINITIONS

“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Value Idea”	Value Idea Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CORB;
“Value Idea Acquisition”	the acquisition of 100% of the issued share capital of Value Idea and the Value Idea Loan contemplated under the Value Idea Agreement;
“Value Idea Agreement”	the agreement entered into by CORB and Ever Power on 6 October 2008 in relation to the sale and purchase of 100% of the issued share capital of Value Idea and the assignment of the Value Idea Loan;
“Value Idea Loan”	the unsecured and non-interest bearing loan repayable on demand owing by Value Idea to CORB as at completion of the Value Idea Agreement; and
“%”	per cent.

Unless otherwise specified in this circular and for the purpose of illustration only, RMB is translated to HK\$ at the rate of HK\$1.00 = RMB\$0.88. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

LETTER FROM THE BOARD



中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3311)

Non-executive Director:

Mr. Kong Qingping (*Chairman*)

Executive Directors:

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

Mr. Yip Chung Nam

Mr. Fu He

Mr. Zhou Hancheng

Mr. Cheong Chit Sun

Independent Non-executive Directors:

Dr. Raymond Ho Chung Tai

Mr. Adrian David Li Man Kiu

Mr. Raymond Leung Hai Ming

Mr. Lee Shing See

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

28th Floor

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

27 October 2008

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED AND DISCLOSEABLE TRANSACTION
ACQUISITION OF VALUE IDEA INVESTMENTS LIMITED
AND**

**(2) CONNECTED AND DISCLOSEABLE TRANSACTION
ACQUISITION OF FULLER SKY ENTERPRISES LIMITED
AND**

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 6 October 2008 in respect of the following matters:

- (1) Ever Power, an indirect wholly-owned subsidiary of the Company, entered into the Value Idea Agreement on 6 October 2008 with CORB, an indirect wholly-owned subsidiary of COLI, whereby Ever Power shall acquire the entire interest in Value Idea, being 100% of the issued share capital of Value Idea and the Value Idea Loan in the amount of HK\$111,447,904 for a cash consideration of HK\$220 million.

LETTER FROM THE BOARD

- (2) Ever Power, an indirect wholly-owned subsidiary of the Company, entered into the Fuller Sky Agreement on 6 October 2008 with Massive Information, an indirect wholly-owned subsidiary of COHL, whereby Ever Power shall acquire the entire interest in Fuller Sky, being 100% of the issued share capital of Fuller Sky and the Fuller Sky Loan in the amount of HK\$191,226,376 for a cash consideration of HK\$235 million.

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

- the particulars of (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder;
- the letter from the Independent Board Committee with their view on (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder;
- the letter from China Everbright with their advice on (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders;

as well as to seek the approval of the Independent Shareholders in respect of the entering into of (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder.

(1) CONNECTED AND DISCLOSEABLE TRANSACTION IN RELATION TO THE VALUE IDEA ACQUISITION

Value Idea Agreement

Date:

6 October 2008

Parties:

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

COLI is principally engaged in investment holding, property investment and provision of management services to its subsidiaries.

LETTER FROM THE BOARD

Subject:

Value Idea, through its subsidiary, is principally engaged in the operation of 南昌大橋 (Nan Chang Bridge*) located at Nan Chang city in Jiangxi province of the PRC.

The Nan Chang Bridge is approximately 4.2 km in length. Value Idea has 55.24% interest in a PRC joint venture which owns the management and toll-collection rights for the Nan Chang Bridge up to 30 June 2025 (the “**Nan Chang Bridge PRC JV**”) whereby Value Idea is entitled to share the distributable revenues from the operation of the Nan Chang Bridge up to 31 December 2022. The remaining 44.76% interest in the Nan Chang Bridge PRC JV is owned by 南昌市南昌大橋有限責任公司 (Nan Chang City Nan Chang Bridge Company Limited*). Under the terms of the Nan Chang Bridge PRC JV, if there is substantial policy changes in the PRC relating to tolls for bridges, or if the monthly income received by the Nan Chang Bridge PRC JV is below the pre-determined level of distributable revenues that Value Idea is entitled to under the contract for the Nan Chang Bridge PRC JV, then Value Idea will have the right to require its joint venture partner to purchase Value Idea’s equity rights in the Nan Chang Bridge PRC JV at the carrying value of Value Idea’s investment in the Nan Chang Bridge PRC JV. Such carrying value represents the sum of pre-determined distributable revenues, which will be discounted at an annual discount rate of 12%, to be entitled by the Group after the exercise of such right by Value Idea.

Ever Power will acquire the entire interest in Value Idea, being 100% of the issued share capital of Value Idea and the Value Idea Loan in the amount of HK\$111,447,904.

The unaudited consolidated net asset value of Value Idea as at 30 June 2008 was approximately HK\$99.2 million. The unaudited consolidated profits before and after taxation and extraordinary items of Value Idea for the year ended 31 December 2006 were HK\$25.4 million and HK\$25.4 million respectively. The unaudited consolidated profits before and after taxation and extraordinary items of Value Idea for the year ended 31 December 2007 were HK\$11.9 million and HK\$11.9 million respectively.

The original investment amount of CORB in respect of the entire interest in Value Idea, being 100% of the issued share capital of Value Idea and the Value Idea Loan, was HK\$312.6 million.

According to CBRE, an independent valuer appointed by the Company, the fair value of Value Idea’s equity interest in the PRC joint venture for the Nan Chang Bridge as at 22 October 2008 was approximately RMB224.3 million (approximately HK\$254.9 million). Such valuation was based on the market approach with reference to the guideline companies which are comparable to the subject asset in order to make a comparison of value.

Consideration:

Ever Power shall pay to CORB a consideration in the amount of HK\$220 million in cash on completion of the Value Idea Agreement.

* for identification purposes only

LETTER FROM THE BOARD

The said consideration will be financed by the Company from its internal resources. It was determined based on arm's length negotiation between the parties with reference to the pre-determined level of distributable revenues that Value Idea is entitled to under the contract for the Nan Chang Bridge PRC JV for the remaining concession period and the amount of the Value Idea Loan on a dollar for dollar basis.

Conditions:

Completion of the Value Idea Agreement is conditional on, among other things:

- (i) the Independent Shareholders approving the Value Idea Agreement and the transactions contemplated thereunder; and
- (ii) all governmental, regulatory and third party approvals and permissions required for the transactions contemplated under the Value Idea Agreement being obtained.

Completion:

Completion of the Value Idea Agreement will take place within fourteen (14) days upon the fulfillment or waiver of all conditions, or such later date as agreed by the parties. If any of the conditions has not been satisfied (or waived) on or before 31 December 2008 or such other later date as may be agreed by the parties, the Value Idea Agreement will be immediately terminated.

Reasons for and benefits of the Value Idea Acquisition

Given the acceleration of urbanisation in the PRC, the Directors believe that the infrastructure investment in the PRC will grow rapidly in the future and the Value Idea Acquisition will enhance the Group's infrastructure investment portfolio and generate stable long term income to the Company.

Effect on the earnings and assets and liabilities of the Company in relation to the Value Idea Acquisition

The Board does not expect any material impact on the Group's earnings following completion of the Value Idea Acquisition, but anticipates that the Value Idea Acquisition can generate a stable long term income for the Group.

Upon completion of the Value Idea Acquisition, there will be no material impact on the total assets and total liabilities of the Group.

CORB has been adopting accelerated depreciation method to calculate the depreciation expenses of Value Idea. Under the Company's accounting policy, straight-line depreciation will be adopted to calculate the depreciation expenses of Value Idea after the completion of the Value Idea Acquisition. Accordingly, assuming the Value Idea Acquisition were completed on 1 January 2006, the unaudited consolidated profit after taxation of Value Idea for the two years ended 31 December 2006 and 2007 would be HK\$37,000,000 and HK\$27,200,000, respectively.

LETTER FROM THE BOARD

According to the terms of the Nan Chang Bridge PRC JV, the Group's attributable distributable revenues from Nan Chang Bridge for the following five years will be as follows:

Year	Distributable revenues attributable to the Group (RMB'000)
2008	17,850
2009	35,420
2010	35,310
2011	38,160
2012	41,310

Listing Rules implications

COHL is interested in approximately 51.67% of the issued share capital of COLI and approximately 62.89% of the issued share capital of the Company, and Ever Power is an indirect wholly-owned subsidiary of the Company. Accordingly, COHL, COLI and CORB (being an indirect wholly-owned subsidiary of COLI) are connected persons of the Company, and the Value Idea Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the Value Idea Agreement exceed 2.5% but are less than 25%, the Value Idea Acquisition constitutes a connected and discloseable transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements. Voting at the EGM will be conducted by poll and in view of the interest of COHL and its associates in the Value Idea Acquisition, COHL and its associates will abstain from voting at the EGM.

(2) CONNECTED AND DISCLOSEABLE TRANSACTION IN RELATION TO THE FULLER SKY ACQUISITION

Fuller Sky Agreement

Date:

6 October 2008

Parties:

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

LETTER FROM THE BOARD

COHL is principally engaged in investment holding and is the immediate holding company of the Company. Massive Information is an investment holding company.

Subject:

Fuller Sky, through its subsidiary, is principally engaged in the operation of the 南昌中海新八一大橋 (Nan Chang Zhong Hai Xin Ba Yi Bridge*) located at Nan Chang city in Jiangxi province of the PRC.

The Nan Chang Zhong Hai Xin Ba Yi Bridge is approximately 6.6 km in length. Fuller Sky has 55.24% interest in a PRC joint venture which owns the management and toll-collection rights for the Nan Chang Zhong Hai Xin Ba Yi Bridge up to 30 June 2025 (the “**Xin Ba Yi Bridge PRC JV**”) whereby Fuller Sky is entitled to share the distributable revenues from the operation of the Nan Chang Zhong Hai Xin Ba Yi Bridge up to 30 June 2025. The remaining 44.76% interest in the Xin Ba Yi Bridge PRC JV is owned by 南昌市南昌大橋有限責任公司 (Nan Chang City Nan Chang Bridge Company Limited*). Under the terms of the Xin Ba Yi Bridge PRC JV, if there is substantial policy changes in the PRC relating to tolls for bridges, or if the monthly income received by the Xin Ba Yi Bridge PRC JV is below the pre-determined level of distributable revenues that Fuller Sky is entitled to under the contract for the Xin Ba Yi Bridge PRC JV, then Fuller Sky will have the right to require its joint venture partner to purchase Fuller Sky’s equity rights in the Xin Ba Yi Bridge PRC JV at the carrying value of Fuller Sky’s investment in the Xin Ba Yi Bridge PRC JV. Such carrying value represents the sum of pre-determined distributable revenues, which will be discounted at an annual discount rate of 12%, to be entitled by the Group after the exercise of such right by Fuller Sky.

Ever Power will acquire the entire interest in Fuller Sky, being 100% of the issued share capital of Fuller Sky and the Fuller Sky Loan in the amount of HK\$191,226,376.

The unaudited consolidated net asset value of Fuller Sky as at 30 June 2008 was approximately HK\$49.7 million. The unaudited consolidated profits before and after taxation and extraordinary items of Fuller Sky for the year ended 31 December 2006 were HK\$16.0 million and HK\$16.0 million respectively. The unaudited consolidated profits before and after taxation and extraordinary items of Fuller Sky for the year ended 31 December 2007 were HK\$15.8 million and HK\$15.8 million respectively.

The original investment amount of Massive Information in respect of the entire interest in Fuller Sky, being 100% of the issued share capital of Fuller Sky and the Fuller Sky Loan, was approximately HK\$233.2 million.

According to CBRE, an independent valuer appointed by the Company, the fair value of Fuller Sky’s equity interest in the PRC joint venture for the Nan Chang Zhong Hai Xin Ba Yi Bridge as at 22 October 2008 was approximately RMB211.7 million (approximately HK\$240.6 million). Such valuation was based on the market approach with reference to the guideline companies which are comparable to the subject asset in order to make a comparison of value.

* for identification purposes only

LETTER FROM THE BOARD

Consideration:

Ever Power shall pay to Massive Information a consideration in the amount of HK\$235 million in cash on completion of the Fuller Sky Agreement.

The said consideration will be financed by the Company from its internal resources. It was determined based on arm's length negotiation between the parties with reference to the pre-determined level of distributable revenues that Fuller Sky is entitled to under the contract for the Xin Ba Yi Bridge PRC JV for the remaining concession period and the amount of the Fuller Sky Loan on a dollar for dollar basis.

Conditions:

Completion of the Fuller Sky Agreement is conditional on, among other things:

- (i) the Independent Shareholders approving the Fuller Sky Agreement and the transactions contemplated thereunder; and
- (ii) all governmental, regulatory and third party approvals and permissions required for the transactions contemplated under the Fuller Sky Agreement being obtained.

Completion:

Completion of the Fuller Sky Agreement will take place within fourteen (14) days upon the fulfilment or waiver of all conditions, or such later date as agreed by the parties. If any of the conditions has not been satisfied (or waived) on or before 31 December 2008 or such other later date as may be agreed by the parties, the Fuller Sky Agreement will be immediately terminated.

Reasons for and benefits of the Fuller Sky Acquisition

Given the acceleration of urbanisation in the PRC, the Directors believe that the infrastructure investment in the PRC will grow rapidly in the future and the Fuller Sky Acquisition will enhance the Group's infrastructure investment portfolio and generate stable long term income to the Company.

Effect on the earnings and assets and liabilities of the Company in relation to the Fuller Sky Acquisition

The Board does not expect any material impact on the Group's earnings following completion of the Fuller Sky Acquisition, but anticipates that the Fuller Sky Acquisition can generate a stable long term income for the Group.

Upon completion of the Fuller Sky Acquisition, there is no material impact on the total assets and total liabilities of the Group.

LETTER FROM THE BOARD

Massive Information has been adopting accelerated depreciation method to calculate the depreciation expenses of Fuller Sky. Under the Company's accounting policy, straight-line depreciation will be adopted to calculate the depreciation expenses of Fuller Sky after the completion of the Fuller Sky Acquisition. Accordingly, assuming the Fuller Sky Acquisition were completed on 1 January 2006, the unaudited consolidated profit after taxation of Fuller Sky for the years ended 31 December 2006 and 2007 would be HK\$22,100,000 and HK\$23,300,000, respectively.

According to the Xin Ba Yi Bridge PRC JV, the Group's attributable distributable revenues from Nan Chang Zhong Hai Xin Ba Yi Bridge for the following five years will be as follows:

Year	Distributable revenues attributable to the Group (RMB'000)
2008	17,345
2009	33,120
2010	31,470
2011	29,910
2012	28,430

Listing Rules implications

COHL is interested in approximately 62.89% of the issued share capital of the Company and Massive Information is an indirect wholly-owned subsidiary of COHL. Accordingly, COHL and Massive Information are connected persons of the Company, and the Fuller Sky Acquisition constitutes a connected transaction for the company under Chapter 14A of the Listing Rules. As the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rule calculated with reference to the Fuller Sky Agreement exceed 2.5% but are less than 25%, the Fuller Sky Acquisition constitutes a connected and discloseable transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements. Voting at the EGM will be conducted by poll and in view of the interest of COHL and its associates in the Fuller Sky Acquisition, COHL and its associates will abstain from voting at the EGM.

GENERAL

The Group is principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business and Ever Power is an investment holding company.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

Set out on pages 37 to 39 of this circular is a notice convening the EGM to be held at 30th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Friday, 28 November 2008 at 11:00 a.m. at which all ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder.

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

The procedures for voting by poll by the Shareholders are set out in Appendix II to this circular.

RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 14 and 15 in this circular which contains its recommendation to the Independent Shareholders in relation to (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 16 to 28 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder.

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 Value Idea Agreement and the Fuller Sky Agreement have been entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of all the ordinary resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

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
Kong Qingping
Chairman and Non-executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



中國建築國際集團有限公司
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3311)

27 October 2008

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONNECTED AND DISCLOSEABLE TRANSACTION
ACQUISITION OF VALUE IDEA INVESTMENTS LIMITED
AND
(2) CONNECTED AND DISCLOSEABLE TRANSACTION
ACQUISITION OF FULLER SKY ENTERPRISES LIMITED
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 27 October 2008 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. China Everbright has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 13 of this Circular and the text of a letter of advice from China Everbright, as set out on pages 16 to 28 of this Circular, both of which provide details of (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder.

Having considered (i) the Value Idea Agreement and the transactions contemplated thereunder, (ii) the Fuller Sky Agreement and the transactions contemplated thereunder, (iii) the advice of China Everbright and (iv) the relevant information contained in the letter from the Board, we are of the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

opinion that (i) the Value Idea Agreement and the transactions contemplated thereunder, and (ii) the Fuller Sky Agreement and the transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable and it is in the interests of the Company and the Shareholders as a whole.

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

Yours faithfully,
For and on behalf of

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

Raymond Ho Chung Tai
Independent Non-executive Director

Adrian David Li Man Kiu
Independent Non-executive Director

Raymond Leung Hai Ming
Independent Non-executive Director

Lee Shing See
Independent Non-executive Director

LETTER FROM CHINA EVERBRIGHT

The following is the text of the “Letter from China Everbright” to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



27 October 2008

To the Independent Board Committee and the Independent Shareholders:

Dear Sir or Madam,

CONNECTED AND DISCLOSEABLE TRANSACTION ACQUISITION OF FULLER SKY AND VALUE IDEA

We have been appointed as an independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the (i) proposed acquisition (the “**Fuller Sky Acquisition**”) of entire equity interest in Fuller Sky from Massive Information and the loan repayable on demand owing by Fuller Sky to Massive Information at a consideration of HK\$235 million; and (ii) proposed acquisition (the “**Value Idea Acquisition**”) of entire equity interest in Value Idea from CORB and the loan repayable on demand owing by Value Idea to CORB at a consideration of HK\$220 million are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. The details of the Fuller Sky Acquisition and Value Idea Acquisition (collectively, the “**Acquisitions**”) are set out in the Letter from the Board (the “**Letter from the Board**”) in the circular to the Shareholders dated 27 October 2008 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Acquisitions constitute discloseable transactions for the Company under the Listing Rules. As (i) Massive Information is an indirect wholly-owned subsidiary of COHL, the controlling shareholder of the Company; and (ii) CORB is an indirect wholly-owned subsidiary of COLI, which is a non-wholly owned subsidiary of COHL, Massive Information and CORB are connected persons to the Company. The Acquisitions therefore also constitute connected transactions of the Company. As a result, the Acquisitions are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information, opinions and representations provided to us by the Directors and management (the “**Management**”) of the Company. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and all information, opinions and representations which have been provided by the Directors and the Management for which they are solely responsible are, to the best of their knowledge, true and accurate at the time they were made and continue to be so on the date of this letter.

LETTER FROM CHINA EVERBRIGHT

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby China Everbright will receive any benefits from the Company, COLI, COHL or any of their respective associates. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and the representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group, Fuller Sky and Value Idea.

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our view on the Acquisitions, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

1. Background of and reasons for the Acquisitions

(a) *The business of the Group*

The Group is principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business. As disclosed in the 2008 interim report of the Group (the “**2008 Interim Report**”), the Group had a total of 87 projects in progress, with a total attributable contract value of HK\$38.01 billion, as at 30 June 2008.

Although the Group will continue to pursue construction business as its core business, the Directors are conscious of the fact that the construction business is a competitive and cyclical business. Accordingly, the Board considers it to be prudent to look into ways to reduce the Group’s susceptibility to the cyclical movements of the construction industry, which in a down turn, would typically hampers the margin of its core business.

To accelerate the realization of strategic transformation from construction-oriented business to the combination of construction and investment business, the Group acquired equity interest in Shenyang Huanggu Thermal Power Co. Ltd. in the end of 2007. Through its investment in Shenyang Huanggu Thermal Power Co. Ltd., the Group expanded its business to produce and supply heat, electricity and steam and provide installing service for heat distribution network in Shenyang, the capital city of the Liaoning province, PRC.

LETTER FROM CHINA EVERBRIGHT

Set out below are the breakdown of the Company's revenue by business segments in 2006, 2007 and first half of 2008, extracted from the 2007 annual report and the 2008 Interim Report of the Company:

	2006		2007		2008 (Jan-Jun)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Revenue from construction contracts	10,634,356	95.85	9,393,364	92.38	4,908,304	90.77
Project management service income	84,631	0.76	345,708	3.40	291,409	5.39
Revenue from supply of heat and electricity and connection services	230,594	2.08	302,422	2.97	148,796	2.75
Sales of precast structures and building materials	110,507	1.00	97,788	0.96	40,482	0.75
Other income	34,458	0.31	29,039	0.29	18,521	0.34
Total	<u>11,094,546</u>	<u>100</u>	<u>10,168,321</u>	<u>100</u>	<u>5,407,512</u>	<u>100</u>

As illustrated above, the revenue from construction contracts was the major source of the Group's revenue during the two years ended 31 December 2007 and the first half of 2008, however, the percentage of revenue from construction contracts over the Group's total revenue decreased from approximately 95.85% in 2006 to approximately 90.77% during the first half of 2008 as a result of the Group's effort in transforming its business from construction-oriented business to the combination of construction and investment business. As advised by the Management, it will continue to seek for suitable investment opportunities to enhance the Group's long-term profitability and to mitigate the risks inherent in the construction industry in general.

(b) *The history and background of Fuller Sky and Value Idea*

Fuller Sky

Fuller Sky is an investment holding company incorporated in the British Virgin Islands. As at the Latest Practicable Date, Fuller Sky was a wholly-owned subsidiary of Massive Information.

On 19 December 2005, Massive Information entered into a JV agreement (the "**JV Agreement 1**"), as amended by a supplemental agreement dated 28 December 2005, with 南昌市南昌大橋有限責任公司 (Nan Chang City Nan Chang Bridge Company Limited*) (the "**JV Partner**"), pursuant to which Massive Information and JV Partner jointly established 南昌中海新八一大橋有限公司 (Nan Chang Zhong Hai Xin Ba Yi Bridge Limited*) (the "**JV Company 1**") which owns the management and toll-collection rights for 南昌中海新八一大橋 (Nan Chang Zhong Hai Xin Ba Yi Bridge*) ("**Xin Ba Yi Bridge**") located at Nan Chang city in Jiangxi province of the PRC up to 30 June 2025.

* for identification purposes only

LETTER FROM CHINA EVERBRIGHT

In October 2006, Massive Information transferred its rights and obligations under the JV Agreement 1 to Fuller Sky, an investment holding company wholly-owned by Massive Information.

As at the Latest Practicable Date, the JV Company 1 was owned as to 55.24% by Fuller Sky and as to 44.76% by the JV Partner.

The unaudited consolidated net asset value of Fuller Sky as at 30 June 2008 was approximately HK\$49.7 million. The unaudited consolidated profits before and after taxation and extraordinary items of Fuller Sky for the year ended 31 December 2006 were HK\$16.0 million and HK\$16.0 million respectively. The unaudited consolidated profits before and after taxation and extraordinary items of Fuller Sky for the year ended 31 December 2007 were HK\$15.8 million and HK\$15.8 million respectively.

Value Idea

Value Idea is an investment holding company incorporated in the British Virgin Islands. As at the Latest Practicable Date, Value Idea was a wholly-owned subsidiary of CORB.

On 18 March 2003, Value Idea entered into a JV agreement (the “**JV Agreement 2**”), as amended by a supplemental agreement dated 10 February 2004, with the JV Partner, pursuant to which Value Idea and JV Partner jointly established 南昌中海基礎建設有限公司 (Nan Chang Zhong Hai Infrastructure Limited*) (the “**JV Company 2**”) which owns the management and toll-collection rights for 南昌大橋 (Nan Chang Bridge*) (“**Nan Chang Bridge**”) located at Nan Chang city in Jiangxi province of the PRC up to 30 June 2025.

As at the Latest Practicable Date, the JV Company 2 was owned as to 55.24% by Value Idea and as to 44.76% by JV Partner.

The unaudited consolidated net asset value of Value Idea as at 30 June 2008 was approximately HK\$99.2 million. The unaudited consolidated profits before and after taxation and extraordinary items of Value Idea for the year ended 31 December 2006 were HK\$25.4 million and HK\$25.4 million respectively. The unaudited consolidated profits before and after taxation and extraordinary items of Value Idea for the year ended 31 December 2007 were HK\$11.9 million and HK\$11.9 million respectively.

As stated in the Letter from the Board, the Directors believe that the infrastructure investment in the PRC will grow rapidly in the future and the Acquisitions will enhance the Group’s infrastructure investment portfolio and generate stable long term income to the Company.

* *for identification purposes only*

LETTER FROM CHINA EVERBRIGHT

Having regard to (i) the Acquisitions are another steps of the Board to transform its business from construction-oriented business to the combination of construction and investment business; (ii) the business nature and proven profitable track record of Fuller Sky and Value Idea; and (iii) the investment return from the JV Company 1 and the JV Company 2 (collectively, the “**JV Companies**”) are protected by the equity transfer provisions of the JV Agreements (please refer to the below section for the details of the principal terms of the JV Agreements), we concur with the Directors’ view that the proposed Acquisitions are consistent with the Group’s business strategy and are in the interests of the Company and the Independent Shareholders as a whole.

2. Terms of the Acquisition Agreements and the JV Agreements

(a) *Principal terms of the Acquisition Agreements*

On 6 October 2008, Ever Power, an indirect wholly-owned subsidiary of the Company, has entered into the agreement (the “**Acquisition Agreement 1**”) with Massive Information, an indirect wholly-owned subsidiary of COHL, whereby Ever Power shall acquire the entire equity interest in Fuller Sky held by Massive Information and the loan repayable on demand owing by Fuller Sky to Massive Information in the amount of HK\$191,226,376 for a cash consideration of HK\$235 million.

On the same day, Ever Power has also entered into the agreement (the “**Acquisition Agreement 2**”) with CORB, an indirect wholly-owned subsidiary of COLI, whereby Ever Power shall acquire the entire equity interest in Value Idea held by CORB and the loan repayable on demand owing by Value Idea to CORB in the amount of HK\$111,447,904 for a cash consideration of HK\$220 million.

As stated in the Letter from the Board, the aggregate consideration (“**Consideration**”) of approximately HK\$455 million payable by the Group under the Acquisition Agreements will be financed by the Group’s internal resources. The Consideration was determined based on arm’s length negotiation between the parties with reference to the fixed distributable revenues that Fuller Sky and Value Idea are entitled to under the JV Agreement 1 and the JV Agreement 2 (collectively, the “**JV Agreements**”) for the remaining concession period and the amount of the loan payable by Fuller Sky and Value Idea on a dollar for dollar basis.

(b) *Principal terms of the JV Agreements*

(i) *Total investment and registered capital*

Under the JV Agreement 1, JV Company 1 has a total investment and registered capital of RMB439 million, of which 55.24% contributed by Massive Information and 44.76% by JV Partner. As advised by the Management, the registered capital of JV Company 1 was fully paid in 2006.

LETTER FROM CHINA EVERBRIGHT

Under the JV Agreement 2, JV Company 2 has a total investment and registered capital of RMB200 million, of which 55.24% contributed by Value Idea and 44.76% by JV Partner. As advised by the Management, the registered capital of JV Company 2 was fully paid in 2003.

(ii) Revenues sharing

JV Company 1

Under the JV Agreement 1, as amended by a supplemental agreement dated 28 December 2005, the parties have the right to share the distributable revenues from operation of Xin Ba Yi Bridge on the following basis:

	Fuller Sky (%)	JV Partner (%)
2006	94.57	5.43
2007	94.31	5.69
2008	93.91	6.09
2009	93.37	6.63
2010	92.72	7.28
2011	92.17	7.83
2012	91.39	8.61
2013	90.52	9.48
2014	89.61	10.39
2015	88.57	11.43
2016	66.99	33.01
2017	64.61	35.39
2018	62.17	37.83
2019	59.67	40.33
2020	57.13	42.87
2021	55.16	44.84
2022	52.67	47.33
2023	50.46	49.54
2024	48.63	51.37
2025 (Jan-Jun)	47.35	52.65

As illustrated above, the percentage of distributable revenues from operation of Xin Ba Yi Bridge shared by Fuller Sky will decrease from approximately 94.57% in 2006 to approximately 47.35% in the first half of 2025 gradually. Having considered that (i) time value factor of distributable revenues from the operation of Xin Ba Yi Bridge; (ii) the percentage of the distributable revenues from operation of Xin Ba Yi Bridge shared by Fuller Sky is higher than its equity interest in JV Company 1 during the period between 2006 and 2020, we consider that the aforesaid revenues sharing mechanism for the JV Company 1 is fair and reasonable.

LETTER FROM CHINA EVERBRIGHT

JV Company 2

Under the JV Agreement 2, as amended by a supplemental agreement dated 10 February 2004, the parties have the right to share the distributable revenues from operation of Nan Chang Bridge on the following basis:

	Value Idea (%)	JV Partner (%)
2004	92	8
2005	92	8
2006	92	8
2007	92	8
2008	92	8
2009	92	8
2010	92	8
2011	92	8
2012	92	8
2013	55.24	44.76
2014	55.24	44.76
2015	55.24	44.76
2016	55.24	44.76
2017	55.24	44.76
2018	55.24	44.76
2019	55.24	44.76
2020	55.24	44.76
2021	55.24	44.76
2022	55.24	44.76
2023	0	100
2024	0	100
2025 (Jan-Jun)	0	100

As illustrated above, Value Idea is entitled to share approximately 92% of distributable revenues from operation of Nan Chang Bridge between 2004 and 2012. During the ten years ending 31 December 2022, the distributable revenues from the operation of Nan Chang Bridge will be shared by Value Idea and the JV Partner in the same proportion as their respective equity interests in the JV Company 2.

Pursuant to the terms of the JV Agreement 2, Value Idea will not be entitled to share any distributable revenues from the operation of Nan Chang Bridge during the 30 months ending 30 June 2025.

LETTER FROM CHINA EVERBRIGHT

Having considered that (i) time value factor of distributable revenues from the operation of Nan Chang Bridge; (ii) Value Idea is entitled to share approximately 92% of distributable revenues from operation of Nan Chang Bridge between 2003 and 2012; and (iii) the revenues sharing mechanism for the period between 2013 and 2022 will be in proportion to the equity interest of Value Idea in the JV Company 2, we consider that the aforesaid revenues sharing mechanism for the JV Company 2 is fair and reasonable.

(iii) *Concession period*

According to the JV Agreement 1, the concession period for Xin Ba Yi Bridge is 19.5 years commencing from 1 January 2006.

According to the JV Agreement 2, the concession period for Nan Chang Bridge is 22.5 years commencing from 1 January 2003. However, Value Idea is not entitled to share any distributable revenues from the operation of Nan Chang Bridge during the 30 months ending 30 June 2025.

Upon expiry of the respective concession periods for Xin Ba Yi Bridge and Nan Chang Bridge, all fixed assets, operation right and toll-collection right in relation to Xin Ba Yi Bridge and Nan Chang Bridge will be transferred by the JV Companies to the JV Partner at nil consideration.

(vi) *Management structure of the JV Companies*

According to the JV Agreements, the board of directors of the JV Companies shall comprise of 11 directors. Upon completion of the Acquisition Agreements, the Group, through Fuller Sky and Value Idea, is entitled to appoint 6 directors and chairman of board of directors of the JV Companies. The JV Partner is entitled to appoint 5 directors of the JV Companies

In light of the above, we consider that the abovementioned provision will ensure there will be sufficient management control afforded to the Group in the operations of the JV Companies.

(v) *Equity transfer provisions*

Under the terms of the JV Agreement 1, if there is substantial policy changes in the PRC relating to tolls for bridges, or if the monthly income received by the JV Company 1 is below the pre-determined level stated in the table at page 24 of the Circular, then Fuller Sky will have the right to require the JV Partner to purchase Fuller Sky's equity rights in the JV Company 1 at the carrying value of Fuller Sky's investment in the JV Company 1.

Under the terms of the JV Agreement 2, if there is substantial policy changes in the PRC relating to tolls for bridges, or if the monthly income received by the JV Company 2 is below the pre-determined level stated in the table at page 24 of the Circular, then Value Idea will have the right to require the JV Partner to purchase Value Idea's equity rights in the JV Company 2 at the carrying value of Value Idea's investment in the JV Company 2.

LETTER FROM CHINA EVERBRIGHT

Set out below are the fixed pre-determined level of distributable revenues received by the Group, through Fuller Sky and Value Idea, under the JV Agreements:

	Value Idea <i>(RMB'000)</i>	Fuller Sky <i>(RMB'000)</i>	Total <i>(RMB'000)</i>
2008 (Jul-Dec)	17,850	17,345	35,195
2009	35,420	33,120	68,540
2010	35,310	31,470	66,780
2011	38,160	29,910	68,070
2012	41,310	28,430	69,740
2013	26,850	27,020	53,870
2014	29,060	25,690	54,750
2015	30,580	24,420	55,000
2016	32,190	37,680	69,870
2017	33,890	35,780	69,670
2018	35,670	33,990	69,660
2019	37,550	32,290	69,840
2020	39,530	30,680	70,210
2021	41,620	29,870	71,490
2022	43,820	28,510	72,330
2023	—	27,390	27,390
2024	—	26,700	26,700
2025 (Jan-Jun)	—	13,290	13,290

Based on the above pre-determined level of distributable revenues received by the Group, through Fuller Sky and Value Idea, under the JV Agreements and the Consideration, the Management estimates that the internal rate of return (“**Acquisitions IRR**”) under the Acquisition Agreement 1 and the Acquisition Agreement 2 are approximately 14.46% and 18.33%, respectively.

As mentioned above, the Group has the right (“**Equity Transfer Rights**”) to require the JV Partner to purchase its equity rights in the JV Companies at the carrying value of the Group’s investment in the JV Companies. As advised by the Management, the carrying value represents the sum of fixed distributable revenues, which will be discounted at an annual discount rate of 12%, to be entitled by the Group after the exercise of the Equity Transfer Rights. For example, if the Group, through Value Idea, requests the JV Partner to purchase its equity rights in the JV Company 2 at the end of 2021, the carrying value received by Value Idea at the end of 2021 will be approximately RMB39.13 million, representing the discounted distributable revenue received by Value Idea for the year ended 31 December 2022.

In light of the above, we consider the equity transfer provisions are effective protection mechanism to secure minimum investment return from the Group in acquiring the JV Companies, and therefore, it is in the interests of both the Company and the Shareholders as a whole.

LETTER FROM CHINA EVERBRIGHT

In return for the equity transfer provisions offered by the JV Partner under the JV Agreements, Fuller Sky and Value Idea are not entitled to share any actual distributable revenues which exceed the pre-determined level of distributable revenue to be received by the Group.

As advised by the Management, the JV Partner is a government-owned entity. Therefore, the Management considers that the JV Partner has sufficient financial capacity to honor its obligation to purchase the Group's equity interest in the JV Companies if the Equity Transfer Rights are exercised by the Group.

3. Basis of the Consideration

As mentioned in the previous paragraph, the Consideration was determined based on arm's length negotiation between the parties with reference to the distributable revenue that Fuller Sky and Value Idea are entitled to under the JV Agreements for the remaining concession period and the amount of the loan payable by Fuller Sky and Value Idea on a dollar for dollar basis.

Based on the Consideration and the pre-determined level of distributable revenues received by Fuller Sky and Value Idea under the JV Agreements, the Acquisitions IRR under the Acquisition Agreement 1 and the Acquisition Agreement 2 are approximately 14.46% and 18.33% respectively. The payback period for the Fuller Sky Acquisition and Value Idea Acquisition are approximately 7.5 years and 5.5 years.

Acquisitions IRR

By definition, IRR represents the discount rate that equates the sum of the net present value of the cash flows over time for an investment to the investment cost. Generally speaking, a company tends to choose an investment project with the highest IRR from a selection of potential investment projects provided that the IRR is higher than its cost of capital.

As advised by the Management, they consider that IRR is the most relevant factor to consider when making an investment decision in the Acquisitions. The Group's bank balances carry interest at market rates ranging from 1.4% to 2.9% per annum. Investment income for the Group, comprising mainly of interest on bank deposits was recorded at HK\$9.5 million for the first half of 2008. In light of the thin interest rate of bank deposits, the Directors consider that it is justifiable and reasonable for the Group to acquire Fuller Sky and Value Idea, in order to enhance the Shareholders' value.

In assessing the reasonableness of the Consideration, we have compared the Acquisitions IRR with the weighted average cost of capital ("WACC") of the Company.

If the Acquisitions IRR is higher than the WACC of the Company, this indicates that the Company's investment in the JV Companies will generate a positive value to the Company.

LETTER FROM CHINA EVERBRIGHT

According to Bloomberg, the WACC of the Company as at Latest Practicable Date was 12.99%. Given the fact that the Acquisitions IRR under the Acquisition Agreement 1 and the Acquisition Agreement 2, being approximately 14.46% and 18.33%, respectively, are above the Company's WACC, the Group's investment in the JV Companies are expected to generate a positive value to the Company and therefore it is in the interest of the Company to enter into the Acquisition Agreements.

As stated in the above paragraph headed "Principal terms of the JV Agreements - Equity transfer provisions", the Group has the Equity Transfer Rights to require the JV Partner to purchase its equity rights in the JV Companies at the carrying value of the Group's investment in the JV Companies. If the Group exercises the Equity Transfer Rights, the Acquisitions IRR will change because of variations in time value factor of the carrying value of its investment in the JV Companies.

For illustration purpose, the Management estimates the following changes in the Acquisitions IRR of the Fuller Sky Acquisition and the Value Idea Acquisition, assuming the Equity Transfer Rights are exercised by the Group before 2025:

If the Equity Transfer Rights are exercised by the Group at the end of	Acquisitions IRR of the Fuller Sky Acquisition (%)	Acquisitions IRR of the Value Idea Acquisition (%)
2009	26.84	53.51
2010	20.48	32.04
2011	17.94	25.92
2012	16.72	23.10
2013	16.01	21.55
2015	15.23	19.84
2020	14.56	18.44
2024	14.46	18.33

As shown above, the Acquisitions IRR of the Fuller Sky Acquisition ranges from 14.46% to 26.84%. Meanwhile, the Acquisitions IRR of the Value Idea Acquisition ranges from 18.33% to 53.51%. Given that both of the above Acquisitions IRR exceed the Company's WACC, we are of the view that the Acquisitions are in the interest of the Company and Shareholders as a whole.

Payback period

By definition, payback period represents the length of time required to recover the cost of an investment. Generally speaking, a company tends to choose an investment project with shorter payback period from a selection of potential investment projects.

LETTER FROM CHINA EVERBRIGHT

Based on the Consideration and the pre-determined level of income received by Fuller Sky and Value Idea under the JV Agreements, the payback period for the Fuller Sky Acquisition and the Value Idea Acquisition are expected to be 7.5 years and 5.5 years, respectively. In other words, the return on the investment in Fuller Sky and Value Idea will repay the sum of the Group's original investment under the Acquisitions before 2016 and 2014, respectively.

Given that the remaining concession period of the JV Companies enjoyed by Fuller Sky and Value Idea are 17 years, we consider that the Consideration, which enables the Group to recoup its full investment in Fuller Sky and Value Idea before 2015 and 2013 respectively, is reasonable.

4. Financial effects of the Acquisitions on the Group

(a) *Earnings*

As stated in the Letter from the Board, the unaudited consolidated profits after taxation and extraordinary items of Fuller Sky for the two years ended 31 December 2007 were HK\$16.0 million and HK\$15.8 million respectively. The unaudited consolidated profits after taxation and extraordinary items of Value Idea for the two years ended 31 December 2007 were HK\$25.4 million HK\$11.9 million respectively.

Having considered that (i) Fuller Sky and Value Idea, through their respective equity interest in the JV Companies, recorded net profits in 2006 and 2007; (ii) the equity transfer provisions under the Acquisition Agreements are effective protection mechanism to secure investment return from the Group in investing in the JV Companies; and (iii) the Acquisitions IRR under the Acquisition Agreements are above the Company's WACC, we are of the view that the Acquisitions will contribute additional revenue to the Group.

As advised by the Management, Massive Information and CORB adopt accelerated depreciation method to calculate the depreciation expenses of Fuller Sky and Value Idea respectively. Under the Company's accounting policy, straight-line depreciation will be adopted to calculate the depreciation expenses of Fuller Sky and Value Idea after the completion of the Acquisitions. Assuming the Acquisitions were completed on 1 January 2006, Fuller Sky and Value Idea would record higher net profit in 2006 and 2007, due to lower depreciation expenses arising from the Group's straight-line depreciation method.

As stated in the Letter from the Board, assuming the Acquisitions were completed on 1 January 2006, (i) the unaudited consolidated profit after taxation of Value Idea for the years ended should be HK\$37,000,000 and HK\$27,200,000, respectively; and (ii) the unaudited consolidated profit after taxation of Fuller Sky should be HK\$22,100,000 and HK\$23,300,000, respectively, due to lower depreciation expenses of Fuller Sky and Value Idea arising from the Group's straight-line depreciation method.

LETTER FROM CHINA EVERBRIGHT

(b) *Net assets value*

Upon completion of the Acquisition Agreements, Fuller Sky and Value Idea will be accounted for as wholly-owned subsidiaries of the Company. As advised by the Management, by virtue of the respective control and equity interest of Fuller Sky and Value Idea in the JV Companies, the financial results of Fuller Sky and Value Idea will be consolidated into the consolidation financial statements of the Group. There will be no material impact for the net assets of the Group after the Acquisitions.

(c) *Effects on the cash position and gearing of the Group*

As stated in the Letter of the Board, the Consideration will be satisfied by internal resources of the Group. Hence, the “Cash and cash equivalent” classified under current assets of the consolidated balance sheet of the Group will decrease to extent of the consideration of HK\$455 million.

According to the 2008 Interim Report, the Group recorded bank balances and cash of approximately HK\$1,646 million as at 30 June 2008. Having regard to the Group’s liquidity position as at 30 June 2008, we are of the view that the Acquisitions can be accommodated within the internal resources of the Group.

Since the Consideration will be satisfied by internal resources of the Group, the Acquisitions will not result in any material adverse impact on the Group’s gearing ratio.

RECOMMENDATION

Taking into consideration of the above mentioned principal factors and reasons, we consider that the terms of the Acquisition Agreements were entered into on normal commercial terms in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole and so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition Agreements.

Yours faithfully,
For and on behalf of
China Everbright Capital Limited
Jacky Ho
Managing Director

RESPONSIBILITY STATEMENT

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

DISCLOSURE OF DIRECTORS' INTERESTS FOR THE COMPANY

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

Long positions in shares and underlying shares of the Company:

Name of Directors	Number of Ordinary Shares held	Number of underlying shares held under equity derivatives		Total	% of share in issue ⁴
	Personal interests ¹	Share options ²	On exercise of warrants ³		
Kong Qingping	2,956,800	2,995,200	422,396	6,374,396	0.261
Zhou Yong	2,755,200	1,747,200	268,800	4,771,200	0.195
Yip Chung Nam	1,930,664	1,872,000	275,808	4,078,472	0.167
Fu He	2,318,000	1,248,000	188,568	3,754,568	0.154
Zhou Hancheng	2,234,800	1,164,800	182,856	3,582,456	0.146
Cheong Chit Sun	432,000	1,497,600	61,712	1,991,312	0.081
Raymond Ho Chung Tai	—	832,000	—	832,000	0.034
Adrian David Li Man Kiu	—	832,000	—	832,000	0.034
Raymond Leung Hai Ming	—	832,000	—	832,000	0.034
Lee Shing See	—	832,000	—	832,000	0.034

Notes:

1. This represents interests held by the relevant Director as a beneficial owner.

2. This represents interests in share options of the Company held by the relevant Director as a beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option shares granted by the Company under the Company's share option scheme. The exercise price for the share options is HK\$0.2475 per share and the exercise period is from 14 September 2006 to 13 September 2015.
3. This represents number of underlying ordinary shares held upon exercise the warrants of the Company. The interests in the warrants of the Company were held by the relevant Director as a beneficial owner.
4. The percentage has been adjusted based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date (i.e. 2,445,860,884 ordinary shares).

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

Name of Directors	Number of ordinary shares in COLI held	Number of underlying shares in COLI held under equity derivatives	Total	% of shares in issue ⁴
	Personal interests ¹	Share options ²		
Kong Qingping	7,156,000	1,344,000	8,500,000	0.108
Zhou Yong	—	384,000	384,000	0.005
Yip Chung Nam	3,800,000	400,000	4,200,000	0.054
Fu He	—	400,000	400,000	0.005
Zhou Hancheng	—	128,000	128,000	0.002
Cheong Chit Sun ³	50,000	160,000	210,000	0.003

Notes:

1. This represents interests held by the relevant Director as a beneficial owner.
2. This represents interests in share options held by the relevant Director as a beneficial owner to subscribe for the relevant underlying ordinary shares of COLI in respect of the option shares granted by COLI. The exercise price for the share options is HK\$1.13 per share and the exercise period is from 18 June 2005 to 17 June 2014.
3. Amongst the total number of 50,000 Shares in COLI held by Mr. Cheong Chit Sun, 40,000 Shares in COLI was held as personal interest and 10,000 Shares in COLI was held as family interest.
4. The percentage has been adjusted based on the total number of ordinary shares of COLI in issue as at the Latest Practicable Date (i.e. 7,850,251,215).

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

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

None of the Directors has had any direct or indirect interest in any assets which have since 31 December 2007 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

- (a) As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following persons and companies (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares and underlying shares of the Company:

Name of Shareholder	Number of shares held	Number of underlying shares on exercise of warrants	Total	% of share in issue ¹
COHL ²	1,538,094,448	215,542,060	1,753,636,508	71.70
China State Construction & Engineering Corporation Limited (“CSCECL”) ³	1,538,094,448	215,542,060	1,753,636,508	71.70
China State Construction Engineering Corporation (“CSCEC”) ⁴	1,538,094,448	215,542,060	1,753,636,508	71.70

Notes:

1. The percentage has been adjusted based on the total number of Share in issue as at the Latest Practicable Date (i.e. 2,445,860,884).
2. Amongst the total number of 1,538,094,448 Shares and 215,542,060 underlying shares held by COHL, 1,473,413,384 Shares and 206,301,908 underlying shares were held as beneficial owner while the balance of 64,681,064 Shares and 9,240,152 underlying shares were interests of controlled corporations.
3. COHL is a direct wholly-owned subsidiary of CSCECL, thus CSCECL is deemed by the SFO to be interested in 1,538,094,448 Shares and 215,542,060 underlying shares directly owned by COHL.
4. CSCECL is held as to 94% by CSCEC, thus CSCEC is deemed by the SFO to be interested in 1,538,094,448 Shares and 215,542,060 underlying shares indirectly owned by CSCECL.

Save as disclosed in this circular, so far as was known to the Director, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

- (b) As at the Latest Practicable Date, so far as is known to the Directors, the following persons and companies (other than a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group:

Name of Subsidiaries	Name of Substantial Shareholders	Percentage of Shareholdings
China Overseas Installation Works Limited (中國海外安裝工程有限公司)	Shanghai Industrial Equipment Installation Corp. (上海市工業設備安裝公司)	35
天津中海建投資發展有限公司 (Tian Jin Zhong Hai Jian Investment Development Company Limited*)	天津濱海發展投資控股有限公司 (Tian Jin Bin Hai Development Investment Holding Company Limited*)	40
南昌中海基礎建設有限公司 (Nan Chang Zhong Hai Infrastructure Company Limited*)	南昌市南昌大橋有限責任公司 (Nan Chang City Nan Chang Bridge Company Limited*)	44.76
南昌海興城市橋樑有限公司 (Nan Chang Hai Xing City Bridge Company Limited*)	南昌市南昌大橋有限責任公司 (Nan Chang City Nan Chang Bridge Company Limited*)	44.76
南昌海盛城市橋樑有限公司 (Nan Chang Hai Sheng City Bridge Company Limited*)	南昌市南昌大橋有限責任公司 (Nan Chang City Nan Chang Bridge Company Limited*)	44.76
南昌中海新八一大橋有限公司 (Nan Chang Zhong Hai Xin Ba Yi Bridge Company Limited*)	南昌市南昌大橋有限責任公司 (Nan Chang City Nan Chang Bridge Company Limited*)	44.76

* for identification purposes only

Save as disclosed above, the Directors are not aware of any person who was, as at the Latest Practicable Date, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Enlarged Group or in any options in respect of such capital.

LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

SERVICE CONTRACTS

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

MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Company have been made up.

COMPETING BUSINESS INTERESTS OF DIRECTORS

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

Name of Director	Name of entity whose businesses are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity	Note
Mr. Kong Qingping	COHL/CSCEC/COLI <i>(Note 1)</i>	Construction, property development and investment	Director	2

Notes:

1. Including the subsidiaries of CSCEC.
2. CSCEC is the ultimate holding company of the Company and the intermediate holding company of COHL.

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

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

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

EXPERT

- (a) The following is the qualification of the expert who had given its opinion and advice which are contained in this circular:

Name	Qualification
CBRE	Professional valuer in business valuation
China Everbright	A licensed corporation under the SFO, and engaged in types 1, 4 and 6 regulated activities

- (b) Each of CBRE and China Everbright has confirmed that it has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Each of China Everbright and CBRE has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, or report or summary of valuations (as the case may be) and references to its name in the form and context in which they are included.
- (d) The valuations of CBRE are given as of 22 October 2008 for incorporation herein.
- (e) The letter of China Everbright is given as of the date of this circular for incorporation herein.

GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The branch share registrar of the Company in Hong Kong is Tricor Standard Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (c) The qualified accountant of the Company is Mr. Chan Sim Wang, a member of The Hong Kong Institute of Certified Public Accountants and fellow of The Association of Chartered Certified Accountants.
- (d) The company secretary of the Company is Ms. Connie Chiang Yuet Wah, a fellow of each of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (e) The principal place of business of the Company in Hong Kong is at 28th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong.
- (f) The English texts of this circular and the accompanying form of proxy shall prevail over the Chinese texts.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the office of the Company at 28th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong from the date of this circular up to and including 28 November 2008 (except Saturdays and Sundays) and will be available for inspection at EGM:

- (a) the Value Idea Agreement;
- (b) the Fuller Sky Agreement;
- (c) the joint venture contracts for the Nan Chang Bridge PRC JV;
- (d) the joint venture contracts for the Nan Chang Xin Ba Yi Bridge PRC JV;
- (e) the independent valuation report prepared by CBRE;
- (f) 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; and
- (g) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from China Everbright" of this circular.

APPENDIX II PROCEDURES FOR VOTING BY POLL AT GENERAL MEETING

Pursuant to Article 66 of the articles of association of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cents. (5%) or more of the total voting rights at such meeting.

In accordance with the requirement under Chapter 13 of the Listing Rules, the Company will publish an announcement of the results of any voting by poll at the general meeting in accordance with rule 2.07C of the Listing Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING



中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3311)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of China State Construction International Holdings Limited (the “**Company**”) will be held at 30th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Friday, 28 November 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (A) the Value Idea Agreement (as defined in the circular of the Company dated 27 October 2008 of which this notice forms part) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (B) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the Value Idea Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of Common Seal thereon.”

2. **“THAT:**

- (A) the Fuller Sky Agreement (as defined in the circular of the Company dated 27 October 2008 of which this notice forms part), (a copy of which is tabled at the meeting and marked “B” 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

(B) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the Fuller Sky Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of Common Seal thereon.”

By Order of the Board
China State Construction International Holdings Limited
Kong Qingping
Chairman and Non-executive Director

Hong Kong, 27 October 2008

Registered office:

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

Notes:

- (1) A form of proxy for use at the meeting is enclosed herewith.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (4) In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holders present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

- (7) The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the meeting, from 25 November 2008 to 28 November 2008 both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 24 November 2008.