

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

**If you have sold or transferred** all your shares in China State Construction International Holdings Limited, you should at once hand this circular to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**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  
CONNECTED TRANSACTION  
CONTINUING CONNECTED TRANSACTIONS  
REVISION OF RELEVANT ANNUAL CAP AMOUNTS OF CONTINUING  
CONNECTED TRANSACTIONS WITH HAILONG  
AND  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**China Everbright Capital Limited**

---

A letter from the Board is set out on pages 5 to 15 of this circular and a letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from China Everbright, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders on the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement is set out on pages 18 to 34 of this circular.

A notice convening the Extraordinary General Meeting to be held at Boardroom 3 & 4, M/F., Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 26 June 2006 immediately after the conclusion of the annual general meeting of the Company, which is scheduled to be held at 3:00 p.m. is set out on pages 46 to 49 of this circular. Whether or not you are able to attend the Extraordinary General Meeting, 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, Standard Registrars 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 appointed time 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.

---

## CONTENT

---

|  | <i>Page</i> |
|--|-------------|
| <b>Definitions</b> .....                                 | 1           |
| <b>Letter from the Board</b> .....                       | 5           |
| <b>Letter from the Independent Board Committee</b> ..... | 16          |
| <b>Letter from China Everbright</b> .....                | 18          |
| <b>Appendix — General Information</b> .....              | 35          |
| <b>Notice of Extraordinary General Meeting</b> .....     | 46          |

---

## DEFINITIONS

---

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

|                             |  |
|-----------------------------|--|
| “Acquisition”               | the acquisition of the entire paid up share capital of CCEM as contemplated by the Sale and Purchase Agreement   |
| “Articles”                  | the articles of association of the Company   |
| “associate”                 | has the meaning ascribed to it under the Listing Rules   |
| “Board”                     | the board of directors of the Company  |
| “Business Day”              | a day (except Saturday) on which banks are open for business in Hong Kong  |
| “China Everbright”          | China Everbright Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders  |
| “CCEM”                      | China Construction Engineering (Macau) Company Limited, a company established in Macau and is 100% beneficially owned by COHL at the Latest Practicable Date   |
| “CCEM Engagement Agreement” | the agreement entered on 22 November 2005 between COLI and CCEM, pursuant to which the COLI Group engaged CCEM as its construction contractor in Macau for each of the three financial years ending 31 December 2008, the particulars of which are set out in COLI’s announcement dated 22 November 2005 and the circular of COLI dated 12 December 2005 |
| “CSCEC”                     | China State Construction Engineering Corporation, a PRC state-owned enterprise organised and existing under the laws of the PRC, being the ultimate controlling shareholder of the Company and COLI  |
| “COCL                       | China Overseas Construction Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of COHL  |
| “COHK”                      | China Overseas (Hong Kong) Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company  |
| “COHL”                      | China Overseas Holdings Limited, a company incorporated in Hong Kong and is a substantial shareholder of the Company and COLI  |

---

## DEFINITIONS

---

|                                     |   |
|-------------------------------------|---|
| “COLI”                              | China Overseas Land & Investment Ltd., a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange  |
| “COLI Shareholders”                 | the shareholders of COLI, other than COHL and its associates  |
| “COLI Group”                        | COLI and its subsidiaries   |
| “Company”                           | China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange  |
| “Completion”                        | completion of the Acquisition pursuant to the Sale and Purchase Agreement   |
| “Completion Date”                   | 7 Business Days after the conditions to the Sale and Purchase Agreement have been satisfied pursuant to the terms of the Sale and Purchase Agreement  |
| “connected person”                  | has the meaning ascribed to it under the Listing Rules  |
| “Continuing Connected Transactions” | the continuing connected transactions between CCEM and COLI under the CCEM Engagement Agreement   |
| “Construction Management Contract”  | the agreement entered on 1 August 2005 between Goodrich and CCEM, pursuant to which Goodrich engaged CCEM as the construction manager for the Project in Macau, the particulars of which are set out in COLI’s announcement dated 1 August 2005   |
| “Director(s)”                       | the director(s) of the Company  |
| “Consideration”                     | the aggregate consideration payable by the Company for the Sale Shares in accordance with the terms of the Sale and Purchase Agreement, subject to adjustment   |
| “Discontinuing Investments”         | the investments of CCEM in Nam Van Development Company, S.A.R.L., Companhia De Construcao e Investimento Predial San Kin Wa Limitada and CPM — Car Parks Macao Limited, which will be transferred by CCEM to COHL as soon as practicable  |
| “Extraordinary General Meeting”     | the extraordinary general meeting to be convened to approve the Acquisition, the Construction Management Contract, the Continuing Connected Transactions, the increase in the annual cap amounts of the Material Supplies Transactions under the Material Supplies Agreement and amendments to the Articles |

---

## DEFINITIONS

---

|                               |  |
|-------------------------------|--|
| “First Sale Shares”           | MOP\$158,000 in the share capital of CCEM, representing 79% of the paid up share capital of CCEM subscribed and paid in full by cash, to be sold by COHL to the Company and/or its nominee pursuant to the Sale and Purchase Agreement   |
| “Goodrich”                    | Goodrich Company Limited, a wholly-owned subsidiary of COLI  |
| “Group”                       | the Company and its subsidiaries   |
| “Hailong”                     | 深圳海龍建築製品有限公司 (Shenzhen Hailong Construction Products Co., Ltd.), a company in which each of CSCEC (through its wholly-owned subsidiary) and COHK is interested in 50% of the registered capital  |
| “HKAS”                        | the Hong Kong Accounting Standard issued by the Hong Kong Institution of Certified Public Accountants  |
| “Hong Kong”                   | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “HK\$”                        | Hong Kong dollar, the lawful currency of Hong Kong   |
| “Independent Board Committee” | the committee of the Directors comprising the independent non-executive Directors formed to advise the independent Shareholders in respect of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement |
| “Independent Shareholders”    | Shareholders other than COHL and its associates  |
| “Latest Practicable Date”     | 26 May 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular  |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Macau”                       | the Macau Special Administrative Region of the People’s Republic of China  |

---

## DEFINITIONS

---

|                                  |   |
|----------------------------------|---|
| “Material Supplies Agreement”    | the agreement and the supplemental agreement entered between the Company and Hailong on 9 June 2005 and 9 May 2006 respectively, which sets out the terms of the supplies of pre-cast structures to the Group for three financial years ending 31 December 2007, the particulars of which are set out in the prospectus of the Company dated 14 June 2005 and the Company’s announcement dated 9 May 2006 |
| “Material Supplies Transactions” | continuing connected transactions between the Company and Hailong under the Material Supplies Agreement   |
| “MOP\$”                          | Macau Pataca, the lawful currency of Macau  |
| “PRC”                            | the People’s Republic of China and for the purpose of this circular, excludes Taiwan, Hong Kong and Macau   |
| “Project”                        | the proposed residential development project at Lot R + R1, rua Central da areia Preta, Macau   |
| “Sale and Purchase Agreement”    | the sale and purchase agreement dated 9 May 2006 entered into between COHL, COCL and the Company in relation to the Acquisition   |
| “Sale Shares”                    | the First Sale Shares and the Second Sale Shares  |
| “Second Sale Shares”             | MOP\$42,000 in the share capital of CCEM, representing 21% of the paid up share capital of CCEM subscribed and paid up in full by cash, which will be sold by COCL to the Company and/or its nominee pursuant to the Sale and Purchase Agreement  |
| “SFO”                            | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Share(s)”                       | ordinary share(s) of HK\$0.10 each in the issued share capital of the Company   |
| “Shareholder(s)”                 | holder(s) of Share(s)   |
| “Stock Exchange”                 | The Stock Exchange of Hong Kong Limited   |
| “Vendors”                        | COHL and COCL   |



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:*

Kong Qingping (*Chairman*)

*Executive Directors:*

Zhou Yong (*Vice-chairman and*

*Chief Executive Officer*)

Yip Chung Nam

Fu He

Zhou Hancheng

Cheong Chit Sun

*Independent Non-executive Directors:*

Raymond Ho Chung Tai

Adrian David Li Man Kiu

Raymond Leung Hai Ming

Lee Shing See

*Registered office:*

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

*Principal place of business*

*in Hong Kong:*

28th Floor, China Overseas Building

139 Hennessy Road, Wanchai

Hong Kong

30 May 2006

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
CONNECTED TRANSACTION  
CONTINUING CONNECTED TRANSACTIONS  
REVISION OF RELEVANT ANNUAL CAP AMOUNTS OF CONTINUING  
CONNECTED TRANSACTIONS WITH HAILONG  
AND  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**INTRODUCTION**

The purpose of this circular is:

- (i) to provide you with details of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions, the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement and the proposed amendments to the Articles;

---

## LETTER FROM THE BOARD

---

- (ii) to set out the advice of China Everbright to the Independent Board Committee in respect of the terms of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement;
- (iii) to set out the recommendation of the Independent Board Committee in respect of the terms of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement; and
- (iv) to give you notice of the Extraordinary General Meeting to consider and, if thought fit, approve the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement, as well as the proposed amendments to the Articles.

Your attention is hereby drawn to pages 46 to 49 of this circular where you will find a notice of the Extraordinary General Meeting to be held on 26 June 2006 immediately following the conclusion of the annual general meeting of the Company.

### **THE ACQUISITION**

#### **The Sale and Purchase Agreement**

**Date:** 9 May 2006

#### **Parties to the Sale and Purchase Agreement:**

- (1) Vendor 1: COHL, which is a substantial shareholder of the Company and COLI and is principally engaged in the business of investment holding, property development and investment.
- (2) Vendor 2: COCL, which is a wholly-owned subsidiary of COHL and is principally engaged in the business of investment holding.
- (3) Purchaser: the Company and/or its nominee.

#### **The Acquisition**

Pursuant to the Sale and Purchase Agreement, COHL has agreed to sell to the Company and/or its nominee the First Sale Shares, and COCL has agreed to sell to the Company and/or its nominee the Second Sale Shares. The Sales Shares represent the entire paid up share capital of CCEM.

COHL is interested as to approximately 64.3% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules and will be subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.



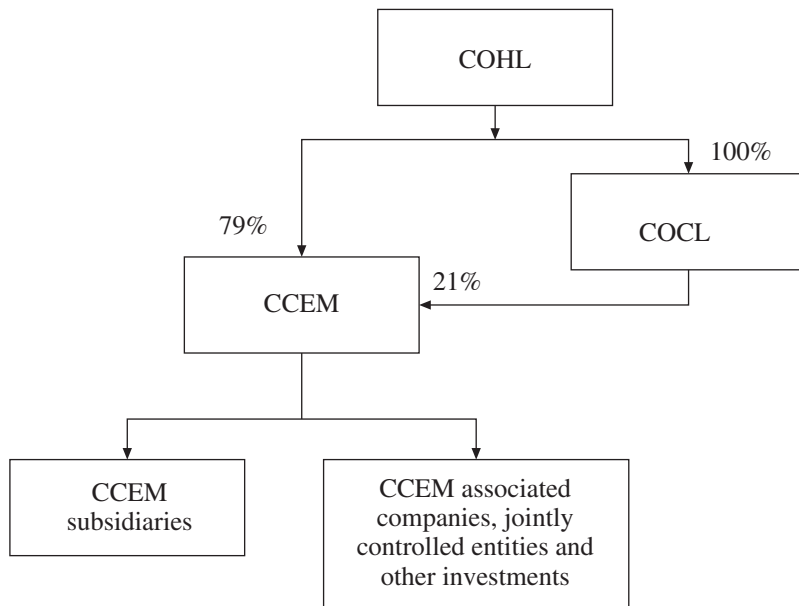
---

## LETTER FROM THE BOARD

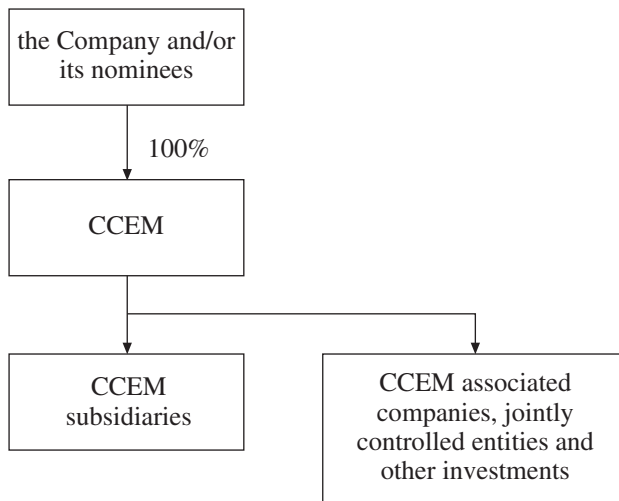
---

The charts below set out the simplified structure of the Group before and after Completion.

### Before Completion



### After Completion



### Consideration

The consideration for the Sale Shares in the amount of HK\$90,000,000 is determined at 5 times the unaudited profits of CCEM for the year ended 31 December 2005 of HK\$18,189,000 after arm's length negotiation with reference to the prevailing market rate for acquisition of businesses of similar nature in Hong Kong for the current period. The amount will be adjusted with respect to the audited profits of CCEM as at 31 December 2005 prepared in accordance with HKAS by increasing or deducting on a dollar for dollar basis the difference between the unaudited and the audited profits for the year ended 31 December 2005, provided that the total adjusted consideration shall not exceed HK\$120,000,000.

---

## LETTER FROM THE BOARD

---

The consideration will be satisfied by the internal resources of the Company. 5% deposit was paid at the signing of the Sale and Purchase Agreement and the balance will be payable at Completion. The 5% deposit will be returned to the Company without interest by 30 September 2006, or such later date as may be agreed between the parties, if the conditions of the Sale and Purchase Agreement cannot be fulfilled.

### Conditions of the Sale and Purchase Agreement

Completion of the Acquisition is conditional upon fulfilment of the following conditions:

- (a) approvals from the Independent Shareholders in the Extraordinary General Meeting in respect of the transactions contemplated under the Sale and Purchase Agreement;
- (b) the receipt of a Macau legal opinion to the satisfaction of the Company on the due incorporation and existence of CCEM and the transactions contemplated under the Sale and Purchase Agreement; and
- (c) all necessary consents and approvals, if applicable, in respect of the transactions contemplated under the Sale and Purchase Agreement as may be necessary having been obtained from government or regulatory authorities or third parties.

As at the Latest Practicable Date, none of the conditions set out above have been fulfilled. If the conditions set out above are not fulfilled or waived by 30 September 2006, or such later date as may be agreed by the parties, the Sale and Purchase Agreement will terminate and cease to be of any effect save for any antecedent breach.

### Further Undertakings

The Parties have further agreed that as soon as practicable prior to or after Completion, as the case may be:

- (1) CCEM will transfer its interests in the Discontinuing Investments, being the 0.99% interest in Nam Van Development Company, S.A.R.L., the 15% interest in Companhia De Construcao e Investimento Predial San Kin Wa Limitada and the 30% interest in CPM-Car Parks Macao Limited, all being businesses unrelated to the building construction and civil engineering businesses of the Company to COHL at the original investment costs or carrying value of CCEM in the amount of approximately HK\$30,776,000, based on the unaudited accounts of CCEM as at 31 December 2005;
- (2) COHL will continue to provide guarantees to CCEM in the form of performance bonds for the construction projects undertaken by CCEM prior to Completion. Such guarantees will from Completion bear interest at the prevailing market rate and will continue until the earlier of (i) the completion of the relevant projects undertaken by CCEM or (ii) the termination or release of the performance bonds by CCEM or the Company, as the case may be; and

---

## LETTER FROM THE BOARD

---

- (3) the Parties will arrange for the corporate guarantees currently provided by CSCEC and COHL in the amount of HK\$50,000,000 and HK\$20,654,000, respectively, to various banks in relation to the general banking facilities of CCEM to be released within 3 months from the date of Completion.

### **CCEM**

CCEM is a company incorporated in Macau on 15 May 1981 and is engaged in property investments, building construction and civil engineering work and property management services. It is currently being held as to 79% by COHL and as to 21% by COCL. The unaudited profit before tax and extraordinary items of CCEM prepared in accordance with HKAS for the two years ended 31 December 2004 and 31 December 2005, were HK\$2,853,000 and HK\$25,119,000, respectively, or loss of HK\$2,932,000 and profit of HK\$21,001,000 respectively for the two years ended 31 December 2004 and 31 December 2005 after discounting the Discontinuing Investments. The unaudited profit after tax and extraordinary items of CCEM prepared in accordance with HKAS for the two years ended 31 December 2004 and 31 December 2005, were HK\$1,936,000 and HK\$22,308,000, respectively or loss of HK\$3,850,000 and profit of HK\$18,189,000 respectively for the two years ended 31 December 2004 and 31 December 2005 after discounting the Discontinuing Investments. The unaudited net asset value of CCEM for the two years ended 31 December 2004 and 31 December 2005 prepared in accordance with HKAS, were HK\$65,516,000 and HK\$87,824,000, respectively or HK\$51,723,000 and HK\$76,466,000 after discounting the Discontinuing Investments.

At Completion, CCEM will become a wholly-owned subsidiary of the Group.

### **Financial effects of the Acquisition**

The Board does not expect any material impact on the earnings and net asset value of the Group immediately following Completion but anticipates that the operating results of CCEM, when consolidated with the financial statements of the Group, can broaden the Group's income base and enhance the net asset value of the Group in the long run.

### **Reason for the Acquisition**

The Acquisition represents further consolidation of the construction business of CSCEC under the Company and an attractive opportunity for the Group to participate in the building construction and civil engineering work in Macau.

The Directors (including the Independent Non-executive Directors) consider that the Acquisition has been made on normal commercial terms and after arm's length negotiations. The terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

### CONNECTED TRANSACTION

Upon Completion, CCEM will become a wholly-owned subsidiary of the Company. Accordingly, the Construction Management Contract dated 1 August 2005 between Goodrich and CCEM will constitute a connected transaction for the Company. There were no changes to the terms and conditions of the Construction Management Contract since it was announced by COLI on 1 August 2005.

#### The Construction Management Contract

Date: 1 August 2005

Parties: (1) Goodrich, a wholly-owned subsidiary of the COLI, as the employer for the Project. Goodrich is principally engaged in the business of property development and investment; and

(2) CCEM

Pursuant to the Construction Management Contract, Goodrich appointed CCEM as construction manager for the Project. CCEM will act as the construction manager and provide efficient construction management in the planning, programming, cost control and supervision of the carrying out and completion of construction of the Project within the pre-determined time frame and target cost.

The Project is a residential development project in Macau and involves the construction of a three-level podium comprising car parks, shops, a clubhouse and five residential towers; the associated external works on ground level and on the whole podium roof, including swimming pools and the filtration plant with a total gross floor area of approximately 187,800 square metres. The Project is expected to complete by mid-2007. The targeted construction costs for the Project is approximately HK\$900,000,000.

#### Consideration

1. A management fee of HK\$20,000,000 payable by Goodrich to CCEM in progress payments, with reference to the proportion of work done as certified by independent quantity surveyor consultant during the relevant period on a milestone basis.
2. Upon Goodrich's discretion and subject to CCEM supervising the construction of the Project within the pre-determined time frame and target cost, a bonus payment of:
  - (i) HK\$5,000,000 will be payable to CCEM by Goodrich, provided that the workmanship and quality of the Project is in full compliance with the environmental requirements and site safety specifications of the Project; and/or
  - (ii) HK\$25,000,000 will be awarded to CCEM by Goodrich for not exceeding the pre-set target cost.

HK\$15,000,000 of the bonus payment is payable in progress payment, with reference to the proportion of work done as certified by independent quantity surveyor consultant during the

---

## LETTER FROM THE BOARD

---

relevant period on a milestone basis. The remaining HK\$15,000,000 of the bonus payment is payable upon completion of the Project. Goodrich shall be entitled to deduct the above bonus payment from CCEM up to a maximum amount of HK\$30,000,000 as a result of any over-expenditures arising during the performance of the services that are attributable to the part of CCEM who fails to comply with the condition (ii) above.

The management fee and the bonus payment were agreed between the parties after arm's length negotiation having taken into account the view of an independent third party construction costs consultant on project management fee which is suitable for this size of development in Macau.

### **Reasons for and benefits of the Construction Management Contract**

The Directors (including the Independent Non-executive Directors) consider that the Construction Management Contract is entered into in the usual and ordinary course of business of CCEM, on an arm's length basis and on normal commercial terms. Thus, the Directors (including the independent non-executive Directors) believe that the terms of the Construction Management Contract are fair and reasonable and are in the interest of the Group and the Shareholders as a whole.

### **CONTINUING CONNECTED TRANSACTIONS**

Upon Completion, CCEM will become a wholly-owned subsidiary of the Company. COLI is owned as to approximately 50.7% by COHL and is an associate of a substantial shareholder of the Company. Accordingly, transactions between CCEM and COLI will constitute connected transactions of the Company under the Listing Rules. On 22 November 2005, COLI entered into the CCEM Engagement Agreement with CCEM, pursuant to which the COLI Group engaged CCEM as its construction contractor in Macau upon successful tender of construction contracts for each of the three financial years ending 31 December 2008 subject to the annual cap stipulated in the CCEM Engagement Agreement which has been approved by the COLI Shareholders. There were no changes to the terms and conditions of the CCEM Engagement Agreement since it was announced by COLI on 22 November 2005 and approved by the COLI Shareholders on 29 December 2005.

### **The CCEM Engagement Agreement**

Date: 22 November 2005

Parties: (1) CCEM; and

(2) COLI, which is principally engaged in property development and investment, real estate agency and management and infrastructure project investments.

Term: A fixed term of not exceeding three years and will expire on 31 December 2008.

Pursuant to the CCEM Engagement Agreement, the parties agreed that:

- (a) CCEM may continue to tender for the COLI Group's construction works in Macau in accordance with the tendering procedure of the COLI's Group from time to time and on the same and normal terms as offered to other independent third party construction contractors; and

---

## LETTER FROM THE BOARD

---

- (b) if any contract is granted in favour of CCEM as a result of the above tender, CCEM may act as construction contractor for the COLI Group in Macau based on the terms of the successful tender provided that the total contract sum to be awarded by the COLI Group to CCEM each year shall not exceed HK\$200,000,000 for each of the three financial years ending 31 December 2008 (the “CCEM Cap”).

The CCEM Cap is determined with reference to the following factors:

- (i) total contract sum of construction projects in Macau of the COLI Group for 2005 of approximately HK\$900,000,000 (including the projects set out in (ii) below);
- (ii) total contract sum of new construction projects awarded to CCEM for 2005 of approximately HK\$56,000,000, representing approximately 6% of COLI’s new Macau projects for the respective period;
- (iii) total contract sum of new construction projects in Macau of the COLI Group in each of the three financial years ending 31 December 2008 estimated with reference to the COLI Group’s future growth and expansion in its land reserves in Macau in the three years; and
- (iv) the maximum amount of projects which may be awarded by the COLI Group to CCEM in the three financial years ending 31 December 2008 should not exceed 10% of the COLI Group’s total contract sum of new construction projects in Macau as mentioned in (iii) above, such percentage being determined with reference to the percentage level set out in (ii) above, but in any event will not exceed the amount of the CCEM Cap.

### **Reasons for the Continuing Connected Transactions**

As the annual cap amounts under the CCEM Engagement Agreement will exceed the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the continuing connected transactions between COLI and CCEM will upon Completion become non-exempt continuing connected transactions for the Company subject to the requirements of reporting, announcement and approval by the Independent Shareholders pursuant to Rule 14A.35 of the Listing Rules.

The Directors (including the Independent Non-executive Directors) consider that the Continuing Connected Transactions are of the types that are entered into in the ordinary and usual course of business of CCEM. Therefore, the Directors consider that it would be: (i) impracticable to negotiate for numerous agreements with COLI for the Continuing Connected Transactions; and (ii) too costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Hence, the Directors are of the view that the CCEM Engagement Agreement will be beneficial to the Shareholders and the Group as a whole.

The Directors consider that the Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group and the terms of the Continuing Connected Transactions have been negotiated and will be conducted on an arm’s length basis and on normal commercial terms between CCEM and COLI and the terms are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

### REVISION OF RELEVANT ANNUAL CAP AMOUNTS OF CONTINUING CONNECTED TRANSACTIONS WITH HAILONG

On 8 June 2005, in relation to the Company's application for listing on the main board of the Stock Exchange by introduction, the Stock Exchange granted a waiver to the Company pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement (but not reporting) and/or Independent Shareholders' approval requirements as stipulated in Rules 14A.47 and 14A.48 of the Listing Rules in connection with, amongst others, the Material Supplies Transactions with Hailong on each occasion they arise.

Hailong is principally engaged in the production of pre-cast structures and is owned as to 50% by the Group and as to 50% by CSCEC. It is therefore an associate of COHL, a substantial shareholder of the Group, and is one of the suppliers of pre-cast structures to the Group.

The waiver is subject to, amongst others, the annual cap of the Material Supplies Transactions not exceeding HK\$30,000,000 for each of the three financial years ending 31 December 2007. The Company has complied with the conditions of the waiver and has not exceeded the annual cap of HK\$30,000,000 for the year ended 31 December 2005. Owing to the increased application of pre-cast structures in housing projects and residential projects, the Directors expect that the Material Supplies Transactions will exceed the annual cap amounts permitted under the waiver. The total purchases from Hailong up to the date of this circular amounted to approximately HK\$12,500,000. Taking into consideration the requirements of the projects on hand, it is expected that further purchases of up to approximately HK\$57,000,000 will be required for the rest of 2006. Accordingly, the Company seeks Independent Shareholders' approval to increase the annual cap amounts for the Material Supplies Transactions to HK\$70,000,000 for each of the two financial years ending 31 December 2007, which is determined by reference to the anticipated future requirements for pre-cast structures by the Group and the Group's customers.

The Directors (including the Independent Non-executive Directors) consider that the Material Supplies Transactions will be entered into in the usual and ordinary course of businesses of the Group and the terms of the Material Supplies Transactions have been negotiated and will be conducted on an arm's length basis and on normal commercial terms between the Company and Hailong and the revision of the annual cap amounts for the Material Supplies Transactions under the Materials Supplies Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### AMENDMENTS TO THE ARTICLES

The Listing Rules have recently been amended by the Stock Exchange and have taken effect on 1 March 2006. Following a review of the Articles, the Directors proposed to amend the Articles at the Extraordinary General Meeting to ensure that the Articles are in compliance with the requirements of the amendments to the Listing Rules.

Accordingly, Article 86(3) will be amended so that all directors appointed to fill a casual vacancy shall hold office until the next following general meeting, instead of the next annual general meeting, to reflect the provisions of Code A.4.2 of Appendix 14 to the Listing Rules.

---

## LETTER FROM THE BOARD

---

Article 86(5) of the Articles will also be amended to allow members, by ordinary resolution, to remove a Director at any time before the expiration of his period of office to reflect the provisions of paragraph 4(3) of Appendix 3 to the Listing Rules.

### GENERAL

The Company is principally engaged in building construction and civil engineering.

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement. China Everbright has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and whether the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement are in the interest of the Company and the Shareholders as a whole.

### EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at Boardroom 3 & 4, M/F., Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 26 June 2006 or any adjournment thereof is set out on pages 46 to 49 of this circular for the purpose of considering and, if thought fit, passing, inter-alia, the resolutions in respect of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions, the increase in the annual cap amounts of the Material Supplies Transactions under the Material Supplies Agreement, and the proposed amendments to the Articles.

A form of proxy for use by the Shareholders at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar, Standard Registrars Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event, not later than 48 hours before the time appointed for holding such meeting or any adjourned meeting (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 Extraordinary General Meeting or any adjourned meeting thereof (as the case may be) should you so wish.

Pursuant to article 66 of the Articles, a poll may be demanded by the chairman of such meeting or by:

- (a) at least 3 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



---

## LETTER FROM THE BOARD

---

- (b) any 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 the Shareholders having the right to vote at the meeting; or
- (c) 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 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 the Shares conferring that right.
- (d) 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 cent. (5%) or more of the total voting rights at such meeting.

The vote of the Independent Shareholders to be taken at the Extraordinary General Meeting to approve the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement will be taken by poll where COHL and its associates will abstain from voting.

### RECOMMENDATIONS

Your attention is drawn to the letter of advice from the Independent Board Committee and the letter from China Everbright as set out on pages 16 to 17 and 18 to 34 respectively to this circular.

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice of the Extraordinary General Meeting.

By Order of the Board  
**China State Construction International Holdings Limited**  
**Kong Qingping**  
*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)

30 May 2006

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
CONNECTED TRANSACTION  
CONTINUING CONNECTED TRANSACTIONS  
REVISION OF RELEVANT ANNUAL CAP AMOUNTS OF CONTINUING  
CONNECTED TRANSACTIONS WITH HAILONG**

We refer to the circular of the Company to the Shareholders dated 30 May 2006 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from China Everbright as set out on pages 18 to 34 of the Circular and the letter from the Board set out on pages 5 to 15 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of China Everbright as stated in its letter of advice, we consider that the terms of the Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Acquisition, the Construction Management Contract, the Continuing Connected Transactions and the increase in the annual cap amounts for the Material Supplies Transactions under the Material Supplies Agreement be proposed at the Extraordinary General Meeting.

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 a letter received from China Everbright setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Connected Transaction, the Continuing Connected Transactions and the Revised Caps for inclusion in this Circular:*



**China Everbright Capital Limited**  
40/F., Far East Finance Centre, Hong Kong

30 May 2006

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

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
CONNECTED TRANSACTION  
CONTINUING CONNECTED TRANSACTIONS AND  
REVISION OF RELEVANT CAP AMOUNTS OF CONTINUING  
CONNECTED TRANSACTIONS WITH HAILONG**

### INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders with respect to the terms of the Acquisition, the Connected Transaction, the Continuing Connected Transactions and the revision of the annual cap amounts for the Material Supplies Transactions (collectively, the “**Transactions**”), details of which are contained in the circular issued by the Company dated 30 May 2006 (the “**Circular**”) of which this letter forms a part. This letter contains our advice to the Independent Board Committee and our advice to the Independent Shareholders on how to vote.

The terms used in this letter shall have the same meanings as defined elsewhere in the Circular unless the context otherwise requires.

On 9 May 2006, the Company, COHL and COCL entered into the Sale and Purchase Agreement whereby the Company conditionally agreed to purchase (i) from COHL the First Sale Shares (representing 79% of the paid up share capital of CCEM) for a cash purchase price of approximately HK\$71.1 million; and (ii) from COCL the Second Sale Shares (representing 21% of the paid up share capital of CCEM) for a cash purchase price of approximately HK\$18.9 million. Pursuant to the Listing Rules, the Acquisition constitutes a discloseable and connected transaction for the Company.

---

## LETTER FROM CHINA EVERBRIGHT

---

Upon Completion, CCEM will become a wholly-owned subsidiary of the Company. As COLI is owned as to approximately 50.7% by COHL and is an associate of a substantial shareholder of the Company, the transactions to be contemplated under the existing agreements of CCEM below will constitute connected transaction (in the case of the Construction Management Contract) and continuing connected transactions (in the case of the CCEM Engagement Agreement) for the Company:

- i. The Construction Management Contract dated 1 August 2005 between Goodrich (a wholly-owned subsidiary of COLI) and CCEM; and
- ii. The CCEM Engagement Agreement dated 22 November 2005 between COLI and CCEM

The Group has conducted certain continuing connected transactions with Hailong in its ordinary and usual course of business. Such continuing connected transactions have been disclosed in the prospectus (the “**Prospectus**”) of the Company dated 14 June 2005 and annual caps of HK\$30 million were assigned to these continuing connected transactions for each of the three years ending 31 December 2007 (the “**Existing Caps**”). The Directors expect that the demand for pre-cast structures may continue to increase in 2006 and 2007, the Directors therefore consider that the Existing Caps for the two years ending 31 December 2007 under the Materials Supplies Agreement will not be sufficient to meet the Group’s requirements. Therefore, the Company intends to seek Independent Shareholders’ approval to increase the annual cap for the Material Supplies Transactions to HK\$70 million (the “**Revised Caps**”) for each of the two years ending 31 December 2007.

Pursuant to the Listing Rules, the Transactions are subject to the approval of the Independent Shareholders at the Extraordinary General Meeting by way of poll where COHL and its associates will abstain from voting.

China Everbright is independent from and not connected with the Company, COHL or any of its substantial shareholders, directors or chief executive, or any of their respective associates, and is accordingly qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Transactions.

In formulating our recommendation, we have relied on the statements, information and representation provided by the management of the Company (the “**Management**”). We have assumed that all such statements, information and representations contained or referred to in the Circular provided by the Management, for which the Directors have collectively and individually accepted full responsibility, are true, accurate, and complete in all material respects at the time they were made and continue to be so at the date hereof.

We have also relied on our discussions with the Directors and the Management regarding the information and representations contained in the Circular. We have been advised by the Directors and the Management that no material facts have been withheld or omitted from the information provided and referred to in the Circular. The Directors have further confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading in any material respects.

---

## LETTER FROM CHINA EVERBRIGHT

---

We consider that we have reviewed sufficient information to reach an informed view and to justify relying on the accuracy of the information contained in the Circular to provide a reasonable basis for our advice. We are not aware of, and have no reason to suspect that, any facts or circumstances which would render the information provided or the representations made to us untrue, inaccurate or misleading in any material respects, nor do we suspect that any material facts have been omitted or withheld from the information supplied in the Circular. We have not, however, carried out any independent verification of the information provided to us by the Group, or conducted any in-depth investigation into the business and affairs of the Group, COHL, COCL, COLI and their respective associates.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the terms of the Transactions, we have considered the following principal factors and reasons as a whole:

#### (A) **The Acquisition**

##### (i) *Background and rationale*

The Group is principally engaged in building construction and civil engineering. The Company was listed on the Stock Exchange of Hong Kong Limited by way of introduction on 8 July 2005 and becomes the flagship of COHL to expand its construction business in Hong Kong and overseas by focusing on the development of building structures and civil engineering.

As mentioned in the 2005 annual report (the “**2005 Annual Report**”) of the Company, the Group will closely monitor the development and continue to expand its businesses steadily in overseas market. In particular, the Group is of the view that with the opening of the gaming license, a large amount of funds have poured into Macau and an unprecedented boom has been seen in the Macau construction market. As a result, the Group will devote full efforts to drive the implementation of the cross-regional operating strategy, strive to create two regional platforms of Hong Kong and Macau markets and overseas markets.

According to the letter from the Board, the Acquisition represents further consolidation of the construction business of CSCEC under the Company and an attractive opportunity for the Group to participate in the building construction and civil engineering work in Macau.

Taking into account that the Acquisition will enable the Group to establish a presence of its building construction and civil engineering business in Macau where the Group currently does not have major operations, we are of the view that the Acquisition is in line with the Group’s strategy mentioned above and demonstrates the Company’s commitment to the implementation of such overseas business development plan.

---

## LETTER FROM CHINA EVERBRIGHT

---

(ii) *Overview of the construction industry in Macau*

Set out below are the principal indicators of building projects approved and started in Macau during the period from 2004 to 2005:

|                                   | Units          | 2004    | 2005      | %      |
|-----------------------------------|----------------|---------|-----------|--------|
| <b>Building projects approved</b> |                |         |           |        |
| Buildings                         | No.            | 102     | 88        | -13.73 |
| Units                             | No.            | 2,872   | 4,918     | 71.24  |
| Gross floor area                  | m <sup>2</sup> | 737,237 | 2,301,749 | 212.21 |
| <b>Buildings started</b>          |                |         |           |        |
| Buildings                         | No.            | 93      | 85        | -8.60  |
| Units                             | No.            | 2,757   | 4,947     | 79.43  |
| Gross floor area                  | m <sup>2</sup> | 715,209 | 2,133,019 | 198.24 |

*Source: Statistics and Census Service, Macau*

As illustrated by the above official statistics of Macau, the construction sector in Macau was led by the implementation of various large-scale construction projects. In 2005, there were 88 building projects being approved, with 4,918 units and 2,301,749m<sup>2</sup> in gross floor area, representing an increase of 71.24% and 212.21% over 2004 respectively.

Meanwhile, construction of 85 buildings were started, which included residential, commercial and buildings for other uses. In 2005, the gross floor area and number of units of the buildings started increased 198.24% and 79.43% over 2004 respectively. On balance, we are of the view that the construction and civil engineering industry in Macau is experiencing a positive growth trend in 2004 and 2005.

In light of the positive principal indicators of Macau construction industry mentioned above, we concur with the view of the Directors that the Acquisition can provide an attractive opportunity for the Group to participate in the building construction and civil engineering work in Macau.

(iii) *Assets to be acquired*

The Company has conditionally agreed to purchase the Sale Shares. Upon the Completion, CCEM will become a wholly-owned subsidiary of the Company.

---

## LETTER FROM CHINA EVERBRIGHT

---

CCEM is a company incorporated in Macau on 15 May 1981 and is engaged in property investments, building construction and civil engineering work and property management services. Since its incorporation in 1981, CCEM has participated in a number of key building construction and civil engineering projects in Macau, including Wynn Resort Macau (澳門永利渡假村), Macau Tower Entertainment Center (澳門塔娛樂中心), Macau Tower(澳門觀光塔), Galaxy Casino — the site formation works (銀河娛樂場地盤整理工程), Macau International Airport fuel lines — shipping of coated pipes (澳門國際機場供油系統—鋪設海底管線工程) and Macau Dome (澳門蛋—大型多功能體育館).

According to the terms of the Sales and Purchase Agreement, CCEM will transfer its interests in the Discontinuing Investments, being the 0.99% interest in Nam Van Development Company, S.A.R.L., the 15% interest in Companhia De Construcao e Investimento Predial San Kin Wa Limitada and the 30% interest in CPM-Car Parks Macao Limited, all being businesses unrelated to the building construction and civil engineering businesses of the Company to COHL at the original investment costs or carrying value of CCEM in the amount of approximately HK\$30,776,000, based on the unaudited accounts of CCEM as at 31 December 2005.

The table below sets out certain key unaudited financial data of CCEM which are prepared in accordance with HKAS for the two years ended 31 December 2005:

|   | <b>2004</b>     | <b>2005</b>     | <b>%</b> |
|---|-----------------|-----------------|----------|
|   | <i>HK\$'000</i> | <i>HK\$'000</i> |          |
| The unaudited profit before tax and extraordinary items   | 2,853           | 25,119          | 780.44   |
| The unaudited profit before tax and extraordinary items (after discounting the Discontinuing Investments) | -2,932          | 21,001          | —        |
| The unaudited profit after tax and extraordinary items  | 1,936           | 22,308          | 1,052.27 |
| The unaudited profit after tax and extraordinary items (after discounting the Discontinuing Investments)  | -3,850          | 18,189          | —        |
| The unaudited net asset value of CCEM   | 65,516          | 87,824          | 34.05    |
| The unaudited net asset value of CCEM (after discounting the Discontinuing Investments)                   | 51,723          | 76,466          | 47.84    |

As illustrated above, the financial performance of CCEM has improved significantly in 2005. In 2005, the profit before and after tax and extraordinary items has increased by approximately 7.8 times and 10.5 times over 2004 respectively. The Management explained that the strong financial performance of CCEM in 2005 was primarily due to CCEM was awarded with several large-scale construction contracts in 2005.



---

## LETTER FROM CHINA EVERBRIGHT

---

(iv) *The purchase price*

The purchase price (“**Purchase Price**”) for the Sale Shares is HK\$90 million. We note that the Purchase Price represents approximately 5 times the unaudited after-tax profits of CCEM (after discounting the Discontinuing Investments) for the year ended 31 December 2005 of HK\$18,189,000 and it is determined through arm’s length negotiation and based on normal commercial terms with reference to the prevailing market rate for acquisition of businesses of similar nature in Hong Kong for the current period.

According to the terms of the Sales and Purchase Agreement, the Purchase Price will be adjusted with respect to the audited profits of CCEM as at 31 December 2005 prepared in accordance with HKAS by increasing or deducting on a dollar for dollar basis the difference between the unaudited and the audited profits for the year ended 31 December 2005, provided that the actual Purchase Price shall not exceed HK\$120,000,000.

The Purchase Price will be paid in cash from the Company’s internal cash resources, of which 5% was paid at the signing of the Sale and Purchase Agreement and the balance will be payable at Completion. The 5% deposit will be returned to the Company without interest by 30 September 2006, or such later date as may be agreed between the parties, if the conditions of the Sale and Purchase Agreement cannot be fulfilled.

(v) *Valuation considerations*

CCEM is engaged in property investments, building construction and civil engineering work and property management services. As such, we have identified, to our best endeavor, companies principally engaged in the operation of building construction and civil engineering which are comparable to CCEM (the “**Comparable Companies**”). The Comparable Companies have been selected based on the following selection criteria: (i) listed on the Main Board of Stock Exchange of Hong Kong; (ii) over 50% of their respective total turnover is generated from building construction or civil engineering projects during their respective financial year of 2005; and (iii) with net asset value of less than HK\$500 million as at their respective balance sheet date of financial year of 2005 according to their respective latest published accounts.

As CCEM is engaged in the building construction and civil engineering service business, instead of asset based business which generates revenue through the purchase and sales of assets, we consider it more appropriate to evaluate the Purchase Price under an “earnings” basis rather than an “asset” basis. As such, we applied price-to-earnings ratio (“**PER**”), which is a commonly used valuation ratio, to compare valuation of CCEM and the Comparable Companies. As stated in the letter from the Board, the Purchase Price represents an implied PER of 5 times the unaudited after-tax profits of CCEM (after discounting the Discontinuing Investments) for the year ended 31 December 2005.

---

## LETTER FROM CHINA EVERBRIGHT

---

The table below sets out the implied PER of the Acquisition and the PER of the Comparable Companies based on their closing prices as at the Announcement Date and their latest published accounts:

| <b>Stock Code</b> | <b>Company</b>                                   | <b>PER as at closing<br/>9 May 2006</b> |
|-------------------|--|---|
| 15.hk             | Vantage International (Holdings) Limited         | 4.44                                    |
| 262.hk            | Deson Development International Holdings Limited | 6.55                                    |
| 313.hk            | Dickson Group Holdings Limited                   | 2.23                                    |
| 404.hk            | Hsin Chong Construction Group Limited            | 16.67                                   |
| 577.hk            | Paul Y. Engineering Group Limited                | 5.43                                    |
| 621.hk            | Wing Hing International Holdings Limited         | 3.24                                    |
| 896.hk            | Hanison Construction Holdings Limited            | 2.70                                    |
|                   | <b>Average</b>                                   | <b>5.89</b>                             |
|                   | Highest  | 16.67                                   |
|                   | Lowest   | 2.23                                    |
|                   | <b>CCEM</b>                                      | <b>5.00</b>                             |

*Source: Bloomberg*

For the information of Shareholders, other than Hsin Chong Construction Group Limited provides construction service in Macau, the Comparable Companies do not have major operations in Macau, according to their respective latest annual report.

From the table above, we note that the average PER of the Comparable Companies is approximately 5.89 times with a range from approximately 2.23 times to 16.67 times.

As illustrated above, the implied PER of the Acquisition is lower than the average PER of approximately 5.89 times given by the Comparable Companies, while the implied PER of the Acquisition is within the range of approximately 2.23 times to approximately 16.67 times of the Comparable Companies.

In light of the above, we are of the opinion that the Purchase Price, based on comparison with the Comparable Companies on a PER basis, is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(vi) *Effect of the Acquisition on the Group*

At Completion, CCEM will become a wholly-owned subsidiary of the Group. As such the financial performance of CCEM will be accounted for using the consolidation method under which the assets and liabilities, income and expenses and cash flows of CCEM will be consolidated on a 100% basis and be included in the relevant components of the consolidated accounts of the Group.

---

## LETTER FROM CHINA EVERBRIGHT

---

(a) Net asset value

Upon Completion, CCEM will become a wholly-owned subsidiary of the Company. There will be no material impact on the net asset value of the Group upon Completion.

(b) Earnings

According to the 2005 Annual Report, the profit attributable to the Shareholders of the Group amounted to approximately HK\$130.67 million.

For the year ended 31 December 2005, the unaudited profit attributable to shareholders of CCEM was approximately HK\$18.19 million, which represents approximately 12.41% of the profit attributable to the shareholders of the Group during of the year ended 31 December 2005.

Based on the historical financial performance of CCEM and the promising future of construction industry in Macau as discussed at paragraph headed “Overview of the construction industry in Macau” above, the Management anticipates that the operating results of CCEM, when consolidated with the financial statements of the Group, can broaden the Group’s income base.

(c) Cash and gearing position

According to the 2005 Annual Report, it has bank balances and cash of approximately HK\$1,615.8 million and a working capital of approximately HK\$742.0 million as at 31 December 2005. Since the Purchase Price will be settled in cash, the cash position of the Group will be reduced by approximately HK\$90 million following Completion. As the Purchase Price will be financed by the internal resources of the Group (i.e. no borrowings), there will be no impact to the gearing (i.e. total liabilities/shareholders’ equity) of the Group following Completion.

Based on the analysis above, in particular, (i) there will be no material impact to the net asset value of the Group; (ii) there may be an enhancement to the earnings of the Group; and (iii) there will be no impact to the gearing position of the Group (though the cash balance will be reduced), we are of the view that the Acquisition is on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole and the terms of the Sales and Purchase Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

**(B) The Construction Management Contract**

(i) *Background and rationale*

The Construction Management Contract was entered between Goodrich and CCEM on 1 August 2005. As mentioned above, CCEM will become a wholly-owned subsidiary of the Company after Completion. Accordingly, the transaction contemplated under the Construction Management Contract will constitute a connected transaction of the Company under the Listing Rules.

---

## LETTER FROM CHINA EVERBRIGHT

---

Pursuant to the Construction Management Contract, Goodrich has appointed CCEM as construction manager for the Project. CCEM will act as the construction manager and provide efficient construction management in the planning, programming, cost control and supervision of the carrying out and completion of construction of the Project within the pre-determined time frame and target cost.

The Project is a residential development project in Macau and involves the construction of a three-level podium comprising car parks, shops, a clubhouse and five residential towers; the associated external works on ground level and on the whole podium roof, including swimming pools and the filtration plant with a total gross floor area of approximately 187,800 square metres. The Project is expected to complete by mid-2007. The targeted construction costs for the Project is approximately HK\$900,000,000.

The total consideration for the Construction Management Contract is HK\$50,000,000, of which HK\$20,000,000 is the management fee and HK\$30,000,000 is bonus payment. HK\$15,000,000 of the bonus payment is payable in progress payment, with reference to the proportion of work done as certified by independent quantity surveyor consultant during the relevant period on a milestone basis. The remaining HK\$15,000,000 of the bonus payment is payable upon completion. Goodrich shall be entitled to deduct the above bonus payment from CCEM up to maximum amount of HK\$30,000,000 as a result of any over-expenditures.

### (ii) *Nature of the Construction Management Contract*

As mentioned above, CCEM will act as the construction manager and provide efficient construction management in the planning, programming, cost control and supervision of the carrying out and completion of construction of the Project. According to the 2005 Annual Report of the Company, approximately 99.7% of the revenue of the Company for the year ended 31 December 2005 were contributed from construction contracts and project management fee income. As such, we are of the view that the Construction Management Contract is entered into in the ordinary and usual course of business of the Company.

### (iii) *Terms of the Construction Management Contract*

Based on our discussion with management of the Company, the terms of the Construction Management Contract were agreed between the parties of such contract after arm's length negotiation having taken into account the view of an independent third party construction costs consultant on project management fee which is suitable for this size of development in Macau. In addition, we note that there were no changes to the terms and conditions of the Construction Management Contract since it was announced by COLI on 1 August 2005 and approved by the COLI Shareholders on 29 December 2005.

---

## LETTER FROM CHINA EVERBRIGHT

---

As mentioned above, the total consideration for the Construction Management Contract is HK\$50,000,000, of which HK\$20,000,000 is the management fee and HK\$30,000,000 is bonus payment. HK\$15,000,000 of the bonus payment is payable in progress payment. The remaining HK\$15,000,000 of the bonus payment is payable upon completion. Therefore, CCEM will be entitled to the bonus payment if CCEM complete the Construction Management Contract.

Based on the analysis above, in particular, (i) the nature of the Construction Management Contract is usual and ordinary course of business of the CCEM; (ii) there were no changes to the terms and conditions of the Construction Management Contract since it was announced by COLI on 1 August 2005 and approved by the COLI Shareholders on 29 December 2005; (iii) the terms of the Construction Management Contract were agreed between the parties of such contract after arm's length negotiation having taken into account the view of an independent third party construction costs consultant on project management fee which is suitable for this size of development in Macau and (iv) the continuation of the Construction Management Contract allows CCEM to receive bonus payment from COLI, we are of the view that the continuation of Construction Management Contract is in line with the ordinary and usual course of business of the Company, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

### (C) The CCEM Engagement Agreement

#### (i) *Background and rationale*

CCEM is a main contractor mainly participating in the Macau construction market. In its ordinary and usual course of business, COLI Group may invite CCEM to participate in competitive tender for COLI Group's construction works from time to time in Macau. In order to capture the business opportunities of construction works in Macau, CCEM has entered into the CCEM Engagement Agreement with COLI on 22 November 2005 for a three-year term expiring on 31 December 2008 whereby the parties agreed that:

- (a) CCEM may continue to tender for the COLI Group's construction works in Macau in accordance with the tendering procedure of the COLI's Group from time to time and on the same and normal terms as offered to other independent third party construction contractors; and
- (b) if any contract is granted in favour of CCEM as a result of the above tender, CCEM may act as construction contractor for the COLI Group in Macau based on the terms of the successful tender provided that the total contract sum to be awarded by the COLI Group to CCEM each year shall not exceed HK\$200 million for each of the three financial years ending 31 December 2008 (the "CCEM Cap").

As mentioned before, CCEM will become a wholly-owned subsidiary of the Company after Completion. Accordingly, transactions contemplated under the CCEM Engagement Agreement will constitute continuing connected transactions of the Company under the Listing Rules.

---

## LETTER FROM CHINA EVERBRIGHT

---

As the annual cap under the CCEM Engagement Agreement will exceed the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the continuing connected transactions between COLI and CCEM will upon Completion become non-exempt continuing connected transactions for the Company subject to the requirements of reporting, announcement and approval by the Independent Shareholders pursuant to Rule 14A.35 of the Listing Rules.

Shareholders should note that there were no changes to the terms and conditions of the CCEM Engagement Agreement since it was announced by COLI on 22 November 2005 and approved by the COLI Shareholders on 29 December 2005.

(ii) *Service to be provided*

Pursuant to the CCEM Engagement Agreement, CCEM may continue to tender for COLI's construction works in Macau in accordance with the tendering procedure of COLI from time to time and on the same and normal terms as offered to other independent third parties. If any contract is granted in favour of the Group as a result of the above tender, CCEM may act as construction contractor for COLI in Macau based on the terms of the successful tender.

Shareholders should note that the CCEM Engagement Agreement does not impose any contractual obligation for CCEM to tender for COLI's construction works. As confirmed by the Management, they have maintained a systematic tender review procedure to review the feasibility and profitability of invitations to tender from COLI and other independent third parties.

(iii) *Reasons for and benefits of the CCEM Engagement Agreement*

The Directors consider that the Continuing Connected Transactions are of the types that are entered into in the ordinary and usual course of business of CCEM. Therefore, the Directors consider that it would be: (i) impracticable to negotiate for numerous agreements with COLI for the Continuing Connected Transactions; and (ii) too costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from Independent Shareholders, as required by the Listing Rules. Hence, the Directors are of the view that the CCEM Engagement Agreement will be beneficial to the Shareholders and the Group as a whole.

(iv) *The commercial justification for determining the relevant caps in relation to the CCEM Engagement Agreement*

As stated in the letter from the Board, if any contract is granted in favour of CCEM as a result of the above tender, CCEM may act as construction contractor for the COLI Group in Macau based on the terms of the successful tender provided that the total contract sum to be awarded by the COLI Group to CCEM each year shall not exceed HK\$200,000,000 for each of the three financial years ending 31 December 2008.

---

## LETTER FROM CHINA EVERBRIGHT

---

As stated in the letter from the Board, the CCEM Cap is determined with reference to the following factors:

- (i) total contract sum of construction projects in Macau of the COLI for 2005 of approximately HK\$900,000,000 (including the projects set out in (ii) below);
- (ii) total contract sum of new construction projects awarded to CCEM for 2005 of approximately HK\$56,000,000, representing approximately 6% of COLI's new Macau projects for the respective period;
- (iii) total contract sum of new construction projects in Macau of COLI in each of the three years ending 31 December 2008 estimated with reference to COLI's future growth and expansion in its land reserves in Macau in the three years; and
- (iv) the maximum amount of projects which may be awarded by COLI to CCEM in the three financial years ending 31 December 2008 should not exceed 10% of COLI's total contract sum of new construction projects in Macau as mentioned in (iii) above, such percentage being determined with reference to the percentage level set out in (ii) above, but in any event will not exceed the amount of the CCEM Cap.

Having taking into account (i) the total contract sum of construction projects of COLI Group in Macau in the past as described above; (ii) and the total contract sum of construction awarded to CCEM in the past as described above, the Directors estimate the total contract sum of new construction projects in Macau in each of the three financial years ending 31 December 2008 with reference to COLI's future growth and expansion in its land reserves in Macau in the three years.

As such, we are of the view that the CCEM Cap is fair and reasonable so far as the Independent Shareholders are concerned.

However, the Shareholders should note that the CCEM Cap represents the best estimates by the Directors based on the information that were available. They bear no direct relationships to, nor should be taken to have any direct bearings to, the CCEM's and the Company's financial or potential financial performance, CCEM may or may not provide construction services to COLI up to the level of the CCEM Cap, if at all, as its engagement by COLI is subject to tender procedures which are open to other independent third party contractors.

a. Annual review of the Continuing Connected Transactions

According to Rule 14A.37 of the Listing Rules, each year the independent non-executive directors of the Company must review the Continuing Connected Transactions and confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;

---

## LETTER FROM CHINA EVERBRIGHT

---

- (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In addition, according to Rule 14A.38 of the Listing Rules, each year the auditors must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), confirming that the Continuing Connected Transactions: (1) have received the approval of the Board; (2) are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the listed issuer; (3) have been entered into in accordance with the relevant agreement governing the transactions; and (4) have not exceeded the cap disclosed in previous announcement.

We have discussed the above continuing obligations with the management and have been advised that the Company will implement sufficient procedures and appropriate measures to comply with Rule 14A.38 to Rule 14A.40 of the listing Rules and to govern itself in carrying out the Continuing Connected Transactions, thereby safeguarding the interest of the Shareholders.

Having analyzed and considered the principal factors as set above, we are of the view that: (i) the Continuing Connected Transactions to be contemplated under the CCEM Engagement Agreement was formed part of the ordinary and usual course of commercial activities of CCEM; (ii) CCEM have maintained a systematic tender review procedure to review the feasibility and profitability of invitations to tender received by CCEM, and the same review process is applicable to either invitations to tender received by the CCEM from COLI or such from other independent third parties; (iii) the CCEM Cap is fair and reasonable so far as the Independent Shareholders are concerned; and (iv) the Continuing Connected Transaction will be subject to the annual review by the independent non-executive Directors and auditors under Rule 14A.37 and Rule 14A.38 of the Listing Rules, we are of the opinion that (i) the entering into the CCEM Engagement Agreement is in the ordinary and usual course of business of the CCEM; and (ii) the terms of the CCEM Engagement Agreement (together with the CCEM Cap) were agreed on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



(D) **Revision of relevant cap amounts in respect of the continuing connected transactions with Hailong**

(i) *Background of the Materials Supplies Agreement*

In the ordinary course of its business, the Group has conducted certain continuing connected transactions with Hailong. As disclosed in the Prospectus of the Company dated 14 June 2005, pursuant to the Materials Supplies Agreement, (1) Hailong may continue to tender for construction materials supply contracts with the Group in accordance with the tendering procedures of the Group from time to time and on the same and normal terms as offered to other independent third party suppliers; and (2) if any contract is granted in favour of Hailong as a result of the above tender, Hailong may provide such construction materials to the Group based on the terms of the successful tender provided that the total payment for purchases payable to Hailong by the Group shall not exceed HK\$30 million (“**Existing Caps**”) for each of the three financial years ending 31 December 2007 on an annual basis.

We have discussed with the Management about the normal tendering procedures for construction material procured by the Group (between the Group and independent third party suppliers, and between the Group and Hailong). We understand that the purchase contracts were awarded through a competitive tender process in accordance with the tendering procedures laid down by the Group from time to time. As the above tendering procedures is applicable to both Hailong and other independent third party suppliers, we are of the view that the continuing connected transactions under the Materials Supplies Agreement are conducted on normal commercial terms, and the Materials Supplies Agreement can help to formalize the arrangement to engage Hailong as a supplier of the Group in the future and quantify the maximum amount of purchases which may be awarded by the Group to Hailong. Based on the above, we consider that the terms of the Materials Supplies Agreement are fair and reasonable and the transactions under the Materials Supplies Agreement are conducted on normal commercial terms.

(ii) *The Revised Annual Caps*

As disclosed in the Prospectus, the Existing Caps were HK\$30 million for each of the three financial years ending 31 December 2007 on an annual basis. As stated in the Prospectus, the Existing Caps were determined based on (1) the average percentage of Hailong’s total sales attributable to the Group with reference to historical transaction value; and (2) the maximum capacity of Hailong.

Owing to the increased application of pre-cast structures in housing projects and residential projects, the Directors expect that the demand for the pre-cast structure may continue to increase in 2006 and 2007. The total purchases from Hailong up to the date of the Announcement amounted to approximately HK\$12,500,000. The Directors therefore consider that the Existing Caps for the two years ending 31 December 2007 under the Materials Supplies Agreement will not be sufficient to meet the Group’s requirements. Therefore, the Company intends to revise the Existing Caps for the two years ending 31 December 2007 in respect of the Materials Supplies Agreement with Hailong.

---

## LETTER FROM CHINA EVERBRIGHT

---

The following sets out the Existing Caps, the actual transaction amounts and the Revised Caps:

| <b>Materials Supplies Agreement</b> | <b>2004</b>     | <b>2005</b>     | <b>2006</b>                                | <b>2007</b>     |
|-------------------------------------|-----------------|-----------------|--|-----------------|
|                                     | <i>(HK'000)</i> | <i>(HK'000)</i> | <i>(HK'000)</i>                            | <i>(HK'000)</i> |
| Existing Caps                       | —               | 30,000          | 30,000                                     | 30,000          |
| Revised Caps                        | —               | —               | 70,000                                     | 70,000          |
| Actual transaction amounts          | 28,077          | 26,548          | 12,500                                     | —               |
|                                     |                 |                 | (Up to the<br>date of the<br>Announcement) |                 |

As illustrated above, the aggregate values of purchase of pre-cast structures from Hailong for each of the two years ended 31 December 2005 were approximately HK\$28.1 million and HK\$26.5 million respectively. Compared with the transaction value of HK\$26.5 million for the year ended 31 December 2005 and the Existing Caps of HK\$30 million, the Revised Caps of HK\$70 million represent an approximately 164% and 133% increase.

As stated in the letter from the Board, the Revised Caps are determined by reference to the anticipated future requirements for pre-cast structures by the Group and the Group's customers. The Directors consider that the revision of annual cap amount for the Material Supplies Transactions are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

In assessing the fairness and reasonableness of the Revised Caps, we have discussed with the Management about the basis used to determine the Revised Caps. We understand that an significant increase in the Revised Caps is primarily attributable to the following factors:

1. New construction contracts awarded to the Group; and
2. Possible engagement by COLI Group as its construction contractor under the engagement agreement entered into between COLI and the Company on 22 November 2005 ("**CSC Engagement Agreement**").

### *New construction contracts awarded to the Group*

As advised by the Management, the Group was awarded 5 building construction contracts since July 2005, and three of these construction projects, consisting of 60% of total contract value of these 5 building construction contracts, involve the usage of pre-cast structure. As estimated by the Management, an additional demand for pre-cast structures of approximately HK\$40 million will be resulted from these new building construction projects, and such additional demand were not reflected in the basis used to determine the

---

## LETTER FROM CHINA EVERBRIGHT

---

Existing Caps. Taking into account of the construction contracts on hand and the recovery of Hong Kong construction market in these few years, the Directors intends to seek Independent Shareholders' approval to increase the annual cap for the Material Supplies Transactions to HK\$70 million for each of the two years ending 31 December 2007.

*Possible engagement by COLI Group as its construction contractor under the CSC engagement agreement*

On 22 November 2005, the Company has entered into CSC engagement agreement with COLI for a term of three years ending 31 December 2008. According to the CSC engagement agreement, the Group may continue to tender for COLI Group's construction works in Hong Kong in accordance with the tendering procedure of COLI Group from time to time and on the same and normal terms as offered to other independent third parties.

Although there was no transaction for the CSC engagement agreement for the year ended 31 December 2005, the Group may be required to acquire additional pre-cast structures from Hailong if the Group is awarded construction contracts from the COLI Group in accordance with the CSC engagement agreement during the three years ending 31 December 2008. As the Material Supplies Agreement was entered into by the Company and Hailong in June 2005, the basis used to determine the Existing Caps did not reflect the effect of CSC engagement agreement on the Group's demand for pre-cast structures.

Taking into consideration the above factors, the Company anticipates that the forecasted purchase of pre-cast structures for the Group will be approximately HK\$69.5 million in 2006 and it is anticipated that the purchase of pre-cast structures will maintain at similar level for 2007. Based on the above, we consider the basis and factors that the Company has taken into account in determining the Revised Caps to be fair and reasonable.

Shareholders should note that the Material Supplies Agreement does not impose any contractual obligation on the Group to procure pre-cast structures from Hailong. In addition, the Revised Caps represent the best estimates by the Management the amount of the Materials Supplies Transactions based on the information currently available. They bear no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The Group may or may not retain Hailong to supply pre-cast structures up to the level of the Revised Caps as its engagement is subject to tender procedures which are open to other independent third party suppliers.

On the basis that (a) the terms of the Materials Supplies Agreement are fair and reasonable and the transactions under the Materials Supplies Agreement are conducted on normal commercial terms; and (b) the bases used to determine the Revised Caps are reasonable, we consider the Revised Caps to be fair and reasonable.

---

## LETTER FROM CHINA EVERBRIGHT

---

### RECOMMENDATION

Having considered the above principal factors and reasons, we consider that Transactions are on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole and the terms of the Transactions are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Transactions, as detailed in the notice of EGM set out at the end of the Circular.

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

**1. 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 and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

**2. SHARE CAPITAL**

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

| <i>Authorised share capital</i> | <i>HK\$</i>             |
|---------------------------------|-------------------------|
| <u>15,000,000,000</u> Shares    | <u>1,500,000,000.00</u> |
| <i>Issued and fully paid</i>    |                         |
| <u>492,108,002</u> Shares       | <u>49,210,800.20</u>    |

### 3. DISCLOSURE OF INTERESTS

#### (a) Disclosure of interests by the Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive 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 are 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 Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long positions in ordinary shares of the Company and associated corporation

|    | <b>Interest in</b>          | <b>Name of Director</b> | <b>Capacity</b>  | <b>Nature of interests</b> | <b>Number of ordinary shares held</b> | <b>% of total issued shares</b> |
|----|-----------------------------|-------------------------|------------------|----------------------------|---------------------------------------|---------------------------------|
| 1. | The Company                 | Kong Qingping           | Beneficial owner | Personal                   | 200,000                               | 0.041%                          |
|    |                             | Yip Chung Nam           | Beneficial owner | Personal                   | 122,222                               | 0.025%                          |
|    |                             | Zhou Hancheng           | Beneficial owner | Personal                   | 10,000                                | 0.002%                          |
| 2. | COLI<br>(fellow subsidiary) | Kong Qingping           | Beneficial owner | Personal                   | 5,412,000                             | 0.084%                          |
|    |                             | Zhou Yong               | Beneficial owner | Personal                   | 654,000                               | 0.010%                          |
|    |                             | Yip Chung Nam           | Beneficial owner | Personal                   | 2,600,000                             | 0.040%                          |
|    |                             | Fu He                   | Beneficial owner | Personal                   | 310,000                               | 0.005%                          |
|    |                             | Zhou Hancheng           | Beneficial owner | Personal                   | 100,000                               | 0.002%                          |
|    |                             | Cheong Chit Sun         | Beneficial owner | Personal                   | 80,000                                | 0.001%                          |

## (ii) Long positions in underlying shares of the Company and associated Corporation

|                |                         | Share options   |                               |                           |                             |                             |                                |                |                          |
|----------------|-------------------------|---|-------------------------------|---------------------------|-----------------------------|-----------------------------|--------------------------------|----------------|--------------------------|
|                |                         | Number of ordinary shares attached to the share options |                               |                           |                             |                             |                                |                |                          |
| Interest in    | Name of Director        | Date of grant   | Outstanding at 1 January 2006 | Granted during the period | Exercised during the period | Cancelled during the period | Outstanding                    | Exercise price | Exercise period          |
|                |                         |   |                               |                           |                             |                             | at the Latest Practicable Date |                |                          |
| 1. The Company | Kong Qingping           | 14.09.2005  | 1,200,000                     | —                         | —                           | —                           | 1,200,000                      | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Zhou Yong               | 14.09.2005  | 1,050,000                     | —                         | —                           | —                           | 1,050,000                      | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Yip Chung Nam           | 14.09.2005  | 750,000                       | —                         | —                           | —                           | 750,000                        | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Fu He                   | 14.09.2005  | 750,000                       | —                         | —                           | —                           | 750,000                        | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Zhou Hancheng           | 14.09.2005  | 700,000                       | —                         | —                           | —                           | 700,000                        | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Cheong Chit Sun         | 14.09.2005  | 450,000                       | —                         | —                           | —                           | 450,000                        | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Raymond Ho Chung Tai    | 14.09.2005  | 200,000                       | —                         | —                           | —                           | 200,000                        | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Adrian David Li Man Kiu | 14.09.2005  | 200,000                       | —                         | —                           | —                           | 200,000                        | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Raymond Leung Hai Ming  | 14.09.2005  | 200,000                       | —                         | —                           | —                           | 200,000                        | HK\$1.03       | 14.09.2006 to 13.09.2015 |
|                | Lee Shing See           | 14.09.2005  | 200,000                       | —                         | —                           | —                           | 200,000                        | HK\$1.03       | 14.09.2006 to 13.09.2015 |

|             |                  | Share options   |                               |                           |                             |                             |  |                          |                          |
|-------------|------------------|---|-------------------------------|---------------------------|-----------------------------|-----------------------------|--|--------------------------|--------------------------|
|             |                  | Number of ordinary shares attached to the share options |                               |                           |                             |                             |  |                          |                          |
| Interest in | Name of Director | Date of grant   | Outstanding at 1 January 2006 | Granted during the period | Exercised during the period | Cancelled during the period | Outstanding at the Latest Practicable Date | Exercise price           | Exercise period          |
| 2. COLI     | Kong Qingping    | 17.07.1997  | 1,000,000                     | —                         | —                           | —                           | 1,000,000                                  | HK\$4.06                 | 17.07.1998 to 16.07.2007 |
|             |                  | 14.02.1998  | 10,440,000                    | —                         | 280,000                     | —                           | 10,160,000                                 | HK\$1.08                 | 14.02.1999 to 13.02.2008 |
|             |                  | 30.09.1998  | 460,000                       | —                         | 460,000                     | —                           | 0  | HK\$0.52                 | 30.09.1999 to 29.09.2008 |
|             |                  | 04.01.2000  | 800,000                       | —                         | 400,000                     | —                           | 400,000                                    | HK\$0.58                 | 04.01.2001 to 03.01.2010 |
|             |                  | 18.06.2004  | 3,360,000                     | —                         | 672,000                     | —                           | 2,688,000                                  | HK\$1.13                 | 18.06.2005 to 17.06.2014 |
|             |                  |   | <u>16,060,000</u>             |                           |                             |                             | <u>14,248,000</u>                          |                          |                          |
|             | Zhou Yong        | 17.07.1997  | 20,000                        | —                         | —                           | —                           | 20,000                                     | HK\$4.06                 | 17.07.1998 to 16.07.2007 |
|             |                  | 14.02.1998  | 150,000                       | —                         | 90,000                      | —                           | 60,000                                     | HK\$1.08                 | 14.02.1999 to 13.02.2008 |
|             |                  | 30.09.1998  | 60,000                        | —                         | 60,000                      | —                           | 0  | HK\$0.52                 | 30.09.1999 to 29.09.2008 |
|             |                  | 04.01.2000  | 180,000                       | —                         | 120,000                     | —                           | 60,000                                     | HK\$0.58                 | 04.01.2001 to 03.01.2010 |
| 18.06.2004  |                  | 1,920,000   | —                             | 384,000                   | —                           | 1,536,000                   | HK\$1.13                                   | 18.06.2005 to 17.06.2014 |                          |
|             |                  | <u>2,330,000</u>  |                               |                           |                             | <u>1,676,000</u>            |  |                          |                          |



|             |                  | Share options   |                   |                           |                             |                             |                                |                |                          |  |
|-------------|------------------|---|-------------------|---------------------------|-----------------------------|-----------------------------|--------------------------------|----------------|--------------------------|--|
|             |                  | Number of ordinary shares attached to the share options |                   |                           |                             |                             |                                |                |                          |  |
| Interest in | Name of Director | Date of grant   | Outstanding       | Granted during the period | Exercised during the period | Cancelled during the period | Outstanding                    | Exercise price | Exercise period          |  |
|             |                  |   | at 1 January 2006 |                           |                             |                             | at the Latest Practicable Date |                |                          |  |
| COLI        | Yip Chung Nam    | 17.07.1997  | 800,000           | —                         | —                           | —                           | 800,000                        | HK\$4.06       | 17.07.1998 to 16.07.2007 |  |
|             |                  | 18.06.2004  | 1,600,000         | —                         | —                           | —                           | 1,600,000                      | HK\$1.13       | 18.06.2005 to 17.06.2014 |  |
|             |                  |   | <u>2,400,000</u>  |                           |                             |                             | <u>2,400,000</u>               |                |                          |  |
|             | Fu He            | 17.07.1997  | 250,000           | —                         | —                           | —                           | 250,000                        | HK\$4.06       | 17.07.1998 to 16.07.2007 |  |
|             |                  | 14.02.1998  | 210,000           | —                         | 70,000                      | —                           | 140,000                        | HK\$1.08       | 14.02.1999 to 13.02.2008 |  |
|             |                  | 30.09.1998  | 120,000           | —                         | 120,000                     | —                           | 0                              | HK\$0.52       | 30.09.1999 to 29.09.2008 |  |
|             |                  | 04.01.2000  | 240,000           | —                         | 120,000                     | —                           | 120,000                        | HK\$0.58       | 04.01.2001 to 03.01.2010 |  |
|             |                  | 18.06.2004  | 1,600,000         | —                         | —                           | —                           | 1,600,000                      | HK\$1.13       | 18.06.2005 to 17.06.2014 |  |
|             |                  |   | <u>2,420,000</u>  |                           |                             |                             | <u>2,110,000</u>               |                |                          |  |

|             |                  | Share options   |                               |                           |                             |                             |  |                |                          |
|-------------|------------------|---|-------------------------------|---------------------------|-----------------------------|-----------------------------|--|----------------|--------------------------|
|             |                  | Number of ordinary shares attached to the share options |                               |                           |                             |                             |  |                |                          |
| Interest in | Name of Director | Date of grant   | Outstanding at 1 January 2006 | Granted during the period | Exercised during the period | Cancelled during the period | Outstanding at the Latest Practicable Date | Exercise price | Exercise period          |
| COLI        | Zhou Hancheng    | 17.07.1997  | 100,000                       | —                         | 100,000                     | —                           | 0  | HK\$4.06       | 17.07.1998 to 16.07.2007 |
|             |                  | 14.02.1998  | 120,000                       | —                         | 40,000                      | —                           | 80,000                                     | HK\$1.08       | 14.02.1999 to 13.02.2008 |
|             |                  | 30.09.1998  | 80,000                        | —                         | 80,000                      | —                           | 0  | HK\$0.52       | 30.09.1999 to 29.09.2008 |
|             |                  | 04.01.2000  | 160,000                       | —                         | 80,000                      | —                           | 80,000                                     | HK\$0.58       | 04.01.2001 to 03.01.2010 |
|             |                  | 18.06.2004  | 512,000                       | —                         | —                           | —                           | 512,000                                    | HK\$1.13       | 18.06.2005 to 17.06.2014 |
|             |                  |   | <u>972,000</u>                |                           |                             |                             | <u>672,000</u>                             |                |                          |
|             | Cheong Chit Sun  | 18.06.2004  | 320,000                       | —                         | —                           | —                           | 320,000                                    | HK\$1.13       | 18.06.2005 to 17.06.2014 |
|             |                  |   | <u>320,000</u>                |                           |                             |                             | <u>320,000</u>                             |                |                          |

**(b) Particulars of Directors' Service Contracts**

As at the Latest Practicable Date, no Director had a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

**(c) Save as disclosed above, as at the Latest Practicable Date:**

- (i) none of the Directors and chief executive held any interests or short positions 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 are 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 Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange; and
- (ii) none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and
- (iii) none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which is subsisting at the date of this circular and which is significant in relation to the business of the Group.

**(d) Directors' interests in competing businesses**

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 any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

Mr. Kong Qingping holds directorship in CSCEC, COHL and COLI, and/or their respective subsidiaries which are engaged in construction, property development and related business.

The Company is a main contractor participating mainly in the Hong Kong, Dubai and India construction markets. CSCEC has agreed not to participate in the Hong Kong, Dubai and India construction markets and has executed non-competition undertakings in favour of the Company on 16 June 2004 and 29 April 2005 respectively.

Subject to the completion of the Acquisition, CSCEC and COHL agree not to participate in the Macau construction market and will execute non-competition undertakings in favour of the Company.

As the Board of the Group operates independently of the boards of CSCEC, COHL and COLI, and/or their respective subsidiaries, the Group operates its business independently of, and at arm's length from, the businesses of these companies.

Save as disclosed above, as at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business that competes or is likely to compete with the business of the Group.

#### 4. SUBSTANTIAL SHAREHOLDERS

- (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 were interested in 5% or more in the Shares or underlying Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

| Name of Shareholder | Capacity in which interests are held                      | Interests in Shares (other than equity derivatives) | Interests under cash settled unlisted equity derivatives | Total interests as to % to the issued share capital of the Company |
|---------------------|---|---|--|--|
| COHL                | Beneficial owner  | 316,318,956   | —  | 64.28%   |
| CSCEC               | Interest of a controlled corporation/<br>beneficial owner | 316,318,956   | —  | 64.28%   |

*Notes:* COHL is a direct wholly-owned subsidiary of CSCEC, thus CSCEC is deemed by the SFO to be interested in 316,318,956 Shares directly owned by COHL.

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 in the Shares which would fall to be disclosed 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 the 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 Group:

| <b>Name of Subsidiaries</b>  | <b>Name of Substantial Shareholders</b>          | <b>Percentage of Shareholdings</b> |
|--|--|------------------------------------|
| China Overseas Installation Works Limited                            | Shanghai Industrial Equipment Installation Corp. | 35%                                |
| China Overseas — Young's Mechanical & Electrical Engineering Limited | Young's Engineering Holdings Limited             | 49%                                |

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 Group or in any options in respect of such capital.

## **5. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## **6. 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 2005, the date to which the latest published audited accounts of the company were made up.

## **7. QUALIFICATION AND CONSENT OF EXPERT**

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

The qualification of the expert who has provided its advice which is contained in this circular is set out as follows:

| <b>Name</b>      | <b>Qualification</b>   |
|------------------|--|
| China Everbright | A licensed corporation under the SFO and engaged in types 1, 4 and 6 regulated activities. |

Save as disclosed in this circular, China Everbright is not interested in any Shares or shares in any member of the Group nor does it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares or shares in any member of the Group nor is it interested in, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, 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 Group.

## **8. MISCELLANEOUS**

- (a) The registered office of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.
- (b) The principal place of business of the Company in Hong Kong is at 28th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong.
- (c) The branch share registrars of the Company in Hong Kong is Standard Registrars Limited located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Ms. Connie Chiang Yuet Wah, a fellow of each of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators.
- (e) 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.
- (f) The English text of this circular will prevail over the Chinese text.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during business hours at the office of the Company in Hong Kong at 28th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the Extraordinary General Meeting:

- (a) the memorandum and articles of association of the Company;
- (b) the “Letter from the Independent Board Committee” as set out in this circular;
- (c) the “Letter from China Everbright” as set out on in this circular;
- (d) the written consent from China Everbright referred to in paragraph 7 of this Appendix;
- (e) the Construction Management Contract;
- (f) the CCEM Engagement Agreement;
- (g) the Material Supplies Agreement; and
- (h) the Sale and Purchase Agreement.

---

## 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 Boardroom 3 & 4, M/F., Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 26 June 2006 immediately following the conclusion of the annual general meeting of the Company, which is scheduled to be held at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

### **ORDINARY RESOLUTIONS**

(1) “**THAT**

- (a) the conditional agreement (the “**Sale and Purchase Agreement**”) dated 9 May 2006 entered into between China Overseas Holdings Limited (“**COHL**”), China Overseas Construction Limited (“**COCL**”) and the Company, a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purposes, pursuant to which the Company and/or its nominees will acquire from COHL and COCL the entire issued share capital of China Construction Engineering (Macau) Company Limited (“**CCEM**”) for a consideration of HK\$90,000,000 (subject to the adjustment, provided that the total adjusted consideration shall not exceed HK\$120,000,000, described in the circular of the Company dated 30 May 2006 (the “**Circular**”), and all the transactions contemplated under the Sale and Purchase Agreement, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and for completion of the Sale and Purchase Agreement.”

(2) “**THAT**

- (a) the agreement dated 1 August 2005 (the “**Construction Management Contract**”) entered into between Goodrich Company Limited, a wholly-owned subsidiary of China Overseas Land & Investment Ltd. (“**COLI**”) and CCEM, a copy of which is tabled at the meeting and marked “B” and initialed by the chairman of the meeting for identification purposes, pursuant to which Goodrich Company Limited engaged CCEM as the construction manager for a project in Macau and all 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, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the Construction Management Contract.”

(3) **“THAT**

(a) the agreement dated 22 November 2005 (the **“CCEM Engagement Agreement”**) entered into between COLI and CCEM, a copy of which is tabled at the meeting and marked **“C”** and initialed by the chairman of the meeting for identification purposes, pursuant to which the COLI Group (as defined in the Circular) engaged CCEM as its construction contractor in Macau for each of three financial years ending 31 December 2008 (the **“Continuing Connected Transactions”**) and all the transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified;

(b) the annual cap amount in relation to the Continuing Connected Transactions for each of the three financial years ending 31 December 2008 be and is hereby approved, confirmed and ratified;

(c) the approval in paragraph (a) and (b) of this Resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company to enter into transactions under the CCEM Engagement Agreement at a price determined by the Directors; and

(d) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the CCEM Engagement Agreement.”

(4) **“THAT**

(a) the increase in the annual cap amounts of the continuing connected transactions (the **“Material Supplies Transactions”**) under the agreement entered into between 深圳海龍建築制品有限公司 (Shenzhen Hailong Construction Products Co., Ltd.) (**“Hailong”**) and the Company dated 9 June 2005 (the **“Material Supplies Agreement”**) to HK\$70,000,000 for each of the two financial years ending 31 December 2007, be and is hereby approved, and that the supplemental agreement dated 9 May 2006 (the **“Supplemental Agreement”**), a copy of which is tabled at the meeting and marked **“D”** and initialed by the Chairman of the meeting for identification purposes, between Hailong and the Company in relation to such increase in the annual cap amounts of the Material Supplies Transactions be and is hereby approved, confirmed and ratified;

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

- (b) the approvals in paragraph (a) of this Resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company to enter into Material Supplies Transactions under the Material Supplies Agreement and the Supplemental Agreement at a price determined by the Directors; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the increase in the annual cap amounts of the Material Supplies Transactions under the Material Supplies Agreement and the Supplemental Agreement.”

### SPECIAL RESOLUTION

- (5) “**THAT** the articles of association of the Company (the “**Articles**”) be amended as follows:
  - (a) by substituting the existing Article 86(3) with the following new Article 86(3):
    - (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.
  - (b) by substituting the existing Article 86(5) with the following new Article 86(5):
    - (5) The Members, may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement).

and **THAT** any one director of the Company be and is hereby authorised to take such further action as he may, in his sole and absolute discretion thinks fit for and on behalf of the Company, to implement the aforesaid amendments to the existing Articles of the Company.”

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

Hong Kong, 30 May 2006

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

*Registered office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

**Notes:**

1. A form of proxy for use at the meeting is enclosed herewith.
2. 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 seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. 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.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged at the office of the Company's branch share registrar, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).
5. 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.
6. 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 holder 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.