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

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

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中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3311)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE NEW FRAMEWORK AGREEMENT WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



紅日資本有限公司

RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 18 to 19 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 46 of this circular.

A notice convening the EGM via the e-Meeting System to be held on Wednesday, 18 December 2024 at 11:00 a.m. is set out on pages 51 to 52 of this circular.

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

29 November 2024

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DEFINITIONS

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

“Annual Cap(s)”	the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group as joint venture main contractor for each financial year under the New Framework Agreement;
“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder”, “holding company”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“COHL”	China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of CSCECL and the controlling shareholder of the Company;
“Company”	China State Construction International Holdings Limited (中國建築國際集團有限公司), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“Construction Main Contracts”	government or public sector contracts, or contracts for large-scale construction with single contract sum of exceeding HK\$2 billion, awarded by tender;
“Construction Projects”	construction projects under the Construction Main Contracts;
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a limited liability corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of CSCECL, COHL and the Company;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock limited company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668) and a non-wholly owned subsidiary of CSCEC and holding company of COHL;

DEFINITIONS

“CSCECL Group”	CSCECL and its subsidiaries (excluding subsidiary(ies) listed on the Stock Exchange and their respective subsidiary(ies)) from time to time;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the New Framework Agreement and the Transactions;
“Executive Board”	has the meaning as defined under the section headed “LETTER FROM THE BOARD — THE NEW FRAMEWORK AGREEMENT — Customary terms of joint venture agreements — (d) Management” of this circular;
“Group”	the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange);
“Historical Annual Caps”	the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group as joint venture main contractor for each financial year under the Previous Framework Agreement;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the Transactions;
“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions;
“Independent Shareholders”	the shareholders of the Company, other than COHL and its associates;
“JV Agreement”	has the meaning as defined under the section headed “LETTER FROM THE BOARD — THE NEW FRAMEWORK AGREEMENT — Customary terms of joint venture agreements” of this circular;
“Latest Practicable Date”	26 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein, as the case may be;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“New Framework Agreement”	the framework agreement dated 4 November 2024 entered into between the Company and CSCECL in respect of the cooperation of the Group and the CSCECL Group to enter into and implement the Construction Main Contracts for the years ending 31 December 2025, 2026 and 2027;
“PRC”	People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“Previous Framework Agreement”	the framework agreement dated 10 September 2021 entered into between the Company and CSCECL in respect of the cooperation of the Group and the CSCECL Group to enter into and implement Construction Main Contracts for the years ended 31 December 2022, 2023 and 2024;
“Respective Interest”	has the meaning as defined under the section headed “LETTER FROM THE BOARD — THE NEW FRAMEWORK AGREEMENT — Customary terms of joint venture agreements — (a) Proportion of interest” of this circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore;
“Transactions”	the entering into of the New Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps); and
“%”	per cent.

* *English translation for identification purpose only*

SPECIAL ARRANGEMENTS FOR THE EGM

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

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

HOW TO ATTEND AND VOTE

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

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

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

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

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

In order to be entitled to attend and vote via the e-Meeting System at the EGM or any adjourned meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 December 2024.

SPECIAL ARRANGEMENTS FOR THE EGM

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

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

LETTER FROM THE BOARD



中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3311)

Chairman and Executive Director:

Mr. Zhang Haipeng

Non-executive Director:

Mr. Yan Jianguo

Executive Directors:

Mr. Wang Xiaoguang (*Chief Executive Officer*)

Mr. Hung Cheung Shew (*Vice President*)

Independent Non-executive Directors:

Ms. Wong Wai Ching

Mr. Chan Tze Ching Ignatius

Mr. Chan Fan

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

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

28th Floor

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

29 November 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE NEW FRAMEWORK AGREEMENT WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 4 November 2024 in respect of the New Framework Agreement entered into between the Company and CSCECL on 4 November 2024.

The purpose of this circular is to provide you with, among other things, (i) the particulars of the New Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps); (ii) the letter from the Independent Board Committee with its recommendation to the Independent Shareholders in relation to the New Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps); and (iii) the letter from Red Sun with its advice on the New Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) to the Independent Board Committee and the Independent Shareholders, as well as to seek the approval of the Independent Shareholders in respect of the Transactions.

LETTER FROM THE BOARD

BACKGROUND

References are made to the announcement issued by the Company dated 10 September 2021, and the circular of the Company dated 22 October 2021, in relation to, among other things, the Previous Framework Agreement entered into between the Company and CSCECL which will expire on 31 December 2024.

It is contemplated that the Group will continue to cooperate with the CSCECL Group to enter into the Construction Main Contracts as joint venture main contractor. As the Previous Framework Agreement is due to expire on 31 December 2024, on 4 November 2024, the Company and CSCECL entered into the New Framework Agreement to renew the Previous Framework Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027. It is expected that the award of the Construction Main Contracts will generally be subject to a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in order to determine the contract sum of the relevant Construction Main Contracts.

The cooperation between the Group and the CSCECL Group as contemplated by the New Framework Agreement will continue to take the form of contractual joint venture in accordance with customary terms in the construction industry whereby the Group and the CSCECL Group will cooperate to implement the relevant Construction Main Contracts as joint venture main contractor.

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

The New Framework Agreement does not anticipate the formation of any joint venture company, nor the acquisition or disposal of any entities. The contractual joint ventures as contemplated under the New Framework Agreement are joint operations arrangement between members of the Group and the CSCECL Group without the establishment of any separate legal entities to carry out the Construction Main Contracts, and each of them shall engage in a single purpose project which is of a revenue nature in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms. These contractual joint ventures are expected to be categorized as "joint operations" in the financial statements of the Company.

THE NEW FRAMEWORK AGREEMENT

Date

4 November 2024

Parties

- (1) the Company; and
- (2) CSCECL.

LETTER FROM THE BOARD

Term

The New Framework Agreement shall cover three financial years commencing on 1 January 2025 and ending on 31 December 2027.

Subject matter

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

- (a) the Group and the CSCECL Group may cooperate to enter into and implement the Construction Main Contracts as joint venture main contractor, provided that the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group for the relevant financial year shall not exceed the corresponding Annual Cap as set out below:

For the financial year ending 31 December 2025	For the financial year ending 31 December 2026	For the financial year ending 31 December 2027
HK\$28 billion	HK\$30 billion	HK\$32 billion

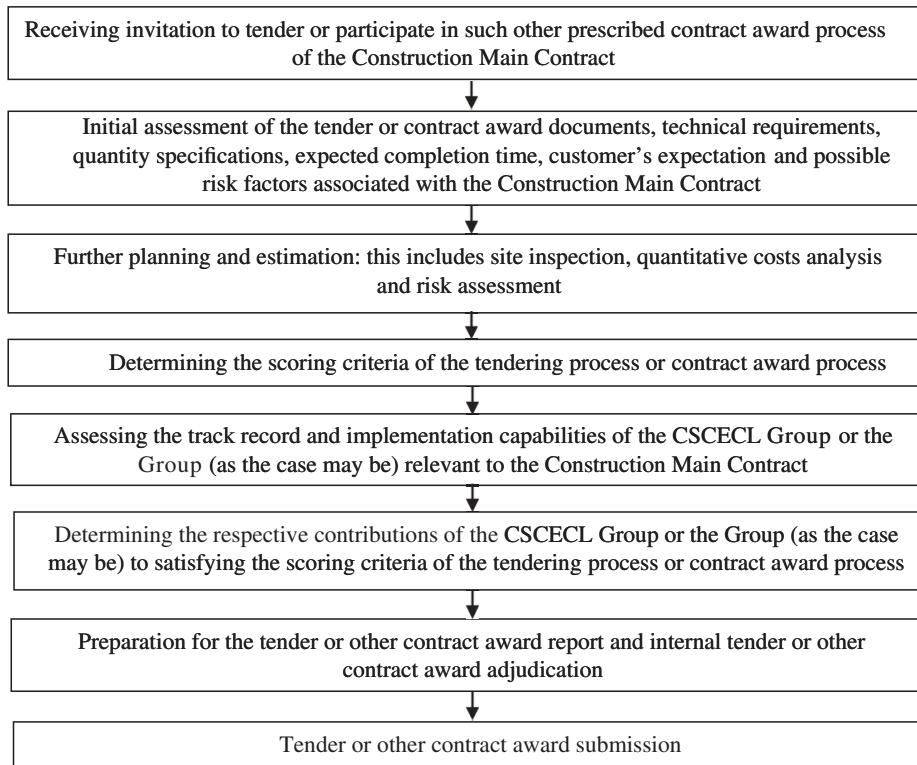
- (b) the contractual joint ventures for entering into and implementing the particular Construction Main Contracts as contemplated under the New Framework Agreement are joint operations arrangement between the Group and the CSCECL Group.

Invitation for cooperation

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

LETTER FROM THE BOARD

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



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

LETTER FROM THE BOARD

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

Contract sum of the Construction Main Contracts

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

Historical Annual Caps and historical transaction amounts under the Previous Framework Agreement

Set out below are the Historical Annual Caps under the Previous Framework Agreement:

For the financial year ended 31 December 2022	For the financial year ended 31 December 2023	For the financial year ending 31 December 2024
HK\$31 billion	HK\$33 billion	HK\$35 billion

No transactions were conducted under the Previous Framework Agreement for the financial years ended 31 December 2022 and 2023 and the six months period ended 30 June 2024.

Basis of determining the Annual Caps

The Annual Caps are determined with reference to the estimated annual contract sum of the Construction Main Contracts during the relevant financial year. The estimated annual contract sum represents the estimated maximum liability exposure of the Group in the event that the Group is required by the third-party developer/owner client to perform or complete the work for which the CSCECL Group is responsible under the relevant JV Agreement.

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

- (a) the unpredictability nature of the Construction Projects was the main reason of the non-utilisation of the Historical Annual Caps. The number of tenders which are suitable for the Group and the CSCECL Group could fluctuate at times. Numerous Construction Projects were cancelled or delayed during the financial years ended 31 December 2022 and 2023 and the six months period ended 30 June 2024 due to the change of development plans of third-party developers. For example, certain Construction Projects in the PRC relating

LETTER FROM THE BOARD

to the construction of schools, highways and resettlement houses have been cancelled by municipal governments due to adjustments in their financial plans and overall urban planning objectives while another Construction Project in Singapore relating to the construction of hospitality and entertainment facilities has been delayed until further notice as a result of the economic fluctuations during the COVID pandemic. Additionally, the Group and the CSCECL Group did not proceed with the tenders that are unsuitable upon considering the associated risks. For example, some of the Construction Projects (i) were of high costs and/or low profit margins; (ii) adopted financing and construction models which were not in line with the Group's usual practice for construction works; or (iii) involved costs (such as relocation compensation expenses) that were uncontrollable and hard to budget for. However, it is expected that there will be more tenders available for the Group and the CSCECL Group for the next three years ending 31 December 2027 given that the continuous development of the PRC economy, as evidenced by the steady growth of its national gross domestic product ("GDP") (the national GDP of the PRC amounted to approximately RMB114.9 trillion, RMB120.5 trillion and RMB126.1 trillion in 2021, 2022 and 2023 respectively with a year-on-year growth of approximately 5.2% in 2023 and a period-on-period growth of approximately 5.0% for the six months ended 30 June 2024), shall continue to maintain the availability of Construction Projects;

- (b) the tenders already known to be suitable for tender by the Group and the CSCECL Group, being two potential Construction Projects with contract sum of approximately HK\$22.7 billion in aggregate for the financial year ending 31 December 2025, three potential Construction Projects with contract sum of approximately HK\$21.8 billion in aggregate for the financial year ending 31 December 2026 and two potential Construction Projects with contract sum of approximately HK\$21 billion in aggregate for the financial year ending 31 December 2027, the estimation of which is based on the expected approximate amount of investment/expenditure that the relevant third-party developer/owner client would invest/expend on such relevant Construction Project, the expected scope and scale of works as well as the prevailing market prices of the relevant construction materials and subcontracting charges. The size and scale of each of such Construction Projects would have a bearing in determining the Annual Caps;

- (c) given that (i) the suitable tenders already known as abovementioned are based on the information currently available to the Group and are not exhaustive; (ii) the national GDP of the PRC has been steadily growing as illustrated above; (iii) the urban population of the PRC has grown steadily from approximately 914.2 million in 2021 to approximately 932.7 million in 2023; (iv) the per capita disposable income of urban households in the PRC has increased steadily from approximately RMB47,412 in 2021 to approximately RMB51,821 in 2023; (v) Singapore's total construction demand in 2024 is projected to be between S\$32 billion and S\$38 billion (representing a potential increase of approximately 12.4% for the upper end of the projection as compared to that in 2023); and (vi) Singapore's GDP per capita has increased steadily from approximately S\$106,900 in 2021 to approximately S\$113,800 in 2023, it is expected that there will be potential Construction Projects to be announced by the relevant third-party developer/owner client for each of the three years ending 31 December 2027. In view of the foregoing and the large-scale of the Construction

LETTER FROM THE BOARD

Projects (the single contract sum of the Construction Main Contracts exceeds HK\$2 billion), the Group considers it reasonable to allocate approximately another HK\$3 billion, HK\$6 billion and HK\$9 billion to cater for any further increase in the contract sum awarded to the Group and the CSCECL Group in the years ending 31 December 2025, 2026 and 2027 respectively; and

- (d) a buffer of 10% of the aforesaid contract sum for each financial year to accommodate the expected general increase in construction cost in each of the three years ending 31 December 2027, which is estimated to be contributed by the general escalation in labour cost, materials cost, and cost relating to the implementation of safety measures, quality assurance and environmental protection measures.

Customary terms of joint venture agreements

During the term of the New Framework Agreement, the Group and the CSCECL Group may from time to time enter into a standard individual joint venture agreement (the “**JV Agreement**”) which contains the below customary terms in the construction industry, for establishing a contractual joint venture to enter into and implement a particular Construction Main Contract:

(a) Proportion of interest

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

(b) Profit/loss sharing

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

(c) Financing and other support

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

LETTER FROM THE BOARD

(d) Management

A contractual joint venture under a JV Agreement shall be managed by an executive board (the “**Executive Board**”) to be set up by the Group and the CSCECL Group. The Executive Board shall comprise members appointed by both the Group and the CSCECL Group, the number of which shall be determined in accordance with their Respective Interest. A member appointed by the CSCECL Group and a member appointed by the Group present at a meeting of the Executive Board shall form a quorum. Any decision on material/major matters (including those specified in paragraph (f) below) made at the meeting of the Executive Board shall require a unanimous consent of the members present at the meeting.

(e) Guarantee

In the event that the third-party developer/owner client requires the parent company of the Group and the CSCECL Group to guarantee the performance of the relevant Construction Main Contract, each of the Group and the CSCECL Group shall indemnify its parent company for any liabilities arising from such guarantee.

(f) Other restrictions

Without the prior written consent from the other party, neither the Group nor the CSCECL Group may: (i) transfer, assign, pledge or encumber a JV Agreement and/or any interest of such party under such JV Agreement; (ii) change the nature or scope of business of the contractual joint venture; and (iii) procure the joint venture to enter into any transactions concerning the relevant Construction Projects which are not on an arm’s length basis.

Condition Precedent

The Transactions are conditional upon obtaining the approval of the Independent Shareholders at the EGM in relation to the New Framework Agreement and the Transactions.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENT

Both the Company and CSCECL are well established engineering contractors and represent high levels of technology and management in various fields of construction. It is perceived that the join-up of the Group and the CSCECL Group as joint venture main contractor will enhance the chance of successful award of the Construction Main Contracts. The CSCECL Group has substantial experience in construction markets in the PRC and overseas. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience and the specific construction qualifications of the CSCECL Group, and provide opportunities for the Group to strengthen and further develop its construction related business and qualifications in the PRC and overseas.

The Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of Red Sun) consider that the Transactions are expected to

LETTER FROM THE BOARD

be entered into in the ordinary and usual course of business of the Group, and the New Framework Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE NEW FRAMEWORK AGREEMENT

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

CSCECL is the intermediate holding company of the Company and is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

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

INTERNAL CONTROL MEASURES

The Company has put in place a series of internal control measures to monitor the Construction Main Contracts to ensure that such Construction Main Contracts will be entered into on normal commercial terms after arm's length negotiations, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Apart from the Procedures described above, the audit committee of the Board (the "**Audit Committee**") has been provided with details of the specific contracts in relation to the transactions entered into by the Group and confirmations from the management on a half-yearly basis to ensure such transactions have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better after a tendering process, their agreed terms are in compliance with the pricing policies or mechanisms as set out in the New Framework Agreement and the transaction amounts are all within the Annual Caps. Annual review has also been conducted by the finance department of the Company to review the processes and systems of internal control to ensure that the policies and procedures are being followed and that the systems are effective. Besides, the Audit Committee will regularly conduct assessment on the internal control system of the Group in order to ensure the effectiveness of the same. External auditors are also engaged to report on the continuing connected transactions entered into by the Group during the year, with their findings and conclusions being reported to the Audit Committee in accordance with the relevant standards and practice notes.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CSCECL is an intermediate holding company of the Company. Hence, CSCECL is a connected person of the Company and the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Since all the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group for the relevant financial year as contemplated under the New Framework Agreement, i.e. the Annual Caps, exceed 5%, the Transactions are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given (i) each contractual joint venture as contemplated under the New Framework Agreement will engage in a single purpose project which is of a revenue nature in the ordinary and usual course of business of the Company; (ii) the contractual joint venture is on an arm's length basis and on normal commercial terms; and (iii) the standard terms of the JV Agreement contain a provision that without the prior consent from the other party, neither the CSCECL Group nor the Group may, among other things, (1) change the nature or scope of business of the contractual joint venture; and (2) procure the joint venture to enter into any transactions concerning the relevant Construction Projects which are not on an arm's length basis, the Directors consider that the Transactions contemplated under the New Framework Agreement do not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Transactions and no Director is required to abstain from voting on the Board resolution(s) approving the Transactions. However, Mr. Zhang Haipeng, being the chairman and executive director of the Company and a director and president of COHL and Mr. Yan Jianguo, being non-executive director of the Company and the chairman of COHL, have voluntarily abstained from voting on the Board resolution(s) approving the Transactions.

Shareholders should note that the Annual Caps represent the best estimates by the Directors of the amount of the Construction Main Contracts based on the information currently available. The Annual Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance.

EGM

A notice convening the EGM via the e-Meeting System to be held on Wednesday, 18 December 2024 at 11:00 a.m. is set out on pages 51 to 52 of this circular. An ordinary resolution will be proposed to the Independent Shareholders at the EGM to consider and, if thought fit, approve the Transactions.

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

LETTER FROM THE BOARD

In order to be entitled to attend and vote via the e-Meeting System at the EGM or any adjourned meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 December 2024.

VOTING BY WAY OF POLL

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

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

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

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

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

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on the Transactions. Red Sun has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 18 to 19 in this circular which contains its recommendation to the Independent Shareholders in relation to the Transactions.

Your attention is also drawn to the letter from Red Sun set out on pages 20 to 46 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

The Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of Red Sun) consider that the Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the New Framework Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,

By Order of the Board

China State Construction International Holdings Limited

Zhang Haipeng

Chairman and 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)

29 November 2024

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE NEW FRAMEWORK AGREEMENT WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)**

We refer to the circular dated 29 November 2024 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

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

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 17 of the Circular and the text of a letter of advice from Red Sun, as set out on pages 20 to 46 of the Circular, both of which provide details of the New Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

Having considered (i) the New Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps); (ii) the advice of Red Sun; and (iii) the relevant information contained in the letter from the Board, we are of the opinion that the New Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

Yours faithfully,

For and on behalf of

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

Wong Wai Ching

Independent Non-executive Director

Chan Tze Ching Ignatius

Independent Non-executive Director

Chan Fan

Independent Non-executive Director

LETTER FROM RED SUN

The following is the full text of the letter from Red Sun which sets out its advice to the Independent Board Committee and Independent Shareholders in connection with the Transactions for inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

Room 310, Floor 3,
China Insurance Group Building,
141 Des Voeux Road Central,
Central, Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

29 November 2024

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE NEW FRAMEWORK AGREEMENT WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)**

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions between China State Construction International Holdings Limited (the “**Company**”) and China State Construction Engineering Corporation Limited (“**CSCECL**”), which constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 29 November 2024, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 4 November 2024, the Company and CSCECL entered into the New Framework Agreement to renew the Previous Framework Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027 whereby the Group and the CSCECL Group will cooperate to implement the relevant Construction Main Contracts as joint venture main contractor. It is expected that the award of the Construction Main Contracts will generally be subject to a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in order to determine the contract sum of the relevant Construction Main Contracts.

LETTER FROM RED SUN

The cooperation between the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange) (the “**Group**”) and the CSCECL and its subsidiaries (excluding subsidiary(ies) listed on the Stock Exchange and their respective subsidiary(ies)) from time to time (the “**CSCECL Group**”) as contemplated by the New Framework Agreement will continue to take the form of contractual joint venture in accordance with customary terms in the construction industry whereby the Group and CSCECL Group will cooperate to implement the relevant Construction Main Contracts as joint venture main contractor.

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

The New Framework Agreement does not anticipate the formation of any joint venture company, nor the acquisition or disposal of any entities. The contractual joint ventures as contemplated under the New Framework Agreement are joint operations arrangement between members of the Group and the CSCECL Group without the establishment of any separate legal entities to carry out the Construction Main Contracts, and each of them shall engage in a single purpose project which is of a revenue nature in the ordinary and usual course of business of the Group, on an arm’s length basis and on normal commercial terms. These contractual joint ventures are expected to be categorised as “joint operations” in the financial statements of the Company.

As at the Latest Practicable Date, CSCECL is an intermediate holding company of the Company. Hence, CSCECL is a connected person of the Company. Accordingly, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group for the relevant financial year as contemplated under the New Framework Agreement, i.e. the Annual Caps, exceed 5%, the Transactions are subject to the annual review, reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Given (i) each contractual joint venture as contemplated under the New Framework Agreement will engage in a single purpose project which is of a revenue nature in the ordinary and usual course of business of the Company; (ii) the contractual joint venture is on an arm’s length basis and on normal commercial terms; and (iii) the standard terms of the JV Agreement contain a provision that without the prior consent from the other party, neither the CSCECL Group nor the Group may, among other things, (1) change the nature or scope of business of the contractual joint venture; and (2) procure the joint venture to enter into any transactions concerning the relevant Construction Projects which are not on an arm’s length basis, the Directors consider that the Transactions contemplated under the New Framework Agreement do not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

LETTER FROM RED SUN

None of the Directors has any material interest in the Transactions and no Director is required to abstain from voting on the Board resolution(s) approving the Transactions. However, Mr. Zhang Haipeng, being the chairman and executive director of the Company and a director and president of China Overseas Holdings Limited (“COHL”) and Mr. Yan Jianguo, being non-executive director of the Company and the chairman of COHL, have voluntarily abstained from voting on the Board resolution(s) approving the Transactions.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises Mr. Zhang Haipeng as Chairman and executive Director; Mr. Yan Jianguo as non-executive Director; Mr. Wang Xiaoguang (Chief Executive Officer) and Mr. Hung Cheung Shew as executive Directors; and Ms. Wong Wai Ching, Mr. Chan Tze Ching Ignatius and Mr. Chan Fan as independent non-executive Directors.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the Transactions, are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Transactions are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

We, Red Sun, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the terms of the Transactions, for the Independent Board Committee’s consideration when making their recommendation to the Independent Shareholders.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, CSCECL and their respective shareholders, directors or chief executives, any of their respective associates, or any relevant parties in connection with the Transactions. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the Transactions.

Save for this appointment and our appointment as the independent financial adviser in respect of the continuing connected transactions contemplated under the engagement agreements entered into between the Company and CSCECL on 20 October 2023 in relation to (i) the engagement of the China State Construction Development Holdings Limited and its subsidiaries by the CSCECL Group as subcontractor or service provider (as the case may be) for provision of the contracting and engineering works, project consultancy service and project management service for the CSCECL Group’s construction works; (ii) the engagement by the Group of the CSCECL Group as construction contractor (main contractor and sub-contractor), project management contractor, project consultant and/or construction material supplier for the Group’s construction works; and (iii) the engagement by the CSCECL Group of the Group as construction contractor (main contractor and sub-contractor), project management contractor, project consultant and/or construction material supplier for the CSCECL Group’s construction works, details of which are set out in the circular of the Company dated 14 December 2023, Red Sun has not acted as an independent financial adviser to the Company under the Listing Rules in the past two years.

LETTER FROM RED SUN

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

IV. BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and CSCECL Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have reviewed, among other things, (i) the New Framework Agreement; (ii) the annual report of the Company for the year ended 31 December 2023; and (iii) the interim report of the Company for the six months ended 30 June 2024. We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular, nor statements, information, opinions or representation provided to us to be untrue, inaccurate or misleading.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group or its respective history, experience and track records, or the prospects of the markets in which it operates.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Transactions, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM RED SUN

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group and the CSCECL Group

1.1 Principal business and the financial information of the Group¹

The Group is principally engaged in the construction business, infrastructure investments and prefabrication constructions. According to the latest published interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”), the Group’s business activities are principally carried out in Hong Kong, Macau and the PRC.

Set out below is a summary of the Group’s operating results by activities and segment, extracted from the published annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”) and the 2024 Interim Report:

Summary of the Group’s operating results by business activities:

	For the year ended		For the six months	
	31 December		ended 30 June	
	2023	2022	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	113,734,013	101,975,265	61,755,215	55,110,712
- Revenue from construction contracts	40,215,032	45,219,645	23,219,853	18,673,338
- Revenue from construction related investment projects (<i>Note 1</i>)	63,592,981	49,243,336	33,768,745	32,287,323
- Revenue from facade contracting business	5,008,692	4,596,232	2,536,190	2,578,578
- Revenue from infrastructure operation (<i>Note 2</i>)	774,979	791,688	416,932	463,939
- Others (<i>Note 3</i>)	4,142,329	2,124,364	1,813,495	1,107,534

Notes:

1. Revenue from construction related investment projects mainly comprises revenue generated from the provision of construction services under Public-Private-Partnership model and government targeted repurchase of resettlement housing project, and the corresponding interest income.
2. Revenue from infrastructure operation comprises revenue from thermoelectricity business and toll road operation.
3. Revenue from others mainly comprises revenue from industrial plant reconstruction, project consultancy services, sales of building materials, machinery leasing, insurance contracts and rental income from investment properties.

¹ For the definition of the “Group” under the sub-section headed “1.1 Principal business and the financial information of the Group”, the Group is defined as the Company and all of its subsidiaries from time to time.

LETTER FROM RED SUN

For the year ended 31 December 2023 compared to the year ended 31 December 2022

The Group recorded a revenue of approximately HK\$102.0 billion and HK\$113.7 billion for the years ended 31 December 2022 and 2023, respectively, representing a year-on-year increase of approximately 11.5%.

The Group derived revenue from construction contracts of approximately HK\$45.2 billion and HK\$40.2 billion for the years ended 31 December 2022 and 2023, respectively, representing a decrease of approximately 11.1%. As set out above, revenue generated from construction contracts accounted for approximately 44.3% and 35.4% of the Group's total revenue for the years ended 31 December 2022 and 2023, respectively.

The Group derived revenue from construction related investment projects of approximately HK\$49.2 billion and HK\$63.6 billion for the years ended 31 December 2022 and 2023, respectively, representing an increase of approximately 29.1%. As set out above, revenue generated from construction related investment projects accounted for approximately 48.3% and 55.9% of the Group's total revenue for the years ended 31 December 2022 and 2023, respectively.

The Group derived revenue from facade contracting business, infrastructure operation and others of approximately HK\$7.5 billion and HK\$9.9 billion for the years ended 31 December 2022 and 2023, respectively, representing an increase of approximately 32.1%. As set out above, revenue generated from facade contracting business, infrastructure operation and others accounted for approximately 7.4% and 8.7% of the Group's total revenue for the years ended 31 December 2022 and 2023, respectively.

For the six months ended 30 June 2024 compared to the six months ended 30 June 2023

The Group recorded a revenue of approximately HK\$55.1 billion and HK\$61.8 billion for the six months ended 30 June 2023 and 2024, respectively, representing a period-on-period increase of approximately 12.1%.

The Group derived revenue from construction contracts of approximately HK\$18.7 billion and HK\$23.2 billion for the six months ended 30 June 2023 and 2024, respectively, representing an increase of approximately 24.3%. As set out above, revenue generated from construction contracts accounted for approximately 33.9% and 37.6% of the Group's total revenue for the six months ended 30 June 2023 and 2024, respectively.

The Group derived revenue from construction related investment projects of approximately HK\$32.3 billion and HK\$33.8 billion for the six months ended 30 June 2023 and 2024, respectively, representing an increase of approximately 4.6%. As set out above, revenue generated from construction related investment projects accounted for approximately 58.6% and 54.7% of the Group's total revenue for the six months ended 30 June 2023 and 2024, respectively.

LETTER FROM RED SUN

The Group derived revenue from facade contracting business, infrastructure operation and others of approximately HK\$4.2 billion and HK\$4.8 billion for the six months ended 30 June 2023 and 2024, respectively, representing an increase of approximately 14.9%. As set out above, revenue generated from facade contracting business, infrastructure operation and others accounted for approximately 7.5% and 7.7% of the Group's total revenue for the six months ended 30 June 2023 and 2024, respectively.

Summary of the Group's operating results by segment:

	For the year ended		For the six months	
	31 December		ended 30 June	
	2023	2022	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	113,734,013	101,975,265	61,755,215	55,110,712
- the PRC	66,185,389	48,631,132	35,118,859	32,040,124
- Hong Kong	30,821,983	37,214,275	18,173,708	14,074,829
- Macau	10,769,724	10,541,700	5,418,595	5,862,765
- CSC Development Group (<i>Note</i>)	5,956,917	5,588,158	3,044,053	3,132,994

Note: China State Construction Development Holdings Limited, a limited liability company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange, and its subsidiaries (together the "CSC Development Group") are currently managed by a separate business team. The chief operating decision maker regards the CSC Development Group as a distinct reportable segment and assesses its performance based on its overall result.

1.2 Principal activities of CSCECL

CSCECL is the intermediate holding company of the Company and is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

According to the annual report of CSCECL for the year ended 31 December 2023, its total revenue increased by approximately 10.2% from approximately RMB2,055.1 billion for the year ended 31 December 2022 to approximately RMB2,265.5 billion for the year ended 31 December 2023.

1.3 Overview of the economy in PRC and Singapore

We noted from the Management that majority of the potential projects under the New Framework Agreement are located in the PRC and Singapore, details of which are set out under the heading "9. Annual Caps" in this letter. Accordingly, we set out below the respective economic data of the PRC and Singapore below as reference:

LETTER FROM RED SUN

The PRC

The table below sets out a summary of the national GDP, urbanisation rate and disposable income of urban households per capita from 2021 to 2023 in the PRC:

	2021	2022	2023
<i>(approximate)</i>			
National GDP (<i>RMB trillion</i>)	114.9	120.5	126.1
Total population (<i>million</i>)	1,412.6	1,411.8	1,409.7
Urban population (<i>million</i>)	914.2	920.7	932.7
Urbanisation rate (%)	64.72	65.22	66.16
Per capita disposable income of urban households (<i>RMB</i>)	47,412	49,283	51,821

Source: National Bureau of Statistics of the PRC

As disclosed on the website of the National Bureau of Statistics of China* (“NBS”) (國家統計局) (<http://data.stats.gov.cn>), year-on-year growth in gross domestic product (“GDP”) for the PRC in 2023 was approximately 5.2% (2022: 3.0%), while the PRC economy has continued to drive the growth and recorded a period-on-period growth in GDP of approximately 5.0% compared to the GDP for the six months ended 30 June 2024, based on preliminary data published by the National Bureau of Statistics of China in July 2024.

Pursuant to the 14th Five Year Plan* (十四五規劃) (the “14th FYP”) announced by the PRC government in March 2021, the target urbanisation rate of the resident population* (常住人口城鎮化率) for the next five years from 2021 is approximately 65.0%. Based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries* (發展戰略性新興產業); (iii) the acceleration of modern service industries development* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation* (加快數位化發展). The PRC government will also announce government policy from time to time to promote the long term sustainable growth of the PRC construction industry. The increase in urbanisation rate and income per capita in the PRC in recent years and the continuous development of the PRC economy shall continue to drive the long-term growth of the PRC construction industry.

LETTER FROM RED SUN

Singapore

The table below sets out a summary of the GDP at current market prices and the GDP per capita from 2021 to 2023 in Singapore:

	2021	2022	2023
<i>(approximate)</i>			
GDP at current market prices (<i>S\$ million</i>)	583,221.5	687,230.4	673,300.3
GDP per capita (<i>S\$ '000</i>)	106.9	121.9	113.8

Source: Singapore Department of Statistics

As set out in the website of the Singapore Department of Statistics, the GDP at current market prices grew by approximately 7.8% year-on-year for the first half of 2024. Meanwhile, according to The Building and Construction Authority, a statutory board under the Ministry of National Development of the Government of Singapore, the total construction demand in 2024 is projected to be between S\$32 billion and S\$38 billion, as compared to the construction demand of approximately S\$33.8 billion for 2023, representing a potential increase of approximately 12.4% for the upper end of the projection.

2. Principal terms of the New Framework Agreement

Date

4 November 2024

Parties

1. the Company; and
2. CSCECL.

Term

The New Framework Agreement shall cover three financial years commencing on 1 January 2025 and ending on 31 December 2027.

LETTER FROM RED SUN

Subject matter

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

- (a) the Group and the CSCECL Group may cooperate to enter into and implement the Construction Main Contracts as joint venture main contractor, provided that the maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and CSCECL Group for the relevant financial year shall not exceed the corresponding Annual Cap as set out in the paragraph headed “9. Annual Caps” below in this letter; and
- (b) the contractual joint ventures for entering into and implementing the particular Construction Main Contracts as contemplated under the New Framework Agreement are joint operations arrangement between the Group and the CSCECL Group.

Details of the major terms and conditions of the New Framework Agreement are set out in the section headed “NEW FRAMEWORK AGREEMENT” in the Letter from the Board in the Circular.

3. Reasons for and benefits of the entering into of the New Framework Agreement

Both the Company and CSCECL are well established engineering contractors and represent high levels of technology and management in various fields of construction. It is perceived that the join-up of the Group and CSCECL Group as joint venture main contractor will enhance the chance of successful award of the Construction Main Contracts. The CSCECL Group has substantial experience in construction markets in the PRC and overseas. The Directors believe that such arrangement will benefit the Group by leveraging the substantial experience and the specific construction qualifications of the CSCECL Group, and provide opportunities for the Group to strengthen and further develop its construction related business and qualifications in the PRC and overseas.

The Directors consider that the Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the New Framework Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm’s length negotiations between the parties, and the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that (i) the Group is principally engaged in, amongst others, construction business, infrastructure project investments, toll road operation, project consultancy services and facade contracting business; and (ii) the CSCECL’s years of experience in large-scale public infrastructure and/or building projects in the PRC, we concur with the Directors that entering into the New Framework Agreement between the parties would potentially enhance the chance of a successful award of the Construction Main Contracts and is beneficial to the Group and the Shareholders as a whole.

4. Customary terms of joint venture agreements

During the term of the New Framework Agreement, the Group and the CSCECL Group may from time to time enter into a standard individual joint venture agreement (the “**JV Agreement**”) which contains the below customary terms in the construction industry, for establishing a contractual joint venture to enter into and implement a particular Construction Main Contract:

(a) Proportion of interest

The respective interest of the Group and the CSCECL Group in each contractual joint venture under a JV Agreement (the “**Respective Interest**”) will be determined by the engineering department of the Group or the CSCECL Group (as the case may be), based on the respective contributions of the Group and the CSCECL Group to satisfy the scoring criteria of the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of the Construction Main Contract. The scoring criteria and the respective contributions of the Group and the CSCECL Group will be determined by the engineering department of the Group or the CSCECL Group (as the case may be) during the Procedures as defined in the Letter from the Board.

(b) Profit/loss sharing

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

(c) Financing and other support

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

(d) Management

A contractual joint venture under a JV Agreement shall be managed by an executive board (the “**Executive Board**”) to be set up by the Group and the CSCECL Group. The Executive Board shall comprise members appointed by both the Group and the CSCECL Group, the number of which shall be determined in accordance with their Respective Interest. A member appointed by the CSCECL Group and a member appointed by the Group present at a meeting of the Executive Board shall form a quorum. Any decision on material/major matters (including those specified in paragraph (f) below) made at meeting of the Executive Board shall require a unanimous consent of the members present at the meeting.

(e) Guarantee

In the event that the third-party developer/owner client requires the parent company of the Group and the CSCECL Group to guarantee the performance of the relevant Construction Main Contract, each of the Group and the CSCECL Group shall indemnify its parent company for any liabilities arising from such guarantee.

(f) Other restrictions

Without the prior written consent from the other party, neither the Group nor the CSCECL Group may: (i) transfer, assign, pledge or encumber a JV Agreement and/or any interest of such party under such JV Agreement; (ii) change the nature or scope of business of the contractual joint venture; and (iii) procure the joint venture to enter into any transactions concerning the relevant Construction Projects which are not on an arm's length basis.

Condition Precedent

The Transactions are conditional upon obtaining the approval of Independent Shareholders at the EGM in relation to the New Framework Agreement and the Transactions.

5. Our analysis on the terms of the New Framework Agreement

With a view to assess the fairness and reasonableness of the New Framework Agreement and the transactions contemplated thereunder, we have obtained the full list of agreements in relation to the formation of joint operation arrangement by the Company with independent third parties for construction projects entered into during the period from 1 January 2024 to 4 November 2024 (being the date of the New Framework Agreement) (the "**Previous JV Agreements**"). We have discussed with the Management and understand that the terms of the Previous JV Agreements were similar in nature and that these agreements entered into with independent third parties would also undergo the relevant internal approval procedures set by the Company. As part of our analysis, we have reviewed 10 Previous JV Agreements on a random basis during the subject period, representing two-thirds of the Previous JV Agreements. Given the above, we considered the subject review period to be a reasonable period which reflected the recent practice of the Group for the purpose of our analysis hereunder and the number of samples to be sufficient and representative (i.e. more than half of the Previous JV Agreements) for the purpose of our analysis on comparing the terms between the Previous JV Agreements and the New Framework Agreement. Set out below is our analysis on the 10 Previous JV Agreements:

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Agreement	Proportion of interest attributable to the Company (approximately %)	Description of the Previous JV Agreements	Profit and loss sharing	Working capital contribution	Establishment of management and/or executive board of joint venture to govern operational matters	Guarantee/indemnity	Rights to transfer
Agreement A	60.0	Construction works for commercial complex	Yes (Note 1)	Yes (Note 2)	Yes (Note 3)	No, bear own respective liabilities	Not mentioned
Agreement B	97.1	Design and construction of residential buildings	Yes (Note 1)	Yes (Note 2)	Yes (Note 3)	No, bear own respective liabilities and bear joint and several liabilities to external party	Not mentioned
Agreement C	91.1	Design and construction of residential buildings	Yes (Note 1)	Yes (Note 2)	Yes (Note 3)	No, bear own respective liabilities and bear joint and several liabilities to external party	Not mentioned
Agreement D	96.7	Design and construction of industrial park	Yes (Note 1)	Yes (Note 2)	Yes (Note 3)	No, bear joint and several liabilities to external party	Not mentioned
Agreement E	91.0	Design and construction of residential buildings	Yes (Note 1)	Yes (Note 2)	Yes (Note 3)	No, bear own respective liabilities and bear joint and several liabilities to external party	Not mentioned
Agreement F	99.9	Design and construction of residential buildings	Yes (Note 1)	Yes (Note 2)	Yes (Note 3)	No, bear own respective liabilities and bear joint and several liabilities to external party	Not mentioned
Agreement G	70.0	Design and construction of industrial park	Yes (Note 1)	Yes (Note 2)	Yes (Note 3)	No, bear own respective liabilities and bear joint and several liabilities to external party	Not mentioned

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Agreement	Proportion of interest attributable to the Company (approximately %)	Description of the Previous JV Agreements	Profit and loss sharing	Working capital contribution	Establishment of management and/or executive board of joint venture to govern operational matters	Guarantee/indemnity	Rights to transfer
Agreement H	45.0	Design and construction of residential buildings	Yes (<i>Note 1</i>)	Yes (<i>Note 2</i>)	Yes (<i>Note 3</i>)	No, bear own respective liabilities and bear joint and several liabilities to external party	Not mentioned
Agreement I	97.0	Construction works for residential buildings	Yes (<i>Note 1</i>)	Yes (<i>Note 2</i>)	Yes (<i>Note 3</i>)	No, bear joint and several liabilities to external party	Not mentioned
Agreement J	90.0	Design and construction of public transport interchange	Yes (<i>Note 1</i>)	Yes (<i>Note 2</i>)	Yes (<i>Note 3</i>)	No, bear joint and several liabilities to external party	Not mentioned

Notes:

1. The profit or loss shall be shared or borne by the parties based on their respective works allocation through the proportion of interest or relevant works contribution.
2. Each of the parties in the agreement shall be responsible for its own cost or working capital in relation to the works allocated.
3. The party with majority interest would be responsible for the overall management of the construction contract and initiate the establishment of management or executive board to govern the overall operational matters, if required.

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The detailed analysis of the above Previous JV Agreements is set out under sub-section headed “Our analysis on the Sampled JV Agreements” in this letter below. In addition to the above, we have also conducted research based on published information on the website of the Stock Exchange (www.hkex.com.hk), on an exhaustive basis, on joint ventures arrangements entered into by listed companies in Hong Kong in the construction or property related industry (the “**Applicable Listed Companies**”). The samples were selected, with the following criteria, (i) the Applicable Listed Companies are listed on the Main Board of the Stock Exchange with revenue of not less than HK\$1 billion recorded for the most recent completed two financial years as stated in the latest audited financial statements, having taken into consideration the revenue of the Group; (ii) the activity of the joint venture is in relation to construction or property related services; and (iii) the subject announcements or circulars were made since November 2023 (being approximately 12 months from the date of the New Framework Agreement) which we considered to be a recent and reasonable period for the purpose of our analysis hereunder and we considered that such period to be demonstrative for the prevailing market practice. Based on the selection criteria, we have identified 12 samples of announcements/circulars in respect of the joint venture agreements entered into by the Applicable Listed Companies with independent third parties and/or connected parties (the “**JV Comparables**”). Based on the above criteria and notwithstanding that the background and the scale of operations of the JV Comparables may be different from that of the Construction Main Contracts as contemplated under the New Framework Agreement, we are of the view that the JV Comparables serve as meaningful and comparative references in comparing the salient terms in respect of the formation of joint venture set up by companies listed on the Stock Exchange in the construction and property related industry for our analysis purposes.

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The following table sets forth the relevant details of the JV Comparables:

Name of Company	Stock code	Date of announcement/ circular	Proportion of interest attributable to the company (approximately %)	Counterparty is connected person or independent third party	Description of the JV Comparables	Profit and loss sharing	Working capital contribution matters	Establishment of management and/or executive board of joint venture to govern operational matters	Guarantee/indemnity	Rights to transfer
Wai Kee Holdings Limited	610	3 October 2024	60.0	Connected person	Design and construction works	Yes	Yes	Yes	Yes	Not mentioned
BHCC Holding Limited	1552	18 July 2024	10.0	Connected person	Lease and development of land	Not mentioned	Yes	Not mentioned	Not mentioned	Not mentioned
Guoco Group Limited	53	15 July 2024	60.0	Connected person	Implementation, construction, management, operation and maintenance of the project	Not mentioned	Yes	Yes	Not mentioned	Requires prior written approvals or consents
China Overseas Land & Investment Ltd	688	2 April 2024	85.0	Independent third party	Land investment and development	Yes	Yes	Not mentioned	Yes	Requires written consent from the other party
C&D International Investment Group Limited	1908	2 February 2024	45.0	Connected person	Land investment and development	Not mentioned	Not mentioned	Yes	Not mentioned	Not mentioned
C&D International Investment Group Limited	1908	21 December 2023	45.0	Connected person	Acquisition of land	Not mentioned	Yes	Yes	Not mentioned	Can transfer to designated subsidiary within one year after the establishment of joint venture

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Name of Company	Stock code	Date of announcement/ circular	Proportion of interest attributable to the company (approximately %)	Counterparty is connected person or independent third party	Description of the JV Comparables	Profit and loss sharing	Working capital contribution matters	Establishment of management and/or executive board of joint venture to govern operational matters	Guarantee/indemnity	Rights to transfer
Guoco Group Limited	53	18 December 2023	30.0	Connected person	Implementation, construction, management, operation and maintenance of the project	Not mentioned	Yes	Yes	Not mentioned	Requires prior written approvals or consents
Financial Street Property Co., Limited	1502	18 December 2023	51.0	Independent third party	Property management and related services	Not mentioned	Yes	Not mentioned	Not mentioned	Not mentioned
Financial Street Property Co., Limited	1502	18 December 2023	51.0	Connected person	Property management and related services	Yes	Yes	Not mentioned	Not mentioned	Requires written consent from the other party
China Overseas Land & Investment Ltd	688	15 December 2023	90.0	Independent third party	Acquisition of land	Not mentioned	Yes	Not mentioned	Not mentioned	Not mentioned
Financial Street Property Co., Limited	1502	11 December 2023	51.0	Independent third party	Property management and related services	Not mentioned	Yes	Not mentioned	Not mentioned	Not mentioned
CITIC Limited	267	13 November 2023	87.0	Independent third party	Development of commercial, residential and office premises	Yes	Yes	Yes	Yes	Not mentioned
The Company	3311	4 November 2024	To be determined in each tender	Connected person	Participate in construction contract	Yes	Yes	Yes	Yes	Requires written consent from the other party

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Shareholders should note that the businesses, operations and prospects of the joint venture(s) to be formed under the terms of the New Framework Agreement and the transactions contemplated thereunder may or may not be the similar to those of the Previous JV Agreements and JV Comparables (together, the “**Sampled JV Agreements**”) and the aforesaid samples are used to provide a general reference for the common market practice regarding the formation of joint venture.

Our analysis on the Sampled JV Agreements

We noted the following from our review of the Sampled JV Agreements:

- (i) the proportion of interest attributable to the Company or the Applicable Listed Companies, where applicable, as joint venture partners pursuant to the respective Sampled JV Agreements varied, which ranged from approximately 45.0 to 99.9% attributable to the Company for the Previous JV Agreements and ranged from 10.0% to 90.0% attributable to the company listed on the Stock Exchange for the JV Comparables;
- (ii) the liabilities, interests, profit and loss arising out of the joint ventures under the respective Sampled JV Agreements shall be shared or borne in accordance with the respective interest of the joint venture partners;
- (iii) working capital shall be contributed in accordance with the respective interest of the joint venture partners under the respective Sampled JV Agreements;
- (iv) pursuant to the Sampled JV Agreements, where specified or applicable, various operational matters can be decided by a majority of the executive board set up by the joint venture partners and certain specified matters required unanimous consent of the executive board/shareholder;
- (v) based on our work on the Sampled JV Agreements, it is not uncommon for the Sampled JV Agreements to set out the terms governing circumstances whereby (a) the parent company of the joint venture partners is required to provide guarantee on the party’s performance, the joint venture partners shall indemnify its parent company for any liabilities arising from such guarantee; and (b) each of the joint venture partners is required to provide guarantee on the other party’s performance and the joint venture partners shall indemnify each other for any liabilities arising from such guarantee, respectively; and
- (vi) based on our work on the Sampled JV Agreements, in relation to transfer, assign or pledge interest of the parties, it is not uncommon for the Sampled JV Agreements to contain similar clauses.

Apart from the JV Comparables listed in the above table, we have further identified three other listed companies with similar framework agreements during the course of our work, namely LHN Limited, Oriental Explorer Holdings Limited and Century Ginwa Retail Holdings Limited. Despite that they did not fulfil the selection criteria and were not classified as JV Comparables, the subject framework agreements entered into by the aforesaid three listed companies also demonstrated the terms of the New Framework Agreement are not uncommon.

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Based on our analysis above, we are of the view that the terms as set out under paragraph headed “Customary terms of joint venture agreements” in the Letter from the Board are in line with the market practice as a whole and thus considered to be fair and reasonable.

Having considered that (i) the Construction Main Contracts fall within the principal business activities of the Group; (ii) the reasons for and benefit of the Group to enter into the New Framework Agreement; (iii) the results of our analysis performed on the terms of the New Framework Agreement; and (iv) the customary terms of joint venture agreements as set out in the New Framework Agreement are in line with market practice as set out above, we concur with the Directors’ view that the New Framework Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Invitation for cooperation

Internal approval process

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

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

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

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

Our analysis on the internal approval process

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

Moreover, we have discussed and understood from the Management that (i) tenders with independent third parties and connected persons of the Group will be applied with the same Procedures; (ii) the external auditors of the Company will also conduct an annual review of the continuing connected transactions under the New Framework Agreement, including the pricing policies and the annual caps; and (iii) the independent non-executive Directors will conduct an annual review of the continuing connected transactions under the New Framework Agreement to ensure that they are conducted on normal commercial terms and are in accordance with the terms of the New Framework Agreement.

Furthermore, we have obtained from the Management a full list of agreements in relation to the formation of joint operations by the Company with independent third parties for construction projects, i.e. the Previous JV Agreements, and reviewed two-thirds of the approval form on joint venture partner for project tender* (the “**Approval Form for Project Tender**”) (工程投標審批表) from the Previous JV Agreements, such tenders for contractual joint venture with independent third parties were entered into between a period from 1 January 2024 and up to 4 November 2024 (being the date of the New Framework Agreement). We have discussed with the Management and understand that the Company adopted the same internal approval processes for the formation of joint operations with (i) connected party(ies); or (ii) independent third party(ies) and we considered the subject review period to be a reasonable period which reflected the recent practice of the Company for its internal approval processes and the number of samples, representing two-thirds of the Previous JV Agreements, to be sufficient and representative for the purpose of our analysis hereunder. Based on our discussions with the Management and reviewed the samples of the Approval Form for Project Tender, we understand that (i) the contractual joint venture with connected persons will be reviewed against the same prescribed procedures which were applied to contractual joint venture with independent third parties; and (ii) the evaluations as set out in the samples of the Approval Form for Project Tender are in line with the Procedures as mentioned above.

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Moreover, under the Procedures and samples of the Approval Form for Project Tender being reviewed and our discussions with the Management, we also noted that the respective interest of the Group and the existing/potential joint venture partners in each contractual joint venture has been/will be determined by the engineering department based on the respective contributions of the Group and the existing/potential joint venture partner to satisfy the scoring criteria of the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner and may be different and depending on the parties' respective (i) track record and implementation capabilities of existing/potential joint venture partner; (ii) contributions to satisfying the scoring criteria of the tendering process; and (iii) capability to enhance the chance of successful award of the contracts. We further discussed with the Management and we noted that basis to determine the respective interest of the Group and existing/potential joint venture partners in each contractual joint venture with connected persons or independent third parties in tendering process has been/will be evaluated under same assessment criteria.

Having considered that (i) the internal control guidance regarding a proper tender procedure (i.e. the Procedures) which also applies to the tenders with either connected persons or independent third parties; (ii) the external auditors and independent non-executive Directors of the Company will perform annual reviews in respect of the continuing connected transactions under the New Framework Agreement; and (iii) the basis of determining the respective interest of the Group and potential joint venture partners in each contractual joint venture, we considered that the effective implementation of the aforesaid internal control procedures shall ensure that the Company has sufficient internal control procedures to govern the tendering process (i.e. the Procedures) for continuing connected transactions under the New Framework Agreement.

7. Contract sum of the Construction Main Contracts

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

8. Historical Amount

Reference is made to the announcement and the circular of the Company dated 10 September 2021 and 22 October 2021, respectively. On 10 September 2021, the Company and CSCECL entered into a framework agreement in respect of the cooperation of the Group and the CSCECL Group to enter into and implement government or public sector contracts, or contracts for large-scale construction with single contract sum of exceeding HK\$2 billion, awarded by tender for the years ended 31 December 2022 and 2023 and for the year ending 31 December 2024 (i.e. the Previous Framework Agreement).

Set out below are the Historical Annual Caps under the Previous Framework Agreement:

For the financial year ended on 31 December 2022	For the financial year ended on 31 December 2023	For the financial year ending on 31 December 2024
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HK\$31 billion

HK\$33 billion

HK\$35 billion

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No transactions were conducted under the Previous Framework Agreement for the financial years ended 31 December 2022 and 2023 and the six months period ended 30 June 2024.

Since the Group and the CSCECL Group have not entered into any of the above main contractor contracts as joint venture main contractor as at the Latest Practicable Date, there is no historical transaction amount available.

Our analysis on the Historical Annual Caps under the Previous Framework Agreement

We noted that there were no historical transactions under the Previous Framework Agreement for each of the two financial years ended 31 December 2023 and the six months ended 30 June 2024. As discussed with the Management, the Historical Annual Caps were not being utilised was mainly attributable to the fact that the award of contracts by the relevant third-party developer/owner client is subject to competing tenders, and the Group would not be awarded with the subject contract if there is other competing tender(s) which offer a comparatively more favourable term to the cooperation between the Group and the CSCECL Group (collectively, the “**Party**”).

The terms offered by other contractors are beyond the Group’s control, which may be affected by the prevailing economic and market conditions, the third-party developer/owner client’s contracts on hand and its project status at the material time. However, it is the Party’s practice to take into account factors including, technical requirements, quantity specifications, expected completion time, customer’s expectations and the possible risk factors associated with a project before submitting its tenders. Notwithstanding the fact that the Group submitted tenders to bid for the relevant third-party developer/owner client’s contract, the Group has not been able to secure such contracts which are beyond the Group’s control. As a result, no transactions were conducted under the existing annual caps for the two years ended 31 December 2023 up to the Latest Practicable Date.

In this connection, we have obtained a schedule setting out the list of potential construction projects tendered by the Group for the two years ended 31 December 2023 up to the Latest Practicable Date (the “**Previous Schedule**”), the Previous Schedule included (i) three projects tendered in the year of 2022 with contract amount between HK\$2 billion and HK\$23 billion, were not awarded due to (a) change of polices set out by the local government; (b) potential risks increased during the tender preparation process; or (c) project on hold due to the impact of COVID-19 and economic cycle; (ii) four projects tendered in the year of 2023 with contract amount between HK\$5 billion and HK\$9 billion, were not awarded due to change of project pattern and the Group decided not to further pursue these projects after internal assessment; and (iii) three projects tendered in the year of 2024 with contract amount between HK\$5 billion and HK\$15 billion, were not awarded due to change of project pattern and change of polices set out by the local government, the Group decided not to further pursue these projects after internal assessment as advised by the Management. Given that the size of the Historical Annual Caps is in line with the contract sum set out in the Previous Schedule and the fact that none of the contract were awarded with reasons stated above, we consider that the historical utilisation rate under these circumstances have its limitations in assessing the reasonableness of the Historical Annual Caps under the Previous Framework Agreement and, hence, such should not be used as a benchmark for determining the Annual Caps under the New Framework Agreement.

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9. Annual Caps

The maximum total contract sum of the Construction Main Contracts which may be awarded to the Group and the CSCECL Group for the relevant financial year shall not exceed the corresponding Annual Cap as set out below:

For the financial year ending 31 December 2025	For the financial year ending 31 December 2026	For the financial year ending 31 December 2027
HK\$28 billion	HK\$30 billion	HK\$32 billion

Basis of determining the Annual Caps

The Annual Caps are determined with reference to the estimated annual contract sum of the Construction Main Contracts during the relevant financial year. The estimated annual contract sum represents the estimated maximum liability exposure of the Group in the event that the Group is required by the third-party developer/owner client to perform or complete the work for which the CSCECL Group is responsible under the relevant JV Agreement.

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

- (a) the unpredictability nature of the Construction Projects was the main reason of the non-utilisation of the Historical Annual Caps. The number of tenders which are suitable for the Group and the CSCECL Group could fluctuate at times. Numerous Construction Projects were cancelled or delayed during the financial years ended 31 December 2022 and 2023 and the six months period ended 30 June 2024 due to the change of development plans of third-party developers. For example, certain Construction Projects in the PRC relating to the construction of schools, highways and resettlement houses have been cancelled by municipal governments due to adjustments in their financial plans and overall urban planning objectives while another Construction Project in Singapore relating to the construction of hospitality and entertainment facilities has been delayed until further notice as a result of the economic fluctuations during the COVID pandemic. Additionally, the Group and the CSCECL Group did not proceed with the tenders that are unsuitable upon considering the associated risks. For example, some of the Construction Projects (i) were of high costs and/or low profit margins; (ii) adopted financing and construction models which were not in line with the Group's usual practice for construction works; or (iii) involved costs (such as relocation compensation expenses) that were uncontrollable and hard to budget for. However, it is expected that there will be more tenders available for the Group and the CSCECL Group for the next three years ending 31 December 2027 given that the continuous development of the PRC economy, as evidenced by the steady growth of its national gross domestic product (i.e. the GDP) (the national GDP of the PRC amounted to approximately RMB114.9 trillion, RMB120.5 trillion and RMB126.1 trillion in 2021, 2022 and 2023 respectively with a year-on-year growth of approximately 5.2% in 2023 and a period-on-period growth of approximately 5.0% for the six months ended 30 June 2024), shall continue to maintain the availability of Construction Projects;

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- (b) the tenders already known to be suitable for tender by the Group and the CSCECL Group, being two potential Construction Projects with contract sum of approximately HK\$22.7 billion in aggregate for the financial year ending 31 December 2025, three potential Construction Projects with contract sum of approximately HK\$21.8 billion in aggregate for the financial year ending 31 December 2026 and two potential Construction Projects with contract sum of approximately HK\$21 billion in aggregate for the financial year ending 31 December 2027, the estimation of which is based on the expected approximate amount of investment/expenditure that the relevant third-party developer/owner client would invest/expend on such relevant Construction Project, the expected scope and scale of works as well as the prevailing market prices of the relevant construction materials and subcontracting charges. The size and scale of each of such Construction Projects would have a bearing in determining the Annual Caps;
- (c) given that (i) the suitable tenders already known as abovementioned are based on the information currently available to the Group and are not exhaustive; (ii) the national GDP of the PRC, the urban population of the PRC and the per capita disposable income of urban households in the PRC have been increasing steadily; (iii) Singapore's total construction demand in 2024; and (iv) Singapore's GDP per capita has increased steadily during 2021 to 2023 (details of the data and analysis are set out under paragraph headed "1.3 Overview of the economy in PRC and Singapore" in this letter above), it is expected that there will be potential Construction Projects to be announced by the relevant third-party developer/owner client for each of the three years ending 31 December 2027. In view of the foregoing and the large-scale of the Construction Projects (the single contract sum of the Construction Main Contracts exceeds HK\$2 billion), the Group considers it reasonable to allocate approximately another HK\$3 billion, HK\$6 billion and HK\$9 billion to cater for any further increase in the contract sum awarded to the Group and the CSCECL Group in the years ending 31 December 2025, 2026 and 2027 respectively; and
- (d) a buffer of 10% of the aforesaid contract sum for each financial year to accommodate the expected general increase in construction cost in each of the three years ending 31 December 2027, which is estimated to be contributed by the general escalation in labour cost, materials cost, and cost relating to the implementation of safety measures, quality assurance and environmental protection measures.

In assessing the fairness and reasonableness of the Annual Caps, we have reviewed and discussed with the Management a schedule setting out a list of potential new construction projects to be tendered by the Group for the three years ending 31 December 2027, which, upon successful tender, for the cooperation of the Party to enter into and implement the Construction Main Contracts under the New Framework Agreement. The aforesaid schedule includes (i) two potential projects to be tendered in the year of 2025 with an estimated contract amount for each of the potential projects between approximately HK\$10.7 billion and HK\$12.0 billion; (ii) three potential projects to be tendered in the year of 2026 with an estimated contract amount for each of the potential projects between approximately HK\$6 billion and HK\$9 billion; and (iii) two potential projects to be tendered in the year of 2027 with an estimated contract amount for each of the potential projects between approximately HK\$6 billion and HK\$15 billion. We also noted that majority of the aforementioned potential projects are located in the PRC and Singapore.

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Having considered that (i) the schedule setting out the potential new construction projects is only based on information currently available to the Group; (ii) the schedule for the list of potential new construction projects to be tendered by the Group is not exhaustive; and (iii) the potential projects which the Group and the CSCECL Group may cooperate to enter into for each of the three years ending 2025, 2026 and 2027 with an aggregate potential contract sum of approximately HK\$22.7 billion, HK\$21.8 billion and HK\$21.0 billion, respectively, under the potential Construction Projects, plus a buffer, we considered that such schedule forms a fair and reasonable basis for determining the Annual Caps.

In order to further assess the fairness and reasonableness of the Annual Caps, we have further reviewed the data of housing construction area for the past five years, being 2019 to 2023, as disclosed on the website of the NBS (國家統計局) (<http://data.stats.gov.cn>), which ranged from approximately 14 billion square meters to approximately 15 billion square meters per year. The relatively stable floor space under construction of construction industry* (建築業房屋施工面積) demonstrated ongoing demand in the construction industry. Having considered (i) the data for floor space under construction of construction industry* (建築業房屋施工面積) supports that there are ongoing market demand for construction activities; and (ii) publication by the PRC government in relation to the 14th FYP and the increase in urbanisation rate and income per capita in the PRC in recent years and the continuous development of the PRC economy shall continue to drive the long-term growth of the PRC construction industry as mentioned in our analysis under section headed “1.3 Overview of the economy in PRC and Singapore”, the above further supports our view that the basis of the Annual Caps is fair and reasonable.

As advised by the Management, a buffer of 10% has been included in the Annual Caps for each of the three years ending 31 December 2027 to cater for any potential increase in construction cost or potential variation orders, as advised by the Management, variation orders are common in construction related projects, such as construction drawings cannot accurately anticipate all occurrences during the actual construction phase on construction sites and additional costs might incur for alteration or variation orders to accommodate the changes during the actual construction phase, thus variation orders can facilitate the carry out of these additional ad hoc contracting works, we considered that the aforesaid 10% buffer to cater for any potential increase in construction cost and/or potential variation orders to be reasonable. In addition, a further HK\$2.3 billion, HK\$2.2 billion and HK\$1.8 billion has also been included in the Annual Caps for each of the three years ending 31 December 2027 to cater for any unforeseeable changes in the market conditions including an unexpected increase in demand of construction works and/or unexpected increase in the number of contracts and/or size of the contract sum(s) in respect of the cooperation of the Group and CSCECL Group which may be contemplated under the New Framework Agreement, thereby providing a degree of flexibility. In this connection, we have discussed with the Management in relation to the agreements/contracts entered into by the Company and understand that the contract sum for each of the agreements/contracts typically ranged from approximately RMB0.1 billion to approximately RMB2.9 billion. On this basis, in the event that the size of any potential tender(s) is/are toward the high end of the aforesaid range, an additional contract would utilise a significant portion of the aforesaid amounts incorporated in the Annual Caps for each of the three years ending 31 December 2027, therefore, together with our further analysis on the industry data as mentioned above, we considered such Annual Caps, which included a buffer, to be fair and reasonable.

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Notwithstanding that the Group and the CSCECL Group have not entered into any Construction Main Contract as joint venture main contractor for the two years ended 31 December 2023 and up to the Latest Practicable Date, having considered that (i) the overview of the economy and its large-scale infrastructure and/or building construction activities which have been set out under the paragraph headed “1.3 Overview of the economy in PRC and Singapore” in this letter above; (ii) the potential projects which the Group and the CSCECL Group may cooperate to enter into for each of the three years ending 2025, 2026 and 2027 as detailed above; and (iii) the basis and assumption for the calculation of the Annual Caps, we consider the basis for determining the Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Nevertheless, the Shareholders are advised that the Annual Caps represent the best estimates by the Group based on the information available at the time. In addition, the Annual Caps would provide the Group or the Party with the flexibility but not the obligation to submit tender for the Construction Main Contracts and any tender submitted for the Construction Main Contracts shall be subject to the Procedures as mentioned above.

VI. RECOMMENDATION

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

- (i) the basis and reasons for entering into the New Framework Agreement;
- (ii) the implementation of the relevant Construction Main Contracts as joint venture main contractor that may be awarded jointly to the Group and the CSCECL Group contemplated under the New Framework Agreement is a furtherance and continuance of the Group’s businesses;
- (iii) the implementation of the relevant Construction Main Contracts as joint venture main contractor that may be awarded jointly to the Group and CSCECL Group under the New Framework Agreement will be conducted in the ordinary and usual course of business of the Group; and
- (iv) the basis for determining the Annual Caps includes, amongst other things, the estimated annual contract sum for the potential Construction Main Contracts, details of which are set out under the section headed “9. Annual Caps” in this letter above,

LETTER FROM RED SUN

we are of the view that the terms of the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group 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 advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the resolution to approve the Transactions at the EGM.

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

Mr. Jimmy Chung is a Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and permitted to undertake work as sponsor. He has over 25 years of experience in corporate finance industry in Greater China.

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

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

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

As at the Latest Practicable Date:

- (i) Mr. Zhang Haipeng and Mr. Hung Cheung Shew respectively held 50,000 Shares and 591,584 Shares, representing 0.0009% and 0.01% of Shares in issue. All the Shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners;
- (ii) Mr. Hung Cheung Shew and Mr. Chan Tze Ching Ignatius respectively held 7,095 shares and 100,000 shares of China Overseas Land & Investment Limited (“COLI”, an associated corporation of the Company), representing 0.0001% and 0.0009% of shares in issue of COLI. All the shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners;
- (iii) Mr. Zhang Haipeng and Mr. Hung Cheung Shew respectively held 4,100,000 shares and 30,000 shares of China State Construction Development Holdings Limited (“CSCD”, an associated corporation of the Company), representing 0.18% and 0.001% of shares in issue of CSCD. All the shares held by the two Directors are being personal interest, in long positions and in the capacity of beneficial owners. Mr. Wang Xiaoguang has personal interest in 4,000,000 shares of and spouse's interest in 1,080,000 shares of CSCD, representing 0.18% and 0.05% of shares in issue of CSCD;
- (iv) Mr. Hung Cheung Shew held 2,365 shares of China Overseas Property Holdings Limited (“COPL”, an associated corporation of the Company), representing 0.0001% of shares in issue of COPL. All the shares held by the Director are being personal interest, in long positions and in the capacity of beneficial owner; and

- (v) Mr. Zhang Haipeng and Mr. Wang Xiaoguang respectively held 240,000 shares and 100,000 shares of CSCECL (an intermediate holding company of the Company), representing 0.0005% and 0.0002% of shares in issue of CSCECL. All the shares held by the Directors are being personal interest, in long positions and in the capacity of beneficial owners. The Company was informed that their CSCECL's shares were granted by CSCECL under its A-shares Restricted Stock Incentive Plan (Phases II and IV).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had, or was deemed to have, any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

3. COMPETING INTERESTS

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

As the Board operates independently of the board of directors of COHL, the Group operates its business independently of, and at arm's length from, the business of COHL.

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

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

5. SERVICE CONTRACTS

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

6. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the businesses of the Group;
- (ii) none of the Directors had any interest, direct or indirect, in any asset which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up; and
- (iii) save as disclosed in the paragraph headed “COMPETING INTERESTS” above, so far as was known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

7. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Red Sun Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

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

As at the Latest Practicable Date, Red Sun had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Red Sun had no interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up.

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

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<https://www.csci.com.hk>) respectively for a period of 14 days from the date hereof:-

- (a) the New Framework Agreement; and
- (b) the Previous Framework Agreement.

9. GENERAL

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

NOTICE OF EGM



中國建築國際集團有限公司

CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3311)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of the shareholders of China State Construction International Holdings Limited (the “**Company**”) will be held on Wednesday, 18 December 2024 at 11:00 a.m. (or any adjournment thereof) via the e-Meeting System for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (A) (i) the New Framework Agreement (as defined in the circular of the Company dated 29 November 2024 of which this notice forms part (the “**Circular**”)) (a copy of which is tabled at the Meeting and marked “**A**” and initialled by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;
- (ii) the Annual Caps (as defined in the Circular) for the respective financial years ending 31 December 2025, 31 December 2026 and 31 December 2027 be and are hereby approved; and
- (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the New Framework Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of common seal thereon.”

By Order of the Board

China State Construction International Holdings Limited

Zhang Haipeng

Chairman and Executive Director

Hong Kong, 29 November 2024

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

NOTICE OF EGM

Head office and principal place of business in Hong Kong:

28th Floor, China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

Notes:

- (1) A form of proxy for use at the Meeting is enclosed herewith.
- (2) All registered shareholders will be able to join the Meeting or any adjourned meeting thereof via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer. All non-registered shareholders may consult directly with their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (as the case may be) for necessary arrangement to attend and vote via the e-Meeting System at the Meeting or any adjourned meeting thereof if they wish.
- (3) A registered shareholder entitled to attend and vote at the Meeting or any adjourned meeting thereof is entitled to appoint one or more proxies to attend and, on a poll, vote via the e-Meeting System instead of him/her. A proxy need not be a member of the Company.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (5) In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the Meeting or any adjourned meeting thereof. Forms of proxy sent electronically or by any other data transmission process will not be accepted.
- (6) In the case of joint holders of any share(s), only ONE PAIR of log-in username and password for the e-Meeting System will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such share(s) as if he/she/it was solely entitled thereto.
- (7) Completion and return of the form of proxy will not preclude members from attending and voting via the e-Meeting System at the Meeting or at any adjourned meeting thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (8) In order to be entitled to attend and vote via the e-Meeting System at the Meeting or any adjourned meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 December 2024.
- (9) As at the date of this notice, the Board comprises Mr. Zhang Haipeng as Chairman and Executive Director; Mr. Yan Jianguo as Non-executive Director; Mr. Wang Xiaoguang (Chief Executive Officer) and Mr. Hung Cheung Shew as Executive Directors; and Ms. Wong Wai Ching, Mr. Chan Tze Ching Ignatius and Mr. Chan Fan as Independent Non-executive Directors.