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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in 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 Development Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or the 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 the transferee(s).

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# 中國建築興業集團有限公司

## CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 830)

**PROPOSALS FOR**  
**(1) RE-ELECTION OF DIRECTORS;**  
**(2) GENERAL MANDATES**  
**TO ISSUE SHARES AND BUY BACK SHARES;**  
**AND**  
**(3) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**  
**IN RELATION TO COLI WORKS**  
**AND**  
**NOTICE OF THE ANNUAL GENERAL MEETING**

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

### **ALTUS CAPITAL LIMITED**

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A letter from the Board is set out on pages 5 to 15 of this circular and a letter from the Independent Board Committee is set out on pages 21 to 22 of this circular. A letter from Altus Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 23 to 35 of this circular.

The notice convening the annual general meeting of the Company to be held at 16th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Wednesday, 9 June 2021, at 10:00 a.m. is set out on pages 41 to 45 of this circular. Whether or not you are able to attend the meeting you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

#### **PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

To ensure the health and safety of the AGM attendees and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (1) compulsory body temperature screening/checks
- (2) completion of health declaration form
- (3) wearing of surgical face mask
- (4) limiting the number of the AGM attendees to maintain appropriate distancing
- (5) no provision of refreshments or corporate gifts

Attendees are reminded that they should consider the risks of attending the AGM, taking into account their own personal circumstances. Attendees who do not comply with the precautionary measures may be denied entry to the meeting venue, at the absolute discretion of the Company as permitted by law.

**For the health and safety of the AGM attendees, the Company strongly encourages Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy and to return their proxy forms by the time specified above, instead of attending the AGM in person.**

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

23 April 2021

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## DEFINITIONS

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

“associates”, “close associates”, “connected persons”, “continuing connected transactions”, “controlling shareholder(s)”, “core connected persons”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“AGM”	the annual general meeting of the Company to be held at 16th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Wednesday, 9 June 2021, at 10:00 a.m. or any adjournment thereof;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors;
“Buy-back Mandate”	a general and unconditional mandate to be granted to the Directors to buy back Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM;
“CCT Resolution”	the ordinary resolution to approve the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps);
“COGO”	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 81), and which is held as to approximately 38.32% by COLI;
“COGO Group”	COGO and its subsidiaries from time to time;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CSCECL and a controlling shareholder of CSC, COLI and the Company;
“COLI”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 688);

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## DEFINITIONS

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“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on the Stock Exchange and their respective subsidiaries) from time to time;
“COLI Works”	provision of contracting and engineering works, project management, supervision and consultancy services;
“Company”	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 830);
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CSC Group”	CSC and its subsidiaries (excluding the Group) from time to time;
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of CSCECL, COHL, COLI, CSC and the Company;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company established in the PRC and the shares of which are listed on the Shanghai Stock Exchange (stock code: 601668), a non-wholly owned subsidiary of CSCEC and the holding company of COHL;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps);

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## DEFINITIONS

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“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) 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 New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps);
“Independent Shareholders”	Shareholder(s), other than COHL and its associates;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to allot, issue and dispose of additional Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM;
“Latest Practicable Date”	16 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Minority Controlled Group”	the companies held as to 30% to 50% by the COLI Group, and their respective subsidiaries from time to time (excluding members of the COLI Group and members of the COGO Group, respectively);
“New COLI Framework Agreement”	the framework agreement entered into between COLI and the Company on 29 March 2021 in respect of the engagement of the Group by each of the COLI Group and the Minority Controlled Group as contractor or service provider (as the case may be) for the COLI Works in relation to the respective construction works of the COLI Group and the Minority Controlled Group from time to time for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive);
“New COLI Works Caps”	the maximum total contract sums of works contracts in respect of the COLI Works that may be awarded by the COLI Group and the Minority Controlled Group to the Group for the three-year period commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive) under the New COLI Framework Agreement;

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## DEFINITIONS

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“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 COLI Framework Agreement”	the framework agreement entered into between COLI and the Company on 26 June 2018 in respect of the engagement of the Group by the COLI Group for the COLI Works in relation to the construction works of the COLI Group for a term commenced from 20 August 2018 and ending on 30 June 2021;
“Previous COLI Works Caps”	the maximum total contract sums of the works contracts in respect of the COLI Works that may be awarded by the COLI Group to the Group under the Previous COLI Framework Agreement;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers; and
“%”	per cent.

\* *for identification purpose only*

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LETTER FROM THE BOARD

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中國建築興業集團有限公司

CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 830)

*Chairman and Non-executive Director:*

Mr. ZHANG Haipeng

*Executive Directors:*

Mr. WU Mingqing

(Vice Chairman and Chief Executive Officer)

Mr. WANG Hai

*Non-executive Director:*

Mr. HUANG Jiang

*Independent Non-executive Directors:*

Mr. ZHOU Jinsong

Mr. HONG Winn

Ms. KWONG Sum Yee Anna

*Registered office:*

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

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

16th Floor, Eight Commercial Tower

8 Sun Yip Street

Chai Wan

Hong Kong

23 April 2021

*To the Shareholders,*

Dear Sir/Madam,

**PROPOSALS FOR  
(1) RE-ELECTION OF DIRECTORS;  
(2) GENERAL MANDATES  
TO ISSUE SHARES AND BUY BACK SHARES;  
AND  
(3) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO COLI WORKS  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

**INTRODUCTION**

The Company will propose at the AGM resolutions to, *inter alia*, (i) re-elect the Directors; (ii) grant to the Directors the Issue Mandate and the Buy-back Mandate upon the expiry of the current general mandates to issue Shares and buy back Shares granted to the Directors at the annual general meeting of the Company held on 28 May 2020; and (iii) approve the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps).

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with further information on resolutions to be proposed at the AGM and to give you notice of the AGM.

### RE-ELECTION OF DIRECTORS

In accordance with article 84(1) of the Articles of Association, Mr. Zhang Haipeng, Mr. Wu Mingqing and Mr. Zhou Jinsong will retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

Recommendations to the Board for the proposal in relation to re-election of Directors were made by the Nomination Committee after evaluating their performance and considering the composition of the Board and a range of diversity perspectives including but not limited to background, skills, industry experience, gender, age and other qualities as set out in the Board diversity policy.

Mr. Zhou Jinsong has been serving as an independent non-executive Director (“INED”) for more than nine years. He is a Certified Public Accountant licensed in the PRC and is the only INED who possesses appropriate professional qualifications and experience in financial matters, as required under the Listing Rules, and to undertake the role as chairman of the Audit Committee. Mr. Zhou had confirmed his independence pursuant to Rule 3.13 of the Listing Rules. During his tenure of office, he has not been involved in the day-to-day management of the Company nor in any relationships or circumstances which would interfere with his exercise of independent judgement. Mr. Zhou has shown devotion and commitment to the Board by his 100% attendance at the meetings of the Board and Board committees. Besides, he has been providing objective and independent views to the Company over the years and there is no evidence that the length of his tenure has an adverse impact on his independence as an INED.

The nomination of Mr. Zhou was made in accordance with the nomination policy and took into account the above factors, the composition of the Board and the diversity aspects as set out in the Board diversity policy. The Board, having considered the recommendation of the Nomination Committee, is of the view that Mr. Zhou has the required character, integrity, independence and expertise to continue fulfilling his role as an INED despite his long tenure, and will continue to bring his relevant knowledge and experience to the Board so as to enhance the diversity of the Board, and should be re-elected.

Pursuant to the code provision set out in paragraph A.4.3 of Appendix 14 to the Listing Rules, any further appointment of independent non-executive director serving more than 9 years should be subject to a separate resolution to be approved by shareholders. As such, the re-appointment of Mr. Zhou at the AGM will be subject to a separate resolution to be approved by the Shareholders in accordance with the Listing Rules.

The biographical details of the Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular.

### ISSUE MANDATE AND BUY-BACK MANDATE

At the annual general meeting held on 28 May 2020, ordinary resolutions were passed by Shareholders granting to the Directors (i) a general mandate to allot, issue and dispose of additional



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## LETTER FROM THE BOARD

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Shares up to a limit equal to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution; and (ii) a general mandate to exercise the powers of the Company to buy back the Shares up to a limit of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution. A further ordinary resolution was passed by Shareholders granting to the Directors a general mandate to allot, issue and dispose of Shares bought back by the Company pursuant to the general mandate to buy back Shares.

These general mandates will expire at the conclusion of the AGM. Resolutions will be proposed seeking Shareholders' approval for, *inter alia*, the renewal of a general mandate enabling the Directors to allot, issue and dispose of additional Shares; the renewal of a general mandate to buy back Shares and the renewal of a general mandate enabling the Directors to allot, issue and dispose of the Shares bought back by the Company pursuant to the Buy-back Mandate during the period from the passing of the relevant resolutions at the AGM until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and (iii) the date on which the authority set out in the relevant resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

An explanatory statement as required by the Listing Rules in connection with the Buy-back Mandate is set out in Appendix II to this circular.

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO COLI WORKS**

#### **Background**

Reference is made to the announcement dated 26 June 2018 jointly issued by COLI, CSC and the Company, and the circular of the Company dated 18 July 2018, in relation to the Previous COLI Framework Agreement entered into between COLI and the Company which is due to expire on 30 June 2021.

It is anticipated that the COLI Group will continue to invite the Group to participate in competitive tender for the COLI Works in relation to the construction works of the COLI Group from time to time. As such, on 29 March 2021, COLI and the Company entered into the New COLI Framework Agreement to renew the Previous COLI Framework Agreement. Pursuant to the New COLI Framework Agreement, for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive), each of the COLI Group and the Minority Controlled Group may engage the Group, and the Group may act as contractor or service provider (as the case may be), for the COLI Works in relation to the respective construction works of the COLI Group and the Minority Controlled Group from time to time, subject to the New COLI Works Caps.

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## LETTER FROM THE BOARD

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### **The New COLI Framework Agreement**

Principal terms of the New COLI Framework Agreement are summarised as follows:

#### ***Date***

29 March 2021

#### ***Parties***

1. COLI; and
2. the Company.

#### ***Continuing connected transactions in relation to the COLI Works***

Subject to the fulfillment of the condition precedent set out below, the New COLI Framework Agreement will commence on 1 July 2021 and end on 30 June 2024 (both days inclusive) whereby the parties agreed that:

- (a) each of the COLI Group and the Minority Controlled Group may invite the Group to participate in competitive tenders for the COLI Works as contractor or service provider (as the case may be) from time to time. The Group may tender for the COLI Works in accordance with the tendering procedures of the COLI Group or the Minority Controlled Group (as the case may be) and on the same and normal terms as offered to other independent third party construction contractors or service providers (as the case may be) of the COLI Group or the Minority Controlled Group (as the case may be);
- (b) if any works contract is awarded to the Group as a result of the above tender, the Group may act as contractor or service provider (as the case may be) of the COLI Group or the Minority Controlled Group (as the case may be) for the COLI Works based on the terms of the tender proposal accepted provided that the maximum total contract sums of works contracts in respect of the COLI Works that may be awarded to the Group shall not exceed HK\$310 million for the period between 1 July 2021 and 31 December 2021, HK\$310 million for the year ending 31 December 2022, HK\$510 million for the year ending 31 December 2023, and HK\$155 million for the period between 1 January 2024 and 30 June 2024 (i.e. the New COLI Works Caps); and
- (c) the contract amount in respect of the COLI Works payable to the Group will be settled pursuant to the payment terms set out in the specific contracts.

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## LETTER FROM THE BOARD

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For avoidance of doubt, the Group has not been invited to participate in competitive tenders by the Minority Controlled Group (which is not member of the COLI Group but comprises companies which the COLI Group has a minority interest) during the term of the Previous COLI Framework Agreement but with increasing demands, it is expected that such tender invitations may arise under the term of the New COLI Framework Agreement. In estimating the New COLI Works Caps, the Company has estimated the maximum total contract sums which might be awarded by the Minority Controlled Group in a relevant year during the term of the New COLI Framework Agreement at HK\$10 million a year.

### *Condition precedent*

The New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps) are conditional upon the Company having obtained the approval of the Independent Shareholders at the AGM by way of poll.

### *Pricing basis of the Group in respect of the COLI Works*

As a general principle, the prices and terms of the works contracts shall be determined in the ordinary course of business and on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than those provided to the independent third party customers of the Group.

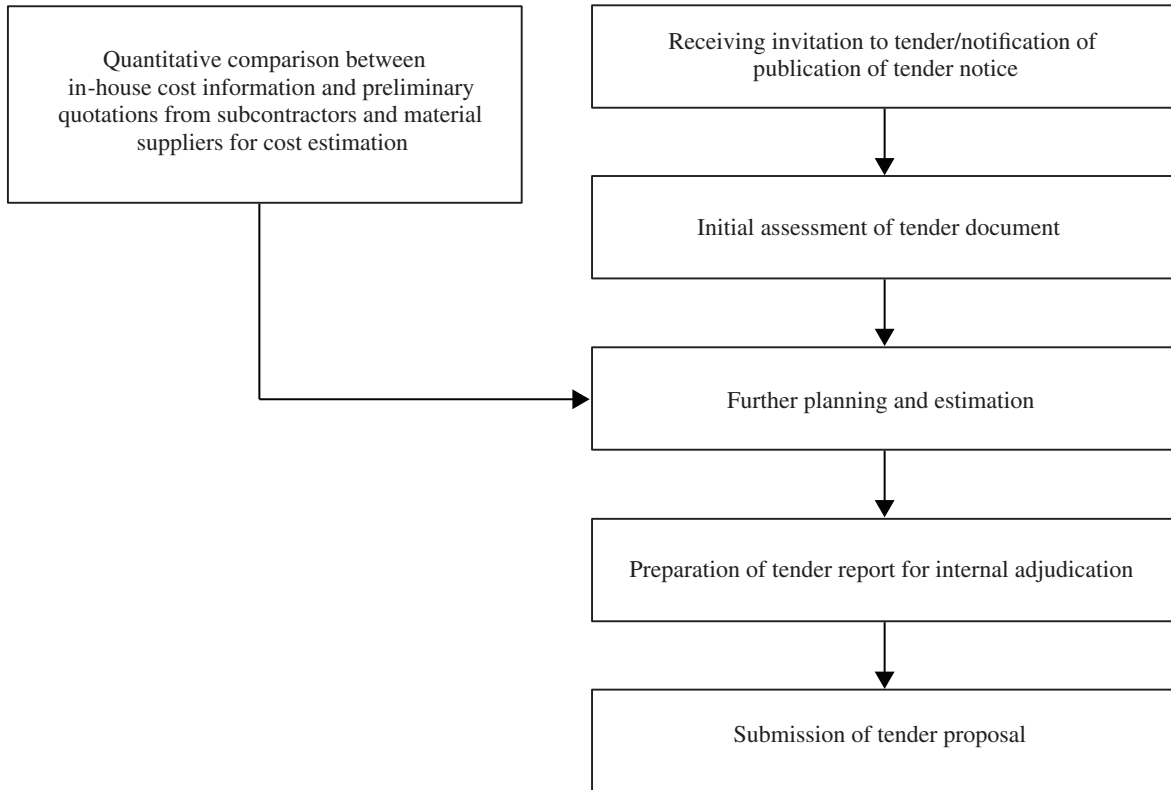
The Group will normally need to go through a tender or similar process before being selected and engaged by the COLI Group or the Minority Controlled Group (as the case may be) for the COLI Works. The prices and terms of the tender proposals submitted by the Group to the COLI Group and the Minority Controlled Group for the COLI Works are subject to the standard and systematic tender submission procedures of the Group, which apply to tender proposals submitted to both connected persons and independent third parties, in order to ensure that the prices and terms of the tender proposals submitted by the Group to the COLI Group and the Minority Controlled Group are no less favourable to the Group than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involve (i) receiving invitation to tender/notification of publication of tender notice; (ii) initial assessment of tender document; (iii) further planning and estimation; (iv) preparation of tender report for internal adjudication; and (v) submission of tender proposal. The procedures, as illustrated in the following diagram, will enable the Group to review the feasibility and profitability of a prospective tender and decide the scope of work, work program and pricing terms of the tender proposal for submission.

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## LETTER FROM THE BOARD

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The Group from time to time receives invitations to tender and notification of publication of tender notices from employers. After receiving a tender document, the Group will conduct an initial assessment of the tender document on the technical requirements, quantity specifications and expected completion time of the project, customer's expectations and possible risks associated with the project. The Group will then perform site inspection, formulate a tentative work program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the Group will conduct quantitative comparison between the cost information maintained in its in-house computer database for material and labour costs, and subcontractors' quotations, and the preliminary quotations from subcontractors and material suppliers, for cost estimation. The Group will also take into account the contract value of the previous winning bids, relevant market information such as material price trends, and the chance of winning a bid. The Group will review and compare the prices of previous tender proposals submitted to both connected persons and independent third parties, so as to ensure that the tender price is no less favourable to the Group than those offered to independent third parties. The Group will then prepare a tender report containing the price and major terms of the tender proposal for adjudication by its tender board. The tender board will then meet to deliberate and after the tender price and terms have been approved by the tender board, the Group will submit the tender proposal to the tenderee.

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## LETTER FROM THE BOARD

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If any works contract is awarded to the Group as a result of the competitive tender, the relevant project owner of the COLI Group or the Minority Controlled Group (as the case may be) will issue a letter of award to the Group and the Group will act as contractor or service provider (as the case may be) of the COLI Group or the Minority Controlled Group (as the case may be) for the COLI Works based on the terms of the tender proposal accepted by the COLI Group or the Minority Controlled Group (as the case may be). The Company may provide the relevant employer with a performance guarantee to guarantee the performance of the relevant works contract by the Group as per industry practice.

### *Calculation of the New COLI Works Caps*

The New COLI Works Caps are calculated with reference to the following factors:

- (a) the maximum total contract sums that might be awarded by the COLI Group to the Group in respect of the COLI Works under the Previous COLI Framework Agreement, being (i) HK\$1,200 million for the period between 20 August 2018 and 31 December 2018; (ii) HK\$1,200 million for each of the two years ended 31 December 2020; and (iii) HK\$800 million for the period between 1 January 2021 and 30 June 2021 (i.e. the Previous COLI Works Caps);
- (b) the historical total contract sums in respect of the COLI Works awarded by the COLI Group to the Group under the Previous COLI Framework Agreement of (i) approximately HK\$93 million for the period between 20 August 2018 and 31 December 2018; (ii) approximately HK\$174 million for the year ended 31 December 2019; and (iii) approximately HK\$198 million for the year ended 31 December 2020;
- (c) (i) for the period between 1 July 2021 and 31 December 2021, the estimated total contract sum of works contracts of approximately HK\$310 million in respect of the COLI Works that the COLI Group may invite the Group to participate in competitive tenders in the second half of 2021 (the “**2021 Potential Projects**”), taking into account the potential projects of the sites owned or secured by the COLI Group that may be available for tender by the Group with an estimated total contract sum of HK\$242 million (which was calculated with reference to the project site area of the 2021 Potential Projects and the estimated costs in each such project); the estimated annual transaction amount solely in relation to facade contracting works to be invited by the COLI Group of approximately RMB150 million, as estimated by the COLI Group; and the historical total contract sums as set out in paragraph (b) above; (ii) for the year ending 31 December 2022, primarily the aforementioned estimated annual transaction amount solely in relation to facade contracting works to be invited by the COLI Group, and the historical total contract sums as set out in paragraph (b) above; (iii) for the year ending 31 December 2023, on the same basis as for the year ending 31 December 2022 together with a potential project of the site secured by the COLI Group that may be available for tender by the Group in 2023 with an estimated contract sum of HK\$240 million; and (iv) for the period between 1 January 2024 and 30 June 2024, on a pro-rata basis using the same estimation basis as for the year ending 31 December 2022;

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## LETTER FROM THE BOARD

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- (d) for avoidance of doubt, the Group has not been invited to participate in competitive tenders by the Minority Controlled Group (which is not member of the COLI Group but comprises companies which the COLI Group has a minority interest) during the term of the Previous COLI Framework Agreement but with increasing demands, it is expected that such tender invitations may arise under the term of the New COLI Framework Agreement. In estimating the New COLI Works Caps, the Company has estimated the maximum total contract sums which might be awarded by the Minority Controlled Group in a relevant year during the term of the New COLI Framework Agreement at HK\$10 million a year; and
- (e) other factors such as the business plans of the COLI Group for the corresponding period of the New COLI Framework Agreement and inflation.

### **Reasons for and benefits of the entering into of the New COLI Framework Agreement**

The Directors consider that being able to participate in the COLI Works upon successful tender allows the Group to establish a presence in the markets which the COLI Group's property development projects are located in and the Group is considering expanding into, being certain PRC cities such as Chengdu, thereby securing a more diverse base of customers for facade contracting and operating management businesses and expanding the Group's market reach. In addition, given the satisfactory co-operation between the COLI Group and the Group pursuant to the Previous COLI Framework Agreement, the continuation of the longstanding and established business relationship will facilitate the expansion of the Group's businesses.

### **Listing Rules implication**

As at the Latest Practicable Date, COHL is a controlling shareholder of COLI, CSC and the Company by virtue of it being interested in approximately 56.05% of the number of shares of COLI in issue and approximately 64.79% of the issued share capital of CSC, which in turn is interested in approximately 74.06% of the issued share capital of the Company. Accordingly, members of the COLI Group and the Minority Controlled Group are connected persons of the Company and the transactions contemplated under the New COLI Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios in respect of the highest New COLI Works Cap exceed 5%, the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps) are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the New COLI Framework Agreement or the transactions contemplated thereunder and no Director was required to abstain from voting on the Board resolution(s) approving the entering into of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps). However, Mr. Zhang Haipeng, being the chairman of the Board and non-executive Director, and a director of COHL, has voluntarily abstained from voting on the Board resolution(s) approving the entering into of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps).

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## LETTER FROM THE BOARD

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Shareholders should note that the New COLI Works Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The New COLI Works Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the financial or potential financial performance of the Group.

### GENERAL

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

The Group is principally engaged in general contracting business, facade contracting business (including design, engineering, manufacture, installation of curtain wall systems) and operating management business.

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

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

CSCEC is the ultimate holding company of each of CSCECL, COHL, COLI, CSC 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.

### The Independent Board Committee and the Independent Financial Adviser

An independent board committee of the Company comprising all independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps). Altus Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

### ANNUAL GENERAL MEETING

The notice convening the AGM is set out on pages 41 to 45 of this circular.

The register of members of the Company will be closed from Friday, 4 June 2021 to Wednesday, 9 June 2021 (both days inclusive) for the purpose of determining Shareholders' entitlement to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 3 June 2021.

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## LETTER FROM THE BOARD

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

Pursuant to article 66(1) of the Articles of Association, a resolution put to vote of a general meeting shall be decided by way of a poll except where the chairman of the meeting may, in good faith, allow a resolution which relates purely to procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the Notice of the AGM will be put to the vote by way of a poll.

As at the Latest Practicable Date, CSC, through its wholly-owned subsidiary Add Treasure Holdings Limited, held 1,596,403,279 Shares, representing approximately 74.06% of the issued share capital of the Company. CSC is a direct non-wholly owned subsidiary of COHL. COHL, through its associate Add Treasure Holdings Limited, will abstain from voting at the AGM on the CCT Resolution.

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 in the Company 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 AGM.

The results of the poll will be published on the Company's and the Stock Exchange's websites not later than the business day after the AGM.



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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

### RECOMMENDATION

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 21 to 22 of this circular which contains its recommendation to the Independent Shareholders in relation to the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps).

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 23 to 35 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps).

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

The Directors also consider that the proposals set out in the Notice of the AGM (including the re-election of Directors, and the granting of the Issue Mandate and the Buy-back Mandate) are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all such resolutions to be proposed at the AGM.

Yours faithfully,  
By Order of the Board  
**China State Construction Development  
Holdings Limited**  
**Zhang Haipeng**  
*Chairman and Non-executive Director*

The biographical details of the Directors who are proposed to be re-elected at the AGM are set out below:

**Mr. Zhang Haipeng** — *Chairman and Non-executive Director*

Aged 45, is Chairman of the Board and Non-executive Director appointed on 18 August 2018. Mr. Zhang is also the Chairman of the Nomination Committee and a member of the Remuneration Committee. He graduated from the Harbin Institute of Technology, and obtained a degree of Master of Business Administration from Hong Kong Baptist University and a degree of Executive Master of Business Administration from Nankai University. Mr. Zhang joined CSCEC in 2000 and was seconded to CSC in 2002. He has been a director of certain subsidiaries of CSC since 2008. Currently, Mr. Zhang is a director of COHL and an executive director and chief executive officer of CSC. CSCEC, COHL and CSC are controlling Shareholders. He has over 21 years' experience in construction engineering management.

As at the Latest Practicable Date, Mr. Zhang is interested in 3,750,000 Shares and 1,298,000 shares in CSCECL.

There is a letter of appointment entered into between the Company and Mr. Zhang for his appointment as a Non-executive Director for a term of three years subject to retirement in accordance with the Articles of Association. In support of the Company's development, Mr. Zhang does not receive any director's fee for his term of appointment.

**Mr. Wu Mingqing** — *Vice Chairman, Executive Director and Chief Executive Officer*

Aged 56, is Vice Chairman of the Board, Executive Director and Chief Executive Officer of the Company appointed on 18 August 2018. Mr. Wu is also a member of the Nomination Committee and Remuneration Committee. He is a director of the Company's subsidiaries. Mr. Wu graduated from Shanxi University of Finance and Economics and obtained a degree of Executive Master of Business Administration from Nankai University and was awarded the title of Senior Accountant. He joined CSCEC in 1986 and was seconded to CSC in 2000. Mr. Wu has been a director of certain subsidiaries of CSC since 2002. He was an executive director of CSC between June 2014 and August 2018. Mr. Wu has over 35 years' experience in financial management, construction engineering, infrastructure investment and project management.

As at the Latest Practicable Date, Mr. Wu is interested in 5,000,000 Shares.

Mr. Wu has entered into a service agreement with the Company which is subject to termination at any time by either party giving to the other 3 months' notice in writing. He is subject to retirement in accordance with the Articles of Association. Mr. Wu currently receives an emolument at the rate of HK\$178,000 per month, inclusive of salary and fixed allowance, which was determined with reference to his job responsibilities in the Company and the prevailing market conditions. According to the service agreement, he is further entitled to have discretionary bonus (which may depend on the overall performance of the Company, individual performance and contribution, and the prevailing economic situation and market practice or other relevant factors) determined by the Board or the Remuneration Committee in its absolute discretion from time to time.

**Mr. Zhou Jinsong** — *Independent Non-executive Director*

Aged 50, was appointed as a Director on 8 March 2010 and was subsequently designated as an Independent Non-executive Director on 10 March 2010. Mr. Zhou is also the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. He graduated from Guangdong Radio and TV University in 1992 and obtained a Master of Business Administration degree from Harbin Institute of Technology in 2003. Mr. Zhou is a Certified Public Accountant licensed in the PRC. He has extensive experience in accounting, audit and business advisory in various audit firms and private companies in the PRC. Mr. Zhou was an accountant supervisor in the fund management office of the Shenzhen Cultural Development Department (深圳市宣傳文化事業發展專項基金領導小組辦公室) from 1995 to 2002. He is currently the president of Weiya, an accounting firm in Shenzhen.

There is a letter of appointment entered into between the Company and Mr. Zhou for his appointment as an Independent Non-executive Director for a term of three years subject to retirement by rotation in accordance with the Articles of Association. Mr. Zhou currently receives a director's fee amounting to HK\$180,000 per year which was determined with reference to his job responsibilities in the Company and the prevailing market conditions.

Save as disclosed above, none of the Directors who are proposed to be re-elected at the AGM (1) have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company, (2) have any interests in shares, underlying shares or debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO), (3) hold any directorships in listed public companies in Hong Kong or overseas in the last three years, and (4) have any other information that needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

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## **APPENDIX II EXPLANATORY STATEMENT FOR THE BUY-BACK MANDATE**

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This Appendix II serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to the Shareholders for consideration of the Buy-back Mandate.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,155,545,000 Shares.

Subject to the passing of Resolution (7) as set out in the Notice of the AGM and on the basis that no further Shares are issued or bought back prior to the AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 215,554,500 Shares, which represents 10% of the Shares in issue at the date of passing the resolution.

### **2. REASONS FOR THE BUY-BACKS**

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to buy back Shares. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement in the value of the Shares and/or earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders.

### **3. FUNDING OF BUY-BACKS**

In buying back Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands.

In the event that the Buy-back Mandate is exercised in full, there might be a material adverse impact on the working capital and/or gearing position of the Company (as compared with the position disclosed in the Company's Annual Report and financial statements for the year ended 31 December 2020). However, the Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or gearing level which in the opinion of the Directors is from time to time appropriate to the Company.

### **4. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make buy-backs pursuant to the Buy-back Mandate and in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to the Company or its subsidiaries under the Buy-back Mandate if such mandate is approved by the Shareholders.

No core connected persons have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to sell any of the Shares held by them to the Company, in the event that the Buy-back Mandate is approved by the Shareholders.

**5. SHARE PRICES**

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	<b>Share price (per share)</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2020</b>		
April	0.57	0.51
May	0.58	0.52
June	0.69	0.53
July	0.54	0.465
August	0.62	0.47
September	0.60	0.50
October	0.62	0.52
November	0.64	0.50
December	0.56	0.495
<b>2021</b>		
January	0.52	0.465
February	0.69	0.47
March	0.65	0.55
April (up to the Latest Practicable Date)	0.84	0.65

**6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING**

If, as a result of the buy-back of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increases will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, CSC, through its wholly-owned subsidiary, owned 1,596,403,279 Shares, representing approximately 74.06% of the issued share capital of the Company. CSC is a subsidiary of COHL which, in turn, is wholly-owned by CSCECL. CSCECL is, in turn, a subsidiary of CSCEC which is a state-owned enterprise established in the PRC.

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## **APPENDIX II      EXPLANATORY STATEMENT FOR THE BUY-BACK MANDATE**

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In the event that the Buy-back Mandate is exercised in full, then (if the present shareholdings remained the same) the interest of CSC (held through its wholly-owned subsidiary) would be increased to approximately 82.29% of the then issued share capital of the Company. In the opinion of the Directors, such increase will not give rise to any obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will endeavour to ensure that the exercise of the Buy-back Mandate will not result in less than 25% of the issued share capital of the Company, being the minimum prescribed public float requirement under the Listing Rules, being held in the hands of the public.

### **7.    SHARE BUY-BACKS MADE BY THE COMPANY**

The Company did not buy back any Shares (whether on the Exchange or otherwise) in the six months preceding the Latest Practicable Date.



中國建築興業集團有限公司

CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 830)

23 April 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO COLI WORKS**

We refer to the circular dated 23 April 2021 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps) are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps).

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 15 of the Circular and the text of a letter of advice from Altus Capital, as set out on pages 23 to 35 of the Circular, both of which provide details of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps).

Having considered (i) the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps); (ii) the advice of Altus Capital; and (iii) the relevant information contained in the letter from the Board, we are of the opinion that the terms of the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works 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.

Accordingly, we recommend the Independent Shareholders to vote in favour of the CCT Resolution to be proposed at the AGM.

Yours faithfully,  
For and on behalf of

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

**ZHOU Jinsong**  
*Independent*  
*Non-executive Director*

**HONG Winn**  
*Independent*  
*Non-executive Director*

**KWONG Sum Yee Anna**  
*Independent*  
*Non-executive Director*



*The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New COLI Framework Agreement (including the New COLI Works Caps), which has been prepared for the purpose of incorporation in this circular.*

# ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

23 April 2021

*To the Independent Board Committee and the Independent Shareholders*

China State Construction Development Holdings Limited  
16th Floor  
Eight Commercial Tower  
8 Sun Yip Street  
Chai Wan  
Hong Kong

Dear Sir/Madam,

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO COLI WORKS**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New COLI Framework Agreement (including the New COLI Works Caps). Details of which are set out in the “Letter from the Board” contained in the circular dated 23 April 2021 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

**The Previous COLI Framework Agreement and the New COLI Framework Agreement**

On 26 June 2018, COLI and the Company entered into the Previous COLI Framework Agreement, pursuant to which the COLI Group may engage the Group for the provision of the COLI Works from time to time for the period commencing from 20 August 2018 and ending on 30 June 2021, subject to the Previous COLI Works Caps. As the Previous COLI Framework Agreement will expire on 30 June 2021, the COLI Group and the Group intend to renew the Previous COLI Framework Agreement for another term of three years for the COLI Works.

On 29 March 2021, COLI and the Company entered into the New COLI Framework Agreement to renew the Previous COLI Framework Agreement. Pursuant to the New COLI Framework Agreement, for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive), the Group may tender, and the COLI Group and the Minority Controlled Group may engage the Group as its contractor or service provider (as the case may be), for the COLI Works from time to time.

**LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, COHL is a controlling shareholder of COLI and the Company by virtue of it being interested in approximately 56.05% of the number of shares of COLI in issue and approximately 64.79% of the issued share capital of CSC, which in turn is interested in approximately 74.06% of the issued share capital of the Company. Accordingly, members of the COLI Group and the Minority Controlled Group are connected persons of the Company and the transactions contemplated under the New COLI Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios in respect of the highest New COLI Works Cap exceed 5%, the transactions contemplated under the New COLI Framework Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee consisting of Mr. Zhou Jinsong, Mr. Hong Winn and Ms. Kwong Sum Yee Anna, being all the independent non-executive Directors of the Company, has been established to advise the Independent Shareholders in respect of the transactions contemplated under the New COLI Framework Agreement as to (i) whether the entering into of the New COLI Framework Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Group and the Independent Shareholders as a whole; (ii) whether the terms of the New COLI Framework Agreement are on normal commercial terms, and are fair and reasonable as far as the Independent Shareholders are concerned; (iii) whether the New COLI Works Caps have been fairly and reasonably arrived at; and (iv) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the AGM, taking into account the recommendation of the Independent Financial Adviser.

**THE INDEPENDENT FINANCIAL ADVISER**

As the Independent Financial Adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the entering into of the New COLI Framework Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Group and the Independent Shareholders as a whole; (ii) whether the terms of the New COLI Framework Agreement are on normal commercial terms, and are fair and reasonable as far as the Independent Shareholders are concerned; (iii) whether the New COLI Works Caps have been fairly and reasonably arrived at; and (iv) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the AGM.

We have not acted as the independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the New COLI Framework Agreement is at market level and not conditional upon successful passing of the resolution at the AGM, and that our engagement is on normal commercial terms, we are independent of, and not associated with the Company, its controlling shareholder(s) or connected person(s).

**BASIS OF OUR ADVICE**

In formulating our opinion, we have reviewed, amongst others, (i) the New COLI Framework Agreement; (ii) the announcement of annual results of the Group for the year ended 31 December 2020 (“**2020 Annual Results Announcement**”); (iii) the annual report of COLI for the year ended 31 December 2019; and (iv) other information as contained in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the directors of the Company (the “**Directors**”) and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the Latest Practicable Date. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation, we have considered the principal factors and reasons set out below:

**1. Background information of the Group and its relationship with the COLI Group****1.1 Principal activities of the Group and the COLI Group**

The Group is principally engaged in general contracting business, facade contracting business (including design, engineering, manufacture, installation of curtain wall systems) and operating management business.

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

**1.2 Operating results of the Group**

Set out below is a summary of the operating results of the Group for each of the year ended 31 December 2019 and 2020 as extracted from the 2020 Annual Results Announcement.

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2020</b>
	(“FY2019”)	(“FY2020”)
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	4,619,412	4,535,657
<b>Gross profit</b>	544,064	488,460
<b>Profit attributable to owners of the Company</b>	175,560	194,344

*Source: The 2020 Annual Results Announcement*

Revenue in FY2020 was approximately HK\$4,535.7 million, representing a decrease of approximately 1.8% from approximately HK\$4,619.4 million in FY2019, mainly due to the delayed commencements of newly-awarded projects as a result of COVID-19. Gross profit in FY2020 was approximately HK\$488.5 million, representing a decrease of approximately 10.2% from approximately HK\$544.1 million in FY2019, mainly due to the additional costs in operation during the pandemic and extra expenses incurred for acceleration of work due to the COVID-19 disruptions. Nevertheless, profit attributable to owners of the Company in FY2020 was approximately HK\$194.3 million, representing an increase of approximately 10.7% from approximately HK\$175.6 million in FY2019, mainly due to the decrease in administrative, selling and other operating expenses as a result of stringent cost control measures as well as a decrease in finance costs due to the lower interest rates environment.

### 1.3 Outlook of the economy and building construction activities

During 2020, the COVID-19 pandemic has caused unprecedented impacts on the global economy and the operation results of the Group was inevitably affected.

In the PRC, strict measures such as lockdowns, suspension of public transport, family outdoor restrictions and mandatory quarantine were implemented in attempt to prevent further transmissions. Such measures were proven to be successful as the spread of COVID-19 was controlled rapidly and effectively in the PRC. The Group's operations were disrupted from January to March 2020 and has resumed its normal business activities since April 2020.

In light of the adverse impact of COVID-19, the PRC Government has also launched a series of economic supporting policies, including speeding up the process of resumption in work and production and actively pushing ahead the economic transformation and upgrade, which allowed the PRC's economy to recover rapidly. According to the National Bureau of Statistics of the PRC, GDP for the first quarter of 2020 was approximately RMB20.6 trillion and by the fourth quarter of 2020, GDP reached RMB29.6 trillion, indicating a strong economic recovery and growth.

Despite the adverse impact of COVID-19, the Management noted the property market remained strong and has been growing steadily in the past five years. The table below set out statistics of the property market in the PRC as extracted from the National Bureau of Statistics at <http://data.stats.gov.cn>:

	2016	2017	2018	2019	2020
Amount invested into property development	RMB10.3 trillion	RMB11.0 trillion	RMB12.0 trillion	RMB13.2 trillion	RMB14.1 trillion
Total area of properties under construction	7.6 billion square meter	7.8 billion square meter	8.2 billion square meter	8.9 billion square meter	9.3 billion square meter

We noted that according to the statistics in the table above, investment amount into property development increased from RMB10.3 trillion in 2016 to RMB14.1 trillion in 2020, representing an increase of 36.9% and a CAGR of approximately 6.5%. Similarly, the total area of properties under construction increased from 7.6 billion square meters in 2016 to 9.3 billion square meters in 2020, representing an increase of 22.4% and a CAGR of approximately 4.1%.

The Management also noted the GDP growth rate of the PRC is expected to be 8.1% in 2021 and 5.6% in 2022 according to the World Economic Outlook Update issued by the International Monetary Fund in January 2021. In addition, the real estate market remains as one of the focus of the 14th Five-Year Plan. As real estate is one of the fundamental pillar to the growth of an economy, the PRC Government mentioned in its 14th Five-Year Plan that it will promote the steady and healthy development of the real estate market. As such, the Management believes, and we concur, that the PRC property market will continue to grow in the near future as it is supported by the sustainable growth of the PRC economy.

As mentioned in the 2020 Annual Results Announcement, the Management believes that there is huge potential in the curtain wall market in the PRC and the continual construction of Guangdong-Hong Kong-Macau Bay Area will continue to bring ample opportunities for the construction industry in Hong Kong and Macau.

Going forward, the Management believes there will be plenty of business opportunities for the Group and the Group is set to benefit from the prosperous PRC economy and PRC property market.

## **2. Reasons for and benefits of the entering into of the New COLI Framework Agreement**

The Group is principally engaged in general contracting business, facade contracting business (including design, engineering, manufacture, installation of curtain wall systems) and operating management business, which are similar to COLI Works.

The Management considers the co-operation under the Previous COLI Framework Agreement was satisfactory as the COLI Group has demonstrated its credit-worthiness by providing timely payments while providing revenue of approximately HK\$465 million for the Group over the period from 20 August 2018 and 31 December 2020.

In addition to the established business relationship over the past three years, the Management also takes into consideration that the COLI Group is actively engaged in the property development industry in the PRC and have a sizeable land bank (as at 31 December 2019 and 2018, the COLI Group had a land reserve of approximately 65.2 million square meters and 70.1 million square meters respectively).

The Management understands that the COLI Group is satisfied with the Group's performance for the transactions as contemplated under the Previous COLI Framework Agreement. In order to strengthen the business co-operation with the COLI Group in relation to the COLI Works, the Group have actively participated in the COLI Group's projects as a strategic partner. The Management expects such relationship will generate steady flow of project pipelines and income, which will in turn facilitate the expansion of the Group's businesses for its general contracting, facade contracting and operating management businesses.

Considering the above, we are of the view that the entering into of the New COLI Framework Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Group and the Independent Shareholders as a whole.

### **3. Principal terms of the New COLI Framework Agreement**

#### ***3.1 Duration of the New COLI Framework Agreement***

The New COLI Framework Agreement will commence on 1 July 2021 and end on 30 June 2024 (both days inclusive).

Further details of the terms of the New COLI Framework Agreement are set out in the section headed “The New COLI Works Framework Agreement” in the “Letter from the Board” contained in the Circular.

#### ***3.2 Pricing and payment terms of the New COLI Framework Agreement***

Under the New COLI Framework Agreement, the prices and payment terms of the works contracts shall be determined in the ordinary course of business and on normal commercial terms, negotiated on an arm’s length basis and at prices and on terms no less favourable to the Group than those provided to the independent third party customers of the Group.

Prior to the selection and engagement of a contractor or service provider by the COLI Group or Minority Controlled Group for the provision of COLI Works, the Group will go through a tender or similar process. For details of the tender process, please refer to the “Letter from the Board” contained in the Circular.

We have reviewed the internal procedure manual of the Group governing the tendering process which covers, among others, procedures pertaining to (i) receipt of tender invitation; (ii) initial assessment of tender document; (iii) further planning and estimation; (iv) preparation of tender report for internal adjudication; and (v) tender submission (together, the “**Tender Procedures**”). We noted that the same Tender Procedures apply to both the tenders to be submitted to the COLI Group and independent third parties.

To ascertain the Tender Procedures had been effectively implemented, we have obtained and reviewed in total 11 sets of tender assessment forms in relation to the projects undertaken by the Group (the “**Sample Transactions**”), which contain, amongst other, the details of each project, such as the type of work required, estimated area, estimated total contract sum and written record from various departments documenting the decision on whether or not to proceed with the tender.

We have obtained the full tender list from the Group and have selected the Sample Transactions based on the following criteria: (i) transactions covering both of the facade contracting business and operating management business with the COLI Group; (ii) transactions with independent third parties during the three years ended 31 December 2020; and (iii) transactions covering approximately 50% of the historical transaction amount for each year under the Previous COLI Framework Agreement. The selection of the Sample Transactions allowed us to compare the Tender Procedures for projects submitted to independent third parties and the Tender Procedures for projects submitted to the COLI Group for each type of services during the aforementioned period. We consider the Sample Transactions is sufficient and is a good representation of the past transactions under the Previous COLI Framework Agreement.

Having reviewed the documents of the Sample Transactions, we are of the view that the tenders were assessed and handled in accordance with the Tender Procedures and we noted that the payment terms and the pricing basis provided to the COLI Group are no less favourable to the Group than the payment terms and pricing basis provided to the independent third parties.

Taking into consideration the above, we are of the view that the terms and conditions of the New COLI Framework Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

#### 4. The New COLI Works Caps

##### 4.1 Basis for determining the New COLI Works Caps

The New COLI Works Caps, being the maximum total contract sums of works contracts in respect of the COLI Works that may be awarded to the Group by the COLI Group and the Minority Controlled Group for the six months ending 31 December 2021, for each of the two years ending 31 December 2023 and the six months ending 30 June 2024 are as follows:

	<b>For the six months ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>	<b>For the six months ending 30 June 2024</b>
Transactions under the New COLI Framework Agreement	HK\$310 million	HK\$310 million	HK\$510 million	HK\$155 million

For details of the basis for determining the New COLI Works Caps, please refer to the “Letter from the Board” in the Circular.



#### *4.2 Fairness and reasonableness of the New COLI Works Caps*

To assess the fairness and reasonableness of the New COLI Works Caps, we have considered the following factors:

##### *Historical utilisation rate of the Previous COLI Works Caps*

As set out in the “Letter from the Board” contained in the Circular, the historical total contract sums awarded by the COLI Group to the Group amounted to approximately HK\$93 million for the period between 20 August 2018 and 31 December 2018, approximately HK\$174 million for the year ended 31 December 2019 and approximately HK\$198 million for the year ended 31 December 2020, representing approximately 7.8%, 14.5% and 16.5% of the corresponding Previous COLI Works Caps respectively.

As advised by the Management, due to lack of suitable projects for tender in relation to general contracting works in Hong Kong (which contributed a significant portion in estimation of the Previous COLI Works Caps), the Group did not submit as many tenders as anticipated and hence, resulting in the low utilisation rate of the Previous COLI Works Caps.

Despite the low utilisation rates of the Previous COLI Works Caps, the Management considers, and we concur that, in order to maintain flexibility for the Group to undertake all potential projects, it would be appropriate and beneficial to the Shareholders of the Group to set the New COLI Works Caps with reference to their best estimation based on the construction projects may be secured by the COLI Group.

Set out below are the bases in arriving the annual caps for each of the period under the New COLI Framework Agreement:

##### *The New COLI Works Cap for the six months ending 31 December 2021*

The Management estimated the annual cap in relation to the New COLI Framework Agreement for the six months ending 31 December 2021 based on the potential projects that the COLI Group may invite the Group to tender (the “**2021 Potential Projects**”). The 2021 Potential Projects list was compiled by the marketing team of the Group based on (i) land bank of the COLI Group; (ii) secured property development projects of the COLI Group; and (iii) the Group’s understanding from past experience on the types and/or location of the project that the COLI Group may engage the Group for the provision of facade contracting works and/or operational management works in various cities in the PRC and Hong Kong. The 2021 Potential Projects include projects located in Shanghai, Suzhou, Shenzhen, Dongguan, Guangzhou, Haikou and Hong Kong.

As official tender invitations are not yet received by the Group, the Group estimated the transaction amount of each project after taking into consideration (i) the construction area of the 2021 Potential Projects, which ranges from approximately 5,000 to 42,000 square meters for projects in Hong Kong, and ranges from approximately 45,000 to 187,000 square meters for projects in the PRC; and (ii) the estimated costs involved in each project such as manufacturing, installation and raw materials costs, which is estimated to be no more than RMB2,000 per square meter. The marketing team of the Group derived the estimated costs with reference to the completed projects of the Group that were similar in terms of project scale, location and the proposed land uses. The estimated total contract sums of the 2021 Potential Projects amount to approximately HK\$242.0 million.

We have reviewed the list of 2021 Potential Projects and conducted independent research as to the ownership and tender result of the construction site in relation to the 2021 Potential Projects. We noted from various public sources, including public notices from local governments of the PRC, media coverages and announcements by Lands Department of Hong Kong, that COLI Group is the owner or has secured of the development sites in relation to the 2021 Potential Projects.

We have also compared the pricing terms and the estimated costs of the Sample Transactions (as mentioned in the paragraph headed “3.2 Pricing and payment terms of the New COLI Framework Agreement” above in this letter) and noted that the basis contained in the Sample Transactions is consistent with the estimation used in deriving the New COLI Works Caps, which are both based on the (i) gross floor area; and (ii) estimated costs involved in each project such as manufacturing, installation and raw materials costs as mentioned above.

In addition, we were advised that, based on discussions between the Management and the COLI Group, the COLI Group has indicated an annual transaction amount solely in relation to facade contracting works to be invited by the COLI Group to be approximately RMB150 million. As further elaborated below, considering that the annual transaction amount of RMB150 million represents less than 1% of the direct operating costs of the COLI Group, we considered such annual transaction amount is fair and reasonable.

Taking into consideration (i) the transaction amount estimated for 2021 Potential Projects; (ii) the discussion between the Group and the COLI Group in relation to facade contracting business; (iii) the estimated total contract sums of HK\$10 million from potential projects which may be awarded by the Minority Controlled Group; and (iv) the total historical transaction amount of HK\$198 million for the year ended 31 December 2020, we consider the New COLI Works Caps for the six months ending 31 December 2021 has been fairly and reasonably arrived at.

*The New COLI Works Cap for the year ending 31 December 2022*

The Management has estimated the annual caps with reference to the estimated annual transaction amount in relation to facade contracting works to be invited by the COLI Group of approximately RMB150 million and the historical total contract sums in respect of the COLI Works awarded by the COLI Group to the Group under the Previous COLI Framework Agreement of (i) approximately HK\$93 million for the period between 20 August 2018 and 31 December 2018; (ii) approximately HK\$174 million for the year ended 31 December 2019; and (iii) approximately HK\$198 million for the year ended 31 December 2020.

In relation to the annual caps for the year ending 31 December 2022, further to the aforementioned discussions with the COLI Group in relation to the facade contracting works, we have reviewed and assessed the data of the industry trend, in particular, the historical CAGR of approximately 6.5% and 4.1% for investment amount into property development and total area of properties under construction respectively from 2016 to 2020 and the expected GDP growth of the PRC of 8.1% in 2021 and 5.6% in 2022, as mentioned under the paragraph headed “1.3 Outlook of the economy and building construction activities” above and concur with the Management that the PRC property market will continue to grow in the near future.

Also, with reference to the abovementioned historical transaction value between the Group and the COLI Group of approximately HK\$93 million for the period between 20 August 2018 and 31 December 2018, HK\$174 million for the year ended 31 December 2019 and HK\$198 million for the year ended 31 December 2020, approximately HK\$6.2 million, HK\$54.4 million and HK\$92.8 million relate to operating management business for the respective periods. As such, we are of the view that an estimate of approximately HK\$100 million for this business segment is fair and reasonable.

In addition to the above and taking into account of (i) the potential increase of transaction amount given the prosperous outlook of the industry as illustrated by the aforementioned historical CAGR of approximately 6.5% and 4.1% for investment amount into property development and total area of properties under construction respectively from 2016 to 2020 and the real estate market remains one of the focus of the 14th Five-Year Plan as mentioned in paragraph headed “1.3 Outlook of the economy and building construction activities” above; (ii) the close business relationship with the COLI Group; and (iii) inflation as mentioned in the “Letter from the Board” in this Circular, the Management estimates the potential transaction amount for the year ending 31 December 2022 of HK\$310 million and we consider the annual cap derived on the aforesaid basis to be fair and reasonable.

*The New COLI Works Cap for the year ending 31 December 2023*

The New COLI Works Cap for the year ending 31 December 2023 was estimated on a similar basis as stated above for the year ending 31 December 2022.

On top of the annual cap for the year ending 31 December 2022, the Management has identified a potential sizable project located in Tianfu New District, Chengdu that was secured by the COLI Group back in 2017 (the “**Chengdu Project**”). Based on the discussion between the COLI Group and the Group, the Management expects that the facade contracting works, of which the estimated contract sum is approximately HK\$240 million, will commence in the year ending 31 December 2023.

We have conducted independent research on the details of the Chengdu Project, such as ownership, size and location of the construction site. We understand that the location of the construction site is situated in the core area of the Chengdu Science City and thus we concur with the Management that the Chengdu Project is suitable for the Group’s tendering. Hence, we consider the annual cap derived on the aforesaid basis to be fair and reasonable.

*The New COLI Works Cap for the six months ending 30 June 2024*

The annual cap for the six months ending 30 June 2024 was estimated on a pro-rata basis using the same estimation basis as the New COLI Works Cap for the year ending 31 December 2022 (instead of annual caps for the year ending 31 December 2023 due to the one-off Chengdu Project), resulting in an estimated annual cap of HK\$155 million.

Taking into account of the above assessment that (i) the annual cap for the year ending 31 December 2022 is fair and reasonable; and (ii) the property market in PRC is expected to grow steadily as illustrated by the historical CAGR of approximately 6.5% and 4.1% for investment amount into property development and total area of properties under construction respectively from 2016 to 2020 and the expected GDP growth of the PRC of 8.1% in 2021 and 5.6% in 2022 as elaborated in the paragraph headed “1.3 Outlook of the economy and building construction activities” above, we are of the view that the annual cap is fair and reasonable.

To assess the reasonableness of the expected number of projects from the COLI Group, we have reviewed the annual report for the year ended 31 December 2019 of COLI to understand its future plans in relation to its construction business. We noted that COLI Group incurred direct operating costs (which consists of, amongst other, its subcontracting cost) of approximately RMB108.6 billion and RMB89.6 billion for each of the two years ended 31 December 2019 respectively and had a land reserve of approximately 65.2 million square meter and 70.1 million square meter as at 31 December 2019 and 31 December 2018 respectively. As the New COLI Works Cap only represent less than 1% of the direct operating costs of the COLI Group for each of the two years ended 31 December 2019, we consider the COLI Group has the capacity to invite the Group for annual transaction amounts as stipulated in the New COLI Works Cap.

After considering (i) the COLI Group’s large operation scale as indicated from its direct operating costs and land bank; (ii) the intention of the COLI Group to seek the COLI Works from the Group; and (iii) the identified 2021 Potential Projects, we are of the view that the New COLI Works Cap have been fairly and reasonably arrived at for the six months ending 31 December 2021, each of the two years ending 31 December 2023 and the six months ending 30 June 2024.

***4.3 Internal procedures of the Group in respect of the New COLI Framework Agreement***

As mentioned above in the paragraph headed “3.2 Pricing and payment terms of the New COLI Framework Agreement”, we have reviewed the internal control measures and policies of the Group in respect of continuing connected transactions contemplated under the New COLI Framework Agreement, which ensures the transactions are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; (iii) according to the terms of the New COLI Framework Agreement and are fair and reasonable and in the interests of the Group and Shareholders as a whole; and (iv) have not exceeded the New COLI Works Caps.

Given the above, we consider that there exist appropriate procedures to ensure that the transactions contemplated under the New COLI Framework Agreement will be conducted (i) on terms that are fair and reasonable; (ii) in the interests of the Group and the Independent Shareholders as a whole; and (iii) on normal commercial terms and in the ordinary and usual courses of business of the Group.

## **RECOMMENDATION**

Having considered the above principal factors, we are of the view that (i) the entering into of the New COLI Framework Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Group and the Independent Shareholders as a whole; (ii) the terms and conditions of the New COLI Framework Agreement are on normal commercial terms, and are fair and reasonable; and (iii) the New COLI Works Caps are fair and reasonable.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps) at the AGM.

Yours faithfully,

For and on behalf of

**Altus Capital Limited**

**Jeanny Leung**

*Executive Director*

**Leo Tam**

*Assistant Director*

*Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“Mr. Tam”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over six years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

**RESPONSIBILITY STATEMENT**

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

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

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

**Long positions in the Shares**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of the Shares in issue</b> <sup>Note</sup>
Mr. Zhang Haipeng	Beneficial owner	3,750,000	0.174%
Mr. Wu Mingqing	Beneficial owner	5,000,000	0.232%
Mr. Huang Jiang	Beneficial owner	3,000,000	0.139%

*Note:* The percentage is based on the total number of Shares in issue as at the Latest Practicable Date (i.e. 2,155,545,000 Shares).

**Long positions in the shares, underlying shares and debentures of the associated corporations of the Company**

As at the Latest Practicable Date:

- (i) Mr. Zhang Haipeng held 1,298,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.003% of the issued voting shares of CSCECL;
- (ii) Mr. Wang Hai held 370,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL; and
- (iii) Mr. Huang Jiang held 210,000 A-shares of CSCECL in the capacity as beneficial owner, representing approximately 0.001% of the issued voting shares of CSCECL.

The Company was informed that all the interests in A-shares in CSCECL held by the Directors as set out above were granted to them by CSCECL pursuant to its share award scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company held 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 (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed below, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Name of companies which had such discloseable interest or short position</b>	<b>Position within such companies</b>
Mr. Zhang Haipeng	COHL	director
	CSC	executive director and chief executive officer
	Add Treasure Holdings Limited	director
Mr. Wu Mingqing	Add Treasure Holdings Limited	director



As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), 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.

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

### **SERVICE CONTRACTS**

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

### **MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, the date to which the latest published audited accounts of the Company were made up.

### **COMPETING BUSINESS INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, Messrs. Zhang Haipeng, Wu Mingqing and Huang Jiang held directorships and/or senior management positions in the Company's holding companies and/or their subsidiaries. These companies are engaged in construction, property development and related businesses.

The Board is independent of the boards of directors of the Company's holding companies and their subsidiaries. With the presence of appropriate portion of independent non-executive Directors in the Board, the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of its holding group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, proposed Directors or their respective close associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competes or is likely to compete with the business of the Group.



**QUALIFICATIONS AND CONSENT OF EXPERT**

The following sets out the qualifications of the expert who had given its opinions, letter and advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Altus Capital	A corporation licensed under the SFO to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

- (a) As at the Latest Practicable Date, Altus Capital 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.
- (b) Altus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (c) As at the Latest Practicable Date, Altus Capital did not have any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), 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.
- (d) The letter from Altus Capital is given as of the date of this circular for incorporation herein.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the office of the Company at 16th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong from the date of this circular up to and including 9 June 2021 (except Saturdays and Sundays) and will be available for inspection at the AGM:-

- (a) the Previous COLI Framework Agreement;
- (b) the New COLI Framework Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in Appendix III to this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in Appendix IV to this circular; and

- (e) the letter of consent from the expert referred to under the paragraph headed “QUALIFICATIONS AND CONSENT OF EXPERT” in this appendix.

**GENERAL**

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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# 中國建築興業集團有限公司

CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 830)

## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of China State Construction Development Holdings Limited (the “Company”) will be held at 16th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Wednesday, 9 June 2021 at 10:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020, together with the reports of the Directors and Auditor.
2. To declare a final dividend for the year ended 31 December 2020.
3. (a) To re-elect Mr. Zhang Haipeng as Director;  
(b) To re-elect Mr. Wu Mingqing as Director; and  
(c) To re-elect Mr. Zhou Jinsong as Director.
4. To authorise the Board to fix the remuneration of the Directors.
5. To re-appoint Ernst & Young as auditor of the Company and to authorise the Board to fix their remuneration.

To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

6. “THAT:
  - (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and dispose of additional shares in the capital of the Company and to make or grant offers, agreements, options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power(s) during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of rights of subscription or conversion under the terms of any securities or bonds which are convertible into shares of the Company; (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of shares or rights to acquire shares of the Company; or (iv) any scrip dividend or similar arrangement pursuant to the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

7. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time, be and is hereby generally and unconditionally approved;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(b) the aggregate nominal amount of the shares of the Company to be bought back by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and

(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

8. **“THAT**, conditional upon the passing of Resolutions (6) and (7) set out in the notice convening this Meeting, the general mandate granted to the Directors to allot, issue and dispose of additional shares pursuant to the Resolution (6) set out in the notice convening this Meeting, be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company bought back by the Company under the authority granted pursuant to Resolution (7) set out in the notice convening this Meeting, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution.”

As special business to consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution:

9. **“THAT**:

(A) (i) the New COLI Framework Agreement (as defined in the circular of the Company dated 23 April 2021 of which this notice forms part (the **“Circular”**)) (a copy of which is tabled at the meeting and marked **“A”** and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;

(ii) the New COLI Works Caps (as defined in the Circular) for the three-year period commencing from 1 July 2021 and ending on 30 June 2024 (both days inclusive) be and are hereby approved; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(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 COLI Framework Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”

By Order of the Board  
**China State Construction Development  
Holdings Limited**  
**Zhang Haipeng**  
*Chairman and Non-executive Director*

Hong Kong, 23 April 2021

*Notes:*

1. Only members are entitled to attend and vote at the meeting (or at any adjournment thereof).
2. A member entitled to attend and vote at the meeting (or at any adjournment thereof) is entitled to appoint one or more proxies (who must be an individual) to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
4. Completion and return of a proxy form shall not preclude a member from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should the member so wish, and in such event, the proxy form shall be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. The register of members of the Company will be closed for the following periods:
  - (a) For the purpose of determining shareholders’ right to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 4 June 2021 to Wednesday, 9 June 2021 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 3 June 2021.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (b) For the purpose of determining shareholders' entitlement to the final dividend, the register of members of the Company will be closed on Thursday, 17 June 2021 and Friday, 18 June 2021 (both days inclusive). In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 16 June 2021.
7. With respect to the ordinary resolution set out in Resolution (7) of the notice, approval is being sought from members for a general mandate to be given to the Directors to buy back shares of the Company.
8. With respect to the ordinary resolutions set out in Resolutions (6) and (8) of the notice, approval is being sought from members for general mandates to be given to the Directors to allot, issue and dispose of additional shares of the Company.
9. With respect to the ordinary resolution set out in Resolution (9) of the notice, approval is being sought from Independent Shareholders (as defined in the Circular) for the New COLI Framework Agreement and the transactions contemplated thereunder (including the New COLI Works Caps).
10. A circular containing the information regarding, *inter alia*, the Directors proposed to be re-elected, the general mandates to issue shares and buy back shares of the Company and renewal of continuing connected transactions in relation to COLI Works (as defined in the Circular) will be sent to the shareholders of the Company together with the Company's 2020 Annual Report.



中國建築興業集團有限公司

CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 830)

#### **PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

The Company will implement the following precautionary measures at the annual general meeting of the Company (“AGM”) to safeguard the health and safety of the AGM attendees and to comply with the requirements for the prevention and control of COVID-19:

- (1) Compulsory body temperature screening/checks will be carried out on all attendees at the entrance of the meeting venue. Any person with a body temperature of over 37.0 degree Celsius, or is exhibiting flu-like symptoms may be denied entry into the meeting venue and be requested to leave the meeting venue.
- (2) All attendees will be required to complete a health declaration form and the Company may refuse entry into the meeting venue if the required declaration form cannot be completed and provided.
- (3) All attendees will be required to wear surgical masks before they are permitted to attend, and during the attendance of, the AGM. Please note that no masks will be provided at the meeting venue and attendees should bring and wear their own masks.
- (4) The Company may limit the number of attendees at the AGM as may be necessary in order to maintain appropriate distancing and spacing in compliance with relevant applicable guidance issued by Hong Kong Government from time to time.
- (5) No refreshments or corporate gifts will be provided to the AGM attendees.

Attendees are reminded that they should consider the risks of attending the AGM, taking into account their own personal circumstances. Attendees who do not comply with the precautionary measures may be denied entry to the meeting venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of the AGM attendees, the Company strongly encourages Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy, instead of attending the AGM in person. Physical attendance is not necessary for the purpose of exercising Shareholder rights.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company’s website at [www.cscd.com.hk](http://www.cscd.com.hk) for further announcements and updates on the AGM arrangements, if any.