
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, 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 together with the enclosed proxy form to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

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

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



紅日資本有限公司

RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 19 to 20 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 43 of this circular.

A notice convening the EGM to be held at Unit Nos 1507 to 1512, 15th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Wednesday, 27 November 2024 at 11:30 a.m. is set out on pages 48 to 49 of this circular.

Whether or not you are able to attend the EGM, please complete and sign the proxy form in accordance with the instructions printed on that form and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM or any adjournment of such meeting. The proxy form can be downloaded from the Company's website at www.cscd.com.hk (under the "Investor Relations" section) and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjournment of such meeting if they so wish.

No drinks, refreshments or souvenirs will be served or provided at the EGM.

In case of any inconsistency, the English version of this circular shall prevail over the Chinese version.

8 November 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used in this circular:

“Annual Cap”	in respect of a relevant period/year during the term of the Framework Agreement, the maximum total contract sum of the Facade Construction Contracts that may be awarded to CSCECL and the Company (or their respective subsidiaries) as joint venture contractor or joint contractors for that relevant period/year, and collectively, the “Annual Caps”
“Board”	the board of Directors
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of CSCECL and the controlling shareholder of both CSC and the Company
“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 Hong Kong Stock Exchange (stock code: 830)
“Conditions”	the conditions as set out in the paragraph headed “THE FRAMEWORK AGREEMENT – Conditions Precedent” in the “Letter from the Board” in this circular
“connected persons”, “continuing connected transactions”, “controlling shareholder”, “holding company”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	has the meaning as defined under the section headed “THE FRAMEWORK AGREEMENT – Customary terms of cooperation agreements” in the “Letter from the Board” in this circular
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3311)
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a limited liability company organised and existing under the laws of the PRC and the ultimate holding company of each of CSCECL, CSC and the Company

DEFINITIONS

“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC and whose shares are listed on the Shanghai Stock Exchange (stock code: 601668) and a non-wholly owned subsidiary of CSCEC and the holding company of COHL
“CSCECL Group”	CSCECL and its subsidiaries (excluding subsidiary(ies) listed on the Hong Kong Stock Exchange and their respective subsidiaries) from time to time and references to “CSCECL (or its subsidiary)” shall be construed accordingly
“Director(s)”	director(s) of the Company
“Effective Date”	the later of (i) 1 December 2024 or (ii) the day following the date upon which all Conditions are satisfied
“EGM”	an extraordinary general meeting of the Company to be convened and held at Unit Nos 1507 to 1512, 15th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Wednesday, 27 November 2024 at 11:30 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Framework Agreement and the Transactions (together with the Annual Caps)
“Executive Board”	has the meaning as defined under the section headed “THE FRAMEWORK AGREEMENT – Customary terms of joint venture agreements – (d) Management” in the “Letter from the Board” in this circular
“Facade Construction Contract(s)”	the contract(s) for the facade construction awarded by the tenderer, which is a third-party developer/owner client
“Facade Construction Works”	the facade construction works under the Facade Construction Contract
“Framework Agreement”	the framework agreement entered into between CSCECL and the Company on 31 October 2024 in respect of the cooperation of CSCECL and the Company (or their respective subsidiaries) to enter into and implement the Facade Construction Contracts either as joint venture contractor or as joint contractors
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 Framework Agreement and the Transactions (together with the Annual Caps)
“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the Transactions (together with the Annual Caps)
“Independent Shareholder(s)”	the Shareholders who are not required to abstain from voting at the EGM to consider and, if thought fit, approve the Framework Agreement and the Transactions (together with the Annual Caps)
“JV Agreement”	has the meaning as defined under the section headed “THE FRAMEWORK AGREEMENT – Customary terms of joint venture agreements” in the “Letter from the Board” in this circular
“Latest Practicable Date”	4 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Losses”	has the meaning as defined under the section headed “THE FRAMEWORK AGREEMENT – Customary terms of joint venture agreements – (b) Profit/loss sharing” in the “Letter from the Board” in this circular
“Parties”	CSCECL and the Company, being parties to the Framework Agreement, and “Party” shall mean either of them
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Process”	has the meaning as defined under the section headed “THE FRAMEWORK AGREEMENT – Cooperation between CSCECL and the Company” in the “Letter from the Board” in this circular

DEFINITIONS

“Proceedings”	has the meaning as defined under the section headed “THE FRAMEWORK AGREEMENT – Customary terms of cooperation agreements – (b) Profit/loss sharing” in the “Letter from the Board” in this circular
“Respective Interest”	has the meaning as defined under the section headed “THE FRAMEWORK AGREEMENT – Customary terms of joint venture agreements – (a) Proportion of interest” in the “Letter from the Board” in this circular
“Respective Works”	has the meaning as defined under the section headed “THE FRAMEWORK AGREEMENT – Customary terms of cooperation agreements – (a) Allocation of work” in the “Letter from the Board” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) from time to time
“Transactions”	the transactions contemplated under the Framework Agreement
“%”	per cent

LETTER FROM THE BOARD



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. Zhu Haiming (*Chief Executive Officer*)

Mr. Wong Man Cheung

Non-executive Director:

Mr. Huang Jiang

Independent Non-executive Directors:

Mr. Zhou Jinsong

Ms. Chan Man Ki Maggie

Mr. Zhang Xinyu

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

8 November 2024

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the announcement jointly issued by CSC and the Company dated 31 October 2024 in respect of the entering into of the Framework Agreement between CSCECL and the Company on 31 October 2024 pursuant to which CSCECL and the Company (or their respective subsidiaries) may cooperate to enter into and implement the Facade Construction Contracts either as joint venture contractor or as joint contractors, subject to the Annual Caps.

LETTER FROM THE BOARD

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

- further particulars of the Framework Agreement and the Transactions (together with the Annual Caps);
- the letter from the Independent Board Committee with its view on the Framework Agreement and the Transactions (together with the Annual Caps);
- the letter from the Independent Financial Adviser with its advice on the Framework Agreement and the Transactions (together with the Annual Caps) to the Independent Board Committee and the Independent Shareholders,

and to seek the approval of the Independent Shareholders in respect of the entering into of the Framework Agreement and the Transactions (together with the Annual Caps).

CONTINUING CONNECTED TRANSACTIONS

On 31 October 2024, CSCECL and the Company entered into the Framework Agreement whereby the Parties agree that they (or their respective subsidiaries) may cooperate to enter into the Facade Construction Contracts as joint venture contractor or joint contractors upon and subject to the terms of the Framework Agreement and other agreements contemplated in the Framework Agreement. Where CSCECL and the Company (or their respective subsidiaries) cooperate to enter into the relevant Facade Construction Contracts and implement the relevant Facade Construction Works as joint venture contractor, they will form a contractual joint venture in line with the terms of the Framework Agreement and the JV Agreement. Where CSCECL and the Company (or their respective subsidiaries) cooperate to enter into the relevant Facade Construction Contracts and implement the relevant Facade Construction Works as joint contractors, they will enter into the Cooperation Agreement with terms in line with the Framework Agreement.

It is expected that the award of each Facade Construction Contract will generally be subject to a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client during which the contract sum of the relevant Facade Construction Contract will be determined.

The Framework Agreement does not anticipate the formation of any joint venture company, nor acquisition or disposal of any entities. Any contractual joint venture as contemplated under the Framework Agreement and the JV Agreement is a joint operation arrangement between CSCECL (or its subsidiary) and the Company (or its subsidiary), and shall engage in a single purpose project which is of revenue nature in the ordinary and usual course of business of the Company. These contractual joint ventures are expected to be categorised as “joint operations” in the financial statements of the Company. Any other forms of cooperation as contemplated under the Framework Agreement and the Cooperation Agreement is a joint arrangement between CSCECL (or its subsidiary) and the Company (or its subsidiary) without the establishment of any separate legal entities to carry out the Facade Construction Contracts.

LETTER FROM THE BOARD

THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

Date

31 October 2024

Parties

- (a) CSCECL; and
- (b) the Company

Term

Subject to the satisfaction of all Conditions, the Framework Agreement shall cover the period commencing from the Effective Date and ending on 31 December 2026 (both dates inclusive).

Conditions Precedent

The Framework Agreement is conditional upon the following Conditions being satisfied:

- (a) the Company having obtained the approval of the Independent Shareholders at the EGM in relation to the Framework Agreement and the Transactions (together with the Annual Caps); and
- (b) the Company having complied with all other requirements as may be imposed by the Hong Kong Stock Exchange as a condition to the Framework Agreement and the Transactions under the Listing Rules, if any.

Both Conditions above are not waivable. If the above conditions are not satisfied on or before 31 December 2024 (or such other date as the Parties may agree in writing), the Framework Agreement shall forthwith terminate and no person shall be entitled to any rights or benefits or be subject to any obligations under or in respect of the Framework Agreement.

For the avoidance of doubt, the Directors confirm that the Group will not enter into any contractual joint venture or other form of cooperation in relation to any Facade Construction Works before the Conditions are satisfied.

LETTER FROM THE BOARD

Subject matter

Pursuant to the Framework Agreement, CSCECL and the Company agree that:

- (a) CSCECL and the Company (or their respective subsidiaries) may cooperate to enter into and implement the Facade Construction Contracts either as joint venture contractor or as joint contractors, provided that the maximum total contract sum that may be awarded jointly to CSCECL and the Company (or their respective subsidiaries) for the relevant period in the financial year or the relevant financial year (as the case may be) shall not exceed the corresponding Annual Cap as set out in the paragraph headed “Annual Caps” below in this circular; and
- (b) any contractual joint venture for entering into and implementing the particular Facade Construction Contracts as contemplated under the Framework Agreement and the JV Agreement or any other forms of cooperation for entering into and implementing the particular Facade Construction Contracts as contemplated under the Framework Agreement and the Cooperation Agreement is a joint venture, joint operations arrangement or joint arrangement between CSCECL and the Company (or their respective subsidiaries) without the establishment of any separate legal entities to carry out the Facade Construction Contracts.

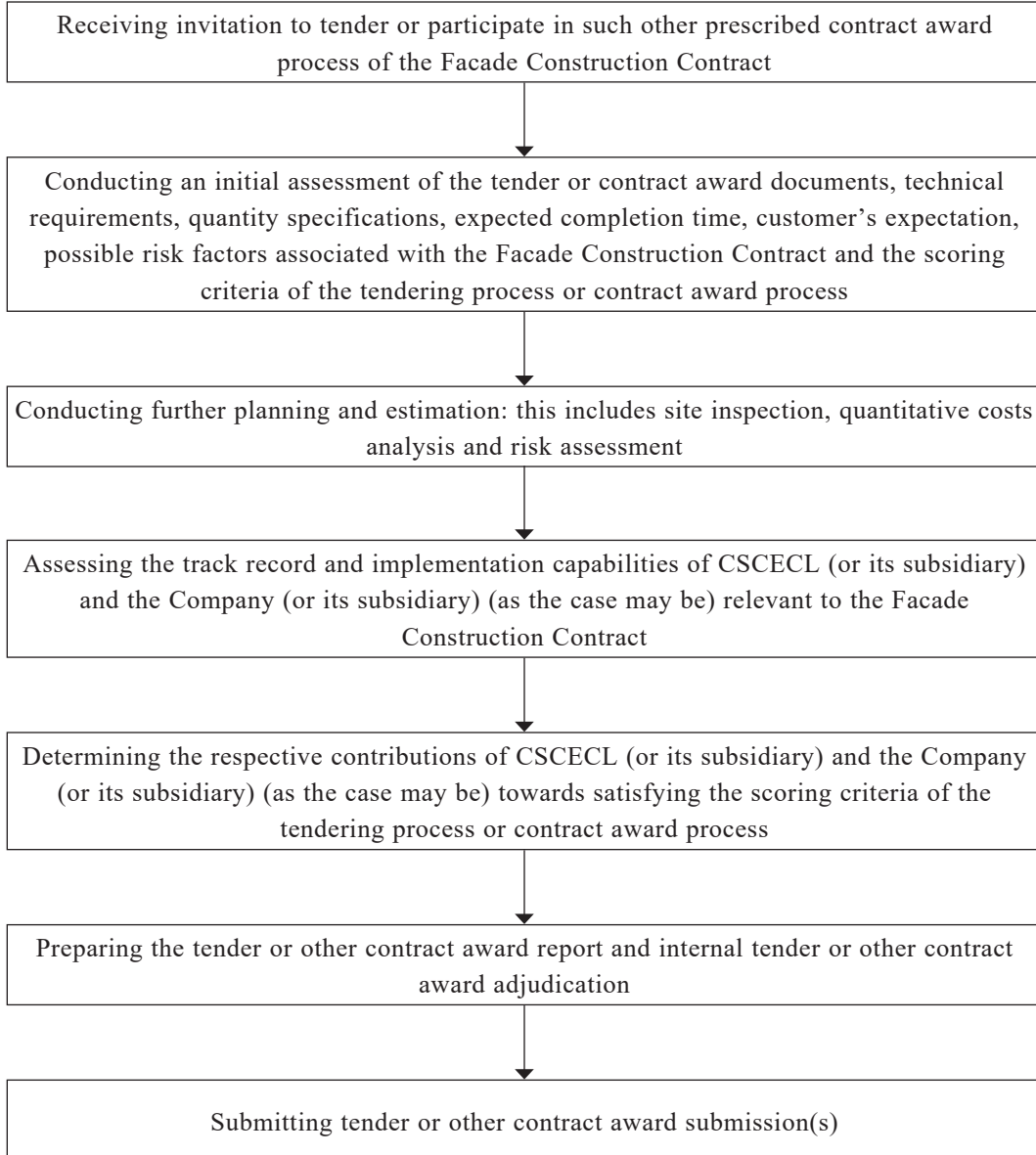
Cooperation between CSCECL and the Company

In the event that CSCECL (or its subsidiary) or the Company (or its subsidiary) decides to participate in the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of a Facade Construction Contract, CSCECL (or its subsidiary) or the Company (or its subsidiary) may invite the other Party (or its subsidiary) to jointly participate in such process as joint venture contractor or joint contractors, if the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be), after making qualitative and quantitative assessment of the scoring criteria of such process, determines that such joint venture or cooperation with the other Party (or its subsidiary) will maximise the scoring of such tendering process or contract award process and therefore enhance the chance of successful award of the Facade Construction Contract.

The engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) will determine whether or not to invite the other Party (or its subsidiary) to jointly participate in such tendering process or contract award process as may be implemented by the relevant third-party developer/owner client during its standard tender or other contract award submission process in respect of a Facade Construction Contract. The whole process leading to the submission of tender or other contract award documents (the “**Process**”) generally involves (i) receiving invitation to tender or participate in such other prescribed contract award process of the Facade Construction Contract; (ii) conducting an initial assessment of the tender or contract award documents; (iii) conducting further planning and estimation; (iv) assessing the track record and implementation capabilities of the other Party (or its subsidiary) relevant to the Facade Construction Contract; (v) determining the respective

LETTER FROM THE BOARD

contributions of CSCECL and the Company (or their respective subsidiaries) towards satisfying the scoring criteria of the tendering process or contract award process; (vi) preparing the tender or other contract award report and internal tender or other contract award adjudication; and (vii) submitting tender or other contract award submission(s).



In assessing the tender or contract award documents, the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectation, possible risk factors associated with the Facade Construction Contract and the scoring criteria of the tendering process or contract award process. The engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) will then perform site inspection, conduct quantitative costs analysis and risk assessment.

LETTER FROM THE BOARD

If, during the Process, the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) is satisfied that the participation of CSCECL and the Company (or their respective subsidiaries) in the tendering process or such other prescribed contract award process in respect of the Facade Construction Contract will maximise the tender or contract award scores and therefore enhance the chance of successful award of the Facade Construction Contract, the Company (or its subsidiary) and CSCECL (or its subsidiary) may cooperate to participate in such tendering process or contract award process. The engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) will review and approve the decision of participating in such tendering process or contract award process.

Contract sum of the Facade Construction Contract

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

Annual Caps

The maximum total contract sum that may be awarded jointly to CSCECL and the Company (or their respective subsidiaries) as joint venture contractor or joint contractors for each of the relevant period/years during the term of the Framework Agreement shall not exceed the following Annual Caps:

For the period from the Effective Date to 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
HK\$1.2 billion	HK\$1.2 billion	HK\$1.2 billion

Basis of determining the Annual Caps

The Group has not formed any contractual joint venture with the CSCECL Group to perform Facade Construction Works historically. The Annual Caps are determined with reference to the estimated annual contract sum for the Facade Construction Contracts, under which the Company (or its subsidiary) and CSCECL (or its subsidiary) are likely to be held jointly and severally liable towards the relevant third-party developer/owner client for carrying out the Facade Construction Works, during the relevant period/year. The estimated annual contract sum represents the estimated maximum liability exposure of the Company (or its subsidiary) in the event that the Company (or its subsidiary) is required by the third-party developer/owner client to perform or complete the work for which CSCECL (or subsidiary) is responsible under the relevant JV Agreement or the Cooperation Agreement.

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

- (a) a tender in the amount of approximately HK\$1.2 billion for Facade Construction Works in the PRC submitted to a third-party developer in the fourth quarter of 2024 but yet to be awarded; and

LETTER FROM THE BOARD

- (b) the expected tender by the Group for Facade Construction Works with a total contract sum of approximately HK\$1.2 billion for each of the years ending 31 December 2025 and 2026. The expected tender amount for the year ending 31 December 2025 is determined based on the information available to the management of the Company as at the date of the Framework Agreement as regards the potential projects which may be available for tender and suitable for the Group to seek cooperation with other construction companies taking into account the possible technical requirements, the expected pricing range, the expected scope and scale of works as well as the prevailing market prices of the relevant construction materials and subcontracting charges. The expected tender amount by the Group for Facade Construction Works for the year ending 31 December 2026 was determined based on the assumption that the volume of Transactions to be conducted jointly by the Group and the CSCECL Group in 2026 will remain at a similar level as compared to that in 2025.

Based on the foregoing, the Directors consider that the basis of determining the Annual Caps are fair and reasonable.

Customary terms of joint venture agreements

During the term of the Framework Agreement, where CSCECL and the Company (or their respective subsidiaries) cooperate to enter into the relevant Facade Construction Contracts and implement the relevant Facade Construction Works as joint venture contractor, CSCECL and the Company (or their respective subsidiaries) will from time to time enter into a standard individual joint venture agreement (the “**JV Agreement**”) which contains at the minimum terms customary in the construction industry as set out below, for establishing a contractual joint venture to enter into and implement a particular Facade Construction Contract:

(a) Proportion of interest

The respective interest of CSCECL and the Company (or their respective subsidiaries) in each contractual joint venture under a JV Agreement (the “**Respective Interest**”) will be determined by the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be), based on the respective contributions of CSCECL and the Company (or their respective subsidiaries) towards satisfying the scoring criteria of the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of each Facade Construction Contract. The satisfaction of the scoring criteria and the respective contributions of CSCECL and the Company (or their respective subsidiaries) will be determined by the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) during the tender submission process.

LETTER FROM THE BOARD

(b) Profit/loss sharing

CSCECL and the Company (or their respective subsidiaries) shall be jointly and severally liable towards the relevant third-party developer/owner client for carrying out the Facade Construction Contract awarded to them, notwithstanding the contractual arrangement between them under the JV Agreement. However, the rights, interests, profits and benefits and the liabilities, obligations, risks, and losses arising out of the contractual joint venture shall be shared or borne by CSCECL and the Company (or their respective subsidiaries) in accordance with their Respective Interest. If a Party (or its subsidiary) incurs any liabilities, damages, payments, costs, fees, charges, expenses (including any interest or penalty), claims, duty, levy and taxation (collectively, “Losses”) arising from or in connection with the Facade Construction Works in such proportion in excess of its Respective Interest, the other Party (or its subsidiary) shall indemnify, hold harmless and keep fully indemnified such Party (or its subsidiary) against any such Losses, so that the overall Losses are apportioned between the Parties (or their respective subsidiaries) in accordance with their Respective Interest.

(c) Financing and other support

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

(d) Management

A contractual joint venture under a JV Agreement shall be managed by an executive board (the “Executive Board”) to be set up by CSCECL and the Company (or their respective subsidiaries). The Executive Board shall comprise such member(s) appointed by CSCECL (or its subsidiary) and such member(s) appointed by the Company (or its subsidiary), the respective numbers of which shall be determined based on their Respective Interest. A member appointed by CSCECL (or its subsidiary) and a member appointed by the Company (or its subsidiary) present at a meeting of the Executive Board shall form a quorum. Any decision on material/major matters (including those matters specified in paragraph (f) below) made in meeting of the Executive Board shall require a unanimous consent of the members present at the meeting.

(e) Guarantee

In the event that the third-party developer/owner client requires the parent company of each of CSCECL and the Company (or their respective subsidiaries) to guarantee such Party’s performance of the relevant Facade Construction Contract, each of CSCECL and the Company (or their respective subsidiaries) shall indemnify its parent company for any liabilities arising from such guarantee.

LETTER FROM THE BOARD

(f) Restriction of transfers

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

Customary terms of cooperation agreements

During the term of the Framework Agreement, where CSCECL and the Company (or their respective subsidiaries) cooperate to enter into the relevant Facade Construction Contract and implement the relevant Facade Construction Works as joint contractors, CSCECL and the Company (or their respective subsidiaries) will from time to time enter into a standard individual cooperation agreement (the "**Cooperation Agreement**") which contains at the minimum terms customary in the construction industry as set out below:

(a) Allocation of work

The respective Facade Construction Works of CSCECL and the Company (or their respective subsidiaries) under a Cooperation Agreement (the "**Respective Works**") will be determined by CSCECL and the Company (or their respective subsidiaries), based on their respective contributions towards the implementation of each Facade Construction Works. The respective contributions of CSCECL and the Company (or their respective subsidiaries) will be determined by CSCECL and the Company (or their respective subsidiaries) during the tender submission process.

(b) Profit/loss sharing

CSCECL and the Company (or their respective subsidiaries) shall be jointly and severally liable towards the relevant third-party developer/owner client for carrying out the relevant Facade Construction Contract awarded to them, notwithstanding the contractual arrangement between them under the Cooperation Agreement. However, each of CSCECL and the Company (or their respective subsidiaries) shall be entitled to the rights, interest, profits and benefits and bear the liabilities, obligations, risks, and losses arising out of or in connection with its Respective Works. If a Party (or its subsidiary) incurs any Losses or is or may be brought against or threatened or alleged to be brought against any litigations, actions, writs, suits and proceedings, demands, judgments, awards and claims (collectively, "**Proceedings**") arising out of or in connection with any Respective Works of the other Party (or its subsidiary), the other Party (or its subsidiary) shall indemnify, hold harmless and keep fully indemnified such Party (or its subsidiary) against any such Losses and Proceedings (including but not limited to the charges, fees and expenses arising out of or in connection with the investigation, response to, defence or settlement or compromise of, or the enforcement of any settlement or compromise or judgment obtained with respect to any such Loss or any such Proceeding).

LETTER FROM THE BOARD

(c) Guarantee

In the event that the third-party developer/owner client requires the parent company of each of CSCECL and the Company (or their respective subsidiaries) to guarantee such Party's performance of the relevant Facade Construction Contract, each of CSCECL and the Company (or their respective subsidiaries) shall indemnify its parent company for any liabilities arising from such guarantee.

(d) Restriction of assignment

Without the prior written consent from the other Party (or its subsidiary), neither CSCECL (or its subsidiary) nor the Company (or its subsidiary) may transfer, assign, pledge or encumber its rights, interest and benefits under such Cooperation Agreement.

REASONS FOR ENTERING INTO OF THE FRAMEWORK AGREEMENT

The Directors consider that by entering into the Framework Agreement, the Group can further strengthen its overall competitiveness and business growth, and benefit by leveraging the substantial experience of the CSCECL Group and its well established working relationship with developers/owner clients in the PRC and overseas. Having operated in more than 100 countries and regions, CSCECL, as one of the largest engineering contractors in the world, specializes in a broad range of businesses covering all aspects of urban development and all phases of construction projects. It is the contractor of certain supertall skyscrapers in the PRC such as Ping An Finance Centre in Shenzhen, Tianjin Chow Tai Fook Finance Centre in Tianjin, Guangzhou Chow Tai Fook Finance Centre in Guangzhou, and CITIC Tower in Beijing. As the contractor of numerous significant landmark construction projects in the PRC and overseas over the years, the CSCECL Group has established stable working relationship with developers/owner clients. The cooperation between the CSCECL Group and the Group as joint venture contractor or joint contractors will (i) allow the Group to access to more tender opportunities from the developers/owner clients of the CSCECL Group and diversify its customer base; and (ii) increase the chance of successful award of the Facade Construction Contracts.

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 terms of the Framework Agreement are fair and reasonable, and the Transactions (together with the Annual Caps) are on normal commercial terms, are expected to be in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE CSCECL GROUP

CSCECL is an intermediate holding company of CSC, which in turn is indirectly interested in approximately 70.78% of the issued share capital of the Company as at the Latest Practicable Date. It is a contractor principally engaged in construction works in various cities in the PRC and various countries around the world.

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

LETTER FROM THE BOARD

CSCEC is the ultimate holding company of each of CSCECL, 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.

LISTING RULES IMPLICATIONS

CSCECL is an intermediate holding company of CSC which, in turn, is indirectly interested in approximately 70.78% of the issued share capital of Company as at the Latest Practicable Date. Accordingly, members of the CSCECL Group are connected persons of the Company. The Transactions between members of the CSCECL Group on the one hand and members of the Group on the other hand, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the maximum total contract sum that may be awarded jointly to CSCECL and the Company (or their respective subsidiaries) for the relevant period/year under the Framework Agreement (i.e. the Annual Caps) exceed 5%, the Transactions (together with the Annual Caps) are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

None of the Directors has any material interest in the Framework Agreement and the Transactions and no Director is required to abstain from voting on the Board resolutions approving the entering into of the Framework Agreement and the Transactions (together with the Annual Caps). However, Mr. Zhang Haipeng, being the Chairman and non-executive Director, the chairman and executive director of CSC and a director and president of COHL, has voluntarily abstained from voting on the Board resolutions approving the entering into of the Framework Agreement and the Transactions (together with the Annual Caps).

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

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

The Company has put in place a series of internal control measures to monitor the Transactions, and ensure that (i) the Transactions are entered into in accordance with the Framework Agreement and (ii) the JV Agreements and the Cooperation Agreements contain the customary terms as set out above.

Apart from the Process described above which is encompassed in the Group's standard and systematic tender submission procedure, the Company's project tendering committee and, procurement and sub-contracting committee are responsible for reviewing and approving the terms and prices of all the tenders and other contract award submissions to ensure they are in compliance with the Group's procurement procedure, tender submission procedure and contract management policy.

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

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the terms of the Framework Agreement and the Transactions (together with the Annual Caps). Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

EGM

The notice convening the EGM is set out on pages 48 to 49 of this circular.

The EGM will be convened and held at Unit Nos 1507 to 1512, 15th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Wednesday, 27 November 2024 at 11:30 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Framework Agreement and the Transactions (together with the Annual Caps).

LETTER FROM THE BOARD

Whether or not you are able to attend the EGM, please complete and sign the proxy form in accordance with the instructions printed on the form and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment of such meeting. The proxy form can be downloaded from the Company's website at www.cscd.com.hk (under the "Investor Relations" section) and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the EGM or any adjournment of such meeting if they so wish.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by way of poll. As at the Latest Practicable Date, CSC, through its wholly-owned subsidiary Add Treasure Holdings Limited, holds 1,596,403,279 Shares, representing approximately 70.78% of the issued share capital of the Company and CSC is in turn an indirect non wholly-owned subsidiary of CSCECL. Add Treasure Holdings Limited, as an associate of CSCECL, will abstain from voting at the EGM on the resolution relating to the Framework Agreement and the Transactions (together with the Annual Caps). Apart from Add Treasure Holdings Limited, no other Shareholder (i) has a material interest in; and (ii) will abstain from voting at the EGM on the resolution relating to, the Framework Agreement and the Transactions (together with the Annual Caps).

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

- (i) there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon Add Treasure Holdings Limited;
- (ii) Add Treasure Holdings Limited 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 Add Treasure Holdings Limited's beneficial shareholding interest in the Company as disclosed in this circular and the number of shares in the Company in respect of which it would control or would be entitled to exercise control over the voting right at the EGM.

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of members who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 22 November 2024 to Wednesday, 27 November 2024, both days inclusive, during which period no transfers of shares will be effected.

LETTER FROM THE BOARD

In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 November 2024.

RECOMMENDATIONS

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 19 to 20 of the circular which contains its recommendation to the Independent Shareholders in relation to the Framework Agreement and the Transactions (together with the Annual Caps).

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 21 to 43 of the circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the Transactions (together with the Annual Caps).

The Board considers that the terms of the Framework Agreement are fair and reasonable, and the Transactions (together with the Annual Caps) are on normal commercial terms, are expected to be in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully

For and on behalf of the Board of

China State Construction Development Holdings Limited

Zhang Haipeng

Chairman and Non-executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

8 November 2024

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company dated 8 November 2024 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular 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 Framework Agreement are fair and reasonable and the Transactions (together with the Annual Caps) are on normal commercial terms, are expected to be in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the Transactions (together with the Annual Caps).

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 18 of the Circular and the text of a letter of advice from Red Sun, as set out on pages 21 to 43 of the Circular, both of which provide details of the Framework Agreement and the Transactions (together with the Annual Caps).

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

Yours faithfully,
For and on behalf of
the Independent Board Committee of
China State Construction Development Holdings Limited

Zhou Jinsong
Independent
Non-executive Director

Chan Man Ki Maggie
Independent
Non-executive Director

Zhang Xinyu
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Red Sun which sets out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the Transactions (together with the Annual Caps) for inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

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

Tel: (852) 2857 9208

Fax: (852) 2857 9100

8 November 2024

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

Dear Sirs,

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

I. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the Transactions (together with the Annual Caps), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the shareholders dated 8 November 2024, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 31 October 2024, CSCECL and the Company entered into the Framework Agreement whereby the Parties agree that they (or their respective subsidiaries) may cooperate to enter into the Facade Construction Contracts as joint venture contractor or joint contractors upon and subject to the terms of the Framework Agreement and other agreements contemplated in the Framework Agreement. Where CSCECL and the Company (or their respective subsidiaries) cooperate to enter into the relevant Facade Construction Contracts and implement the relevant Facade Construction Works as joint venture contractor, they will form a contractual joint venture in line with the terms of the Framework Agreement and the JV Agreement. Where CSCECL and the Company (or their respective subsidiaries) cooperate to enter into the relevant Facade Construction Contracts and implement the relevant Facade Construction Works as joint contractors, they will enter into the Cooperation Agreement with terms in line with the Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is expected that the award of each Facade Construction Contract will generally be subject to a tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client during which the contract sum of the relevant Facade Construction Contract will be determined.

The Framework Agreement does not anticipate the formation of any joint venture company, nor acquisition or disposal of any entities. Any contractual joint venture as contemplated under the Framework Agreement and the JV Agreement is a joint operation arrangement between CSCECL (or its subsidiary) and the Company (or its subsidiary), and shall engage in a single purpose project which is of revenue nature in the ordinary and usual course of business of the Company. These contractual joint ventures are expected to be categorised as “joint operations” in the financial statements of the Company. Any other forms of cooperation as contemplated under the Framework Agreement and the Cooperation Agreement is a joint arrangement between CSCECL (or its subsidiary) and the Company (or its subsidiary) without the establishment of any separate legal entities to carry out the Facade Construction Contracts.

As at the Latest Practicable Date, CSCECL is an intermediate holding company of CSC which, in turn, is indirectly interested in approximately 70.78% of the issued share capital of the Company. Hence, members of the CSCECL Group are connected persons of the Company. Accordingly, the Transactions between members of the CSCECL Group on the one hand and members of the Group on the other hand, constitute continuing connected transactions for the Company under 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the maximum total contract sum which may be awarded jointly to CSCECL and the Company (or their respective subsidiaries) for the relevant period/year under the Framework Agreement, i.e. the Annual Caps, exceed 5%, the Transactions (together with the Annual Caps) are subject to the annual review, reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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

None of the Directors have any material interest in the Framework Agreement and the Transactions. However, Mr. Zhang Haipeng, being the Chairman and non-executive Director, the chairman and executive director of CSC, and a director and president of COHL, has voluntarily abstained from voting on the Board resolutions approving the entering into of the Framework Agreement and the Transactions (together with the Annual Caps).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises Mr. Zhang Haipeng as Chairman and non-executive Director; Mr. Zhu Haiming (Chief Executive Officer) and Mr. Wong Man Cheung as executive Directors; Mr. Huang Jiang as non-executive Director; and Mr. Zhou Jinsong, Ms. Chan Man Ki Maggie and Mr. Zhang Xinyu as independent non-executive Directors.

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

We, Red Sun, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the terms of the Transactions (together with the Annual Caps), for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. OUR INDEPENDENCE

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

Save for this appointment, Red Sun has not acted as an independent financial adviser to the Company under the Listing Rules in the past two years.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate at the time they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Company has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, CSC (and its subsidiaries), CSCECL Group and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group and the CSCECL Group

1.1 Principal business and the financial information of the Group

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

Set out below is the summary of the Group's audited consolidated statement of income for the years ended 31 December 2023 and 2022 as extracted from the annual report of the Group for the year ended 31 December 2023 (the "2023 Annual Report") and the unaudited consolidated balance sheet as at 30 June 2024 and 2023 as extracted from the interim report of the Group for the six months ended 30 June 2024 (the "2024 Interim Report"):

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

	For the year ended 31 December		For the six months ended 30 June	
	2022	2023	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	7,668,983	8,665,765	4,716,239	4,722,048
Facade and general contracting works	6,679,114	7,718,645	4,162,421	4,214,456
Operating management	989,869	947,120	553,818	507,592
Cost of sales	(6,843,678)	(7,692,702)	(4,040,852)	(3,961,414)
Gross Profit	825,305	973,063	675,387	760,634
Profit for the period/year attributable to owners of the Company	421,852	580,420	436,655	550,470

For the year ended 31 December 2022 and 2023

The total revenue of the Group increased by approximately HK\$996.8 million or 13.0% from approximately HK\$7,669.0 million for the year ended 31 December 2022 to approximately HK\$8,665.8 million for the year ended 31 December 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the 2023 Annual Report, the facade and general contracting works segment revenue increased by approximately HK\$1,039.5 million or 15.6% from approximately HK\$6,679.1 million for the year ended 31 December 2022 to approximately HK\$7,718.6 million for the year ended 31 December 2023. Such increase was mainly due to the commencement of construction works of the new project rewarded in 2022 and maintained a good progress on curtain wall projects in Hong Kong and the PRC.

For the operating management segment, the revenue decreased by approximately HK\$42.7 million or 4.3% from approximately HK\$989.9 million for the year ended 31 December 2022 to approximately HK\$947.1 million for the year ended 31 December 2023, which was attributable to (i) the depreciation of the Renminbi on revenue; and (ii) the increase of cost of coal of the thermoelectric plant in the PRC.

For the year ended 31 December 2023, the gross profit of the Group amounted to approximately HK\$973.1 million, representing an increase of approximately 17.9% as compared to approximately HK\$825.3 million for the corresponding year of 2022.

As a result, the profit of the Company attributable to the owners of the Company increased by approximately HK\$158.6 million, from approximately HK\$421.9 million for the year ended 31 December 2022 to approximately HK\$580.4 million for the year ended 31 December 2023.

For the six months ended 30 June 2023 and 2024

The total revenue of the Group increased by approximately HK\$5.8 million from approximately HK\$4,716.2 million for the six months ended 30 June 2023 to approximately HK\$4,722.0 million for the six months ended 30 June 2024.

As set out in the 2024 Interim Report, the facade and general contracting works segment revenue increased by approximately HK\$52.0 million or 1.25% from approximately HK\$4,162.4 million for the six months ended 30 June 2023 to approximately HK\$4,214.5 million for the six months ended 30 June 2024, which was mainly due to the continual of good progress on curtain wall projects in Hong Kong and the PRC.

For the operating management segment, the revenue decreased by approximately HK\$46.2 million from approximately HK\$553.8 million for the six months ended 30 June 2023 to approximately HK\$507.6 million for the six months ended 30 June 2024, which was caused by the depreciation of Renminbi on revenue in the PRC.

For the six months ended 30 June 2024, the gross profit of the Group amounted to approximately HK\$760.6 million, representing an increase of approximately 12.6% as compared to approximately HK\$675.4 million for the corresponding period in 2023.

As a result, the profit for the period attributable to owners of the Company increased by approximately HK\$113.8 million, from approximately HK\$436.7 million for the six months ended 30 June 2023 to approximately HK\$550.5 million for the six months ended 30 June 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Summary of the Group's consolidated statement of financial position

Financial position as at 31 December 2022 and 2023

Total assets of the Group as at 31 December 2023 primarily comprised of (i) contract assets of approximately HK\$4,571 million as compared to approximately HK\$3,998.4 million as at 31 December 2022; (ii) trade and other receivables of approximately HK\$2,087.1 million as compared to approximately HK\$1,798.6 million as at 31 December 2022; and (iii) property, plant and equipment amounted to approximately HK\$1,723.4 million, as compared to approximately HK\$1,795.4 million as at 31 December 2022.

Total liabilities of the Group as at 31 December 2023 primarily comprised of (i) trade payables, other payables and accruals of approximately HK\$3,585.4 million as compared to approximately HK\$3,486.2 million as at 31 December 2022; (ii) amounts due to fellow subsidiaries of approximately HK\$1,844.4 million, representing an increase of approximately 3.9% as compared to approximately HK\$1,775.2 million as at 31 December 2022; (iii) bank borrowings of approximately HK\$1,188.0 million as compared to approximately HK\$1,325.8 million as at 31 December 2022; and (iv) contract liabilities of approximately HK\$1,512.6 million as compared to approximately HK\$1,500.9 million as at 31 December 2022.

As a result of the above, the total equity attributable to owners of the Company amounted to approximately HK\$2,401.8 million as at 31 December 2023, representing an increase of approximately 14.8% from approximately HK\$2,092.3 million as at 31 December 2022.

Financial position as at 31 December 2023 and 30 June 2024

Total assets of the Group as at 30 June 2024 primarily comprised of (i) contract assets of approximately HK\$5,499.7 million as compared to approximately HK\$4,571.6 million as at 31 December 2023; (ii) trade and other receivables of approximately HK\$1,950.1 million as compared to approximately HK\$2,087.1 million as at 31 December 2023; and (iii) property, plant and equipment amounted to approximately HK\$1,589.4 million, as compared to approximately HK\$1,723.4 million as at 31 December 2023.

Total liabilities of the Group as at 30 June 2024 primarily comprised of (i) trade payables, other payables and accruals of approximately HK\$3,904.1 million as compared to approximately HK\$3,585.4 million as at 31 December 2023; (ii) amounts due to fellow subsidiaries of approximately HK\$1,914.1 million as compared to approximately HK\$1,844.4 million as at 31 December 2023; (iii) bank borrowings of approximately HK\$1,417.9 million as compared to approximately HK\$1,188.0 million as at 31 December 2023; and (iv) contract liabilities of approximately HK\$914.1 million as compared to approximately HK\$1,512.6 million as at 31 December 2023.

As a result of the above, the total equity attributable to owners of the Company amounted to approximately HK\$2,812.2 million as at 30 June 2024, representing an increase of approximately 17.1% from approximately HK\$2,401.8 million as at 31 December 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 *Principal activities of CSCECL*

CSCECL is an intermediate holding company of CSC, which in turn is indirectly interested in approximately 70.78% of the issued share capital of the Company as at the Latest Practicable Date. CSCECL is a contractor principally engaged in construction works in various cities in the PRC and various countries around the world.

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

1.3 *Overview of the economy in PRC*

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

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

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

Source: National Bureau of Statistics of the PRC

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

2. Principal terms of the Framework Agreement

Date

31 October 2024

Parties

- (a) CSCECL; and
- (b) the Company.

Term

The Framework Agreement shall cover the period commencing from the Effective Date and ending on 31 December 2026 (both dates inclusive).

Subject matter

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

- (a) CSCECL and the Company (or their respective subsidiaries) may cooperate to enter into and implement the Facade Construction Contracts either as joint venture contractor or as joint contractors, provided that the maximum total contract sum that may be awarded jointly to CSCECL and the Company (or their respective subsidiaries) for the relevant period in the financial year or the relevant financial year (as the case may be) shall not exceed the corresponding Annual Cap as set out in the paragraph headed “Annual Caps” in the Letter from the Board in the Circular; and

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- (b) any contractual joint venture for entering into and implementing the particular Facade Construction Contracts as contemplated under the Framework Agreement and the JV Agreement or any other forms of cooperation for entering into and implementing the particular Facade Construction Contracts as contemplated under the Framework Agreement and the Cooperation Agreement is a joint venture, joint operations arrangement or joint arrangement between CSCECL and the Company (or their respective subsidiaries) without the establishment of any separate legal entities to carry out the Facade Construction Contracts.

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

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

The Directors consider that by entering into the Framework Agreement, the Group can further strengthen its overall competitiveness and business growth, and benefit by leveraging the substantial experience of the CSCECL Group and its well-established working relationship with developers/owner clients in the PRC and overseas. Having operated in more than 100 countries and regions, CSCECL¹, as one of the largest engineering contractors in the world, specializes in a broad range of businesses covering all aspects of urban development and all the phases of construction projects. It is the contractor of certain supertall skyscrapers in the PRC such as Ping An Finance Centre in Shenzhen, Tianjin Chow Tai Fook Finance Centre in Tianjin, Guangzhou Chow Tai Fook Finance Centre in Guangzhou, and CITIC Tower in Beijing. As the contractor of numerous significant landmark construction projects in the PRC and overseas over the years, the CSCECL Group has established stable working relationship with developers/owner clients. The cooperation between the CSCECL Group and the Group as joint venture contractor or joint contractors will (i) allow the Group to have access to more tender opportunities from the developers/owner clients of the CSCECL Group and diversify its customer base; and (ii) increase the chance of successful award of the Facade Construction Contracts.

The Directors consider that the terms of the Framework Agreement are fair and reasonable, and the Transactions (together with the Annual Caps) are on normal commercial terms, are expected to be in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Having considered that (i) the Group is principally engaged in facade contracting business; and (ii) the CSCECL’s years of experience in large-scale public infrastructure and/or building projects in the PRC, we concur with the Directors that entering into the Framework Agreement between the parties would further strengthen its overall competitiveness and business growth in the facade construction works of the Group which is beneficial to the Group and the Shareholders as a whole.

¹ CSCECL was established in 2007. (Source: <https://cscec-sea.com/en/about-us/overview/cscec>)

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4. Customary terms of joint venture agreements

During the term of the Framework Agreement, where the CSCECL and the Company (or their respective subsidiaries) cooperate to enter into the relevant Facade Construction Contracts and implement the relevant Facade Construction Works as joint venture contractor, CSCECL and the Company (or their respective subsidiaries) will from time to time enter into a standard individual joint venture agreement (i.e. JV Agreement) which contains at the minimum terms customary in the construction industry as set out below, for establishing a contractual joint venture to enter into and implement a particular Facade Construction Contract:

(a) Proportion of interest

The respective interest of CSCECL and the Company (or their respective subsidiaries) in each contractual joint venture under a JV Agreement (i.e. Respective Interest) will be determined by the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be), based on the respective contributions of CSCECL and the Company (or their respective subsidiaries) towards satisfying the scoring criteria of the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of each Facade Construction Contract. The satisfaction of the scoring criteria and the respective contributions of CSCECL and the Company (or their respective subsidiaries) will be determined by the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) during the tender submission process as set out in the Letter from the Board.

(b) Profit/loss sharing

CSCECL and the Company (or their respective subsidiaries) shall be jointly and severally liable towards the relevant third-party developer/owner client for carrying out the Facade Construction Contract awarded to them, notwithstanding the contractual arrangement between them under the JV Agreement. However, the rights, interests, profits and benefits and the liabilities, obligations, risks and losses arising out of the contractual joint venture shall be shared or borne by CSCECL and the Company (or their respective subsidiaries) in accordance with their Respective Interest. If a Party (or its subsidiary) incurs any liabilities, damages, payments, costs, fees, charges, expenses (including any interest or penalty), claims, duty, levy and taxation (i.e. Losses) arising from or in connection with the Facade Construction Works in such proportion in excess of its Respective Interest, the other Party (or its subsidiary) shall indemnify, hold harmless and keep fully indemnified such Party (or its subsidiary) against any such Losses, so that the overall Losses are apportioned between the Parties (or their respective subsidiaries) in accordance with their Respective Interest.

(c) Financing and other support

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

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(d) Management

A contractual joint venture under a JV Agreement shall be managed by an executive board (i.e. Executive Board) to be set up by CSCECL and the Company (or their respective subsidiaries). The Executive Board shall comprise such member(s) appointed by CSCECL (or its subsidiary) and such member(s) appointed by the Company (or its subsidiary), the respective numbers of which shall be determined based on their Respective Interest. A member appointed by CSCECL (or its subsidiary) and a member appointed by the Company (or its subsidiary) present at a meeting of the Executive Board shall form a quorum. Any decision on material/major matters (including those matters specified in paragraph (f) as set out under the paragraph headed “**Customary terms of joint venture agreements**” in the Letter from the Board) made in meeting of the Executive Board shall require a unanimous consent of the members present at the meeting.

(e) Guarantee

In the event that the third-party developer/owner client requires the parent company of each of CSCECL and the Company (or their respective subsidiaries) to guarantee such Party’s performance of the relevant Facade Construction Contract, each of CSCECL and the Company (or their respective subsidiaries) shall indemnify its parent company for any liabilities arising from such guarantee.

(f) Restriction of transfers

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

5. Customary terms of cooperation agreements

During the term of the Framework Agreement, where CSCECL and the Company (or their respective subsidiaries) cooperate to enter into the relevant Facade Construction Contract and implement the relevant Facade Construction Works as joint contractors, CSCECL and the Company (or their respective subsidiaries) will from time to time enter into a standard individual cooperation agreement (i.e. Cooperation Agreement) which contains at the minimum terms customary in the construction industry as set out below:

(a) Allocation of work

The respective Facade Construction Works of the CSCECL and the Company (or their respective subsidiaries) under a Cooperation Agreement (i.e. Respective Works) will be determined by CSCECL and the Company (or their respective subsidiaries), based on their respective contributions towards the implementation of each Facade Construction Works. The respective contributions of CSCECL and the Company (or their respective subsidiaries) will be determined by CSCECL and the Company (or their respective subsidiaries) during the tender submission process.

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(b) Profit/loss sharing

CSCECL and the Company (or their respective subsidiaries) shall be jointly and severally liable towards the relevant third-party developer/owner client for carrying out the relevant Facade Construction Contract awarded to them, notwithstanding the contractual arrangement between them under the Cooperation Agreement. However, each of CSCECL and the Company (or their respective subsidiaries) shall be entitled to the rights, interest, profits and benefits and bear the liabilities, obligations, risks, and losses arising out of or in connection with its Respective Works. If a Party (or its subsidiary) incurs any Losses or is or may be brought against or threatened or alleged to be brought against any litigations, actions, writs, suits and proceedings, demands, judgments, awards and claims (i.e. Proceedings) arising out of or in connection with any Respective Works of the other Party (or its subsidiary), the other Party (or its subsidiary) shall indemnify, hold harmless and keep fully indemnified such Party (or its subsidiary) against any such Losses and Proceedings (including but not limited to the charges, fees and expenses arising out of or in connection with the investigation, response to, defence or settlement or compromise of, or the enforcement of any settlement or compromise or judgment obtained with respect to any such Loss or any such Proceeding).

(c) Guarantee

In the event that the third-party developer/owner client requires the parent company of each of CSCECL and the Company (or their respective subsidiaries) to guarantee such Party's performance of the relevant Facade Construction Contract, each of CSCECL and the Company (or their respective subsidiaries) shall indemnify its parent company for any liabilities arising from such guarantee.

(d) Restriction of assignment

Without the prior written consent from the other Party (or its subsidiary), neither CSCECL (or its subsidiary) nor the Company (or its subsidiary) may transfer, assign pledge or encumber its rights, interest and benefits under such Cooperation Agreement.

6. Our analysis on the terms of the Framework Agreement

With a view to assess the fairness and reasonableness of the Framework Agreement and the Transactions, on a best effort basis, we have tried to obtain samples of framework agreements of which were entered into between a period from 1 January 2022 to the Latest Practicable Date, on a non-exhaustive and random basis, in relation to the formation of joint venture entered into by the Company and independent third parties for facade construction works, however, we were advised by the Management that the Group had neither entered into similar framework agreements nor entered into similar framework agreements during such period with connected persons (including CSCECL). With a view to further our analysis, we have extended the review period for sampling from 1 January 2020 to the Latest Practicable Date. Nonetheless, we were advised by the Management that the Group had not entered into similar framework agreements with independent third parties or connected persons (including CSCECL) during such extended review period.

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Therefore, we have conducted research based on published information on the website of the Hong Kong Stock Exchange (www.hkex.com.hk), on an exhaustive basis, on joint ventures arrangements entered into by listed companies in Hong Kong in the construction or property related industry (the “**Sampled Listed Companies**”). The samples were selected, based on the following criteria, (i) the Sampled Listed Companies are listed on the Main Board of the Hong Kong Stock Exchange with revenue of not less than HK\$1 billion recorded for the most recent completed two financial years as stated in the latest audited financial statements, having taken into consideration the revenue of the Group; (ii) the activity of the joint venture is in relation to facade construction works, however, due to the distinct business nature of the Group, no comparables can be identified, therefore we decided to extend the criteria to construction or property related services; and (iii) the subject announcements or circulars were made since October 2023 (being approximately 12 months from the date of the Framework Agreement). We considered the review period to be a recent and reasonable period which reflects prevailing market practice for the purpose of our analysis hereunder. Based on the selection criteria (i) 13 Sampled Listed Companies have issued announcements on the entering of joint venture agreement(s). Given the selection criteria, we considered the identified samples to be sufficient to reflect the prevailing market practice in this subject industry; and (ii) extending the length of the review period may not be reflecting the prevailing market conditions of the subject industry, thus, terms of forming joint venture may be different to cope with such environment at the relevant time. Hence, based on the above, we have identified 13 samples of announcements/circulars in respect of the joint venture agreements entered into by the Sampled Listed Companies with independent third parties and/or connected parties (the “**Comparables**”). Based on the above criteria and notwithstanding that the background and the scale of operations of the Comparables may be different from that of the Facade Construction Contracts as contemplated under the Framework Agreement, we are of the view that the Comparables serve as meaningful and comparative references in comparing the salient terms in respect of the formation of joint venture set up by companies or cooperation to be entered into by companies listed on the Hong Kong Stock Exchange in the construction and property related industry for our analysis purposes.

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

Name of Company	Stock code	Date of announcement/ circular	Proportion of interest attributable to the company (approximately %)	Counterparty is connected person or independent third party	Description of the Comparables	Profit and loss sharing	Working capital contribution	Establishment of management and/or executive board of joint venture to govern operational matters	Guarantee/indemnity	Rights to transfer
Wai Kee Holdings Limited	610	3 October 2024	60	Connected person	Design and construction works	Yes	Yes	Yes	Yes	Not mentioned
BHCC Holding Limited	1552	18 July 2024	10	Connected person	Lease and development of land	Not mentioned	Yes	Not mentioned	Not mentioned	Not mentioned
Guoco Group Limited	53	15 July 2024	60	Connected person	Implementation, construction, management, operation and maintenance of the project	Not mentioned	Yes	Yes	Not mentioned	Requires prior written approvals or consents
C&D International Investment Group Limited	1908	2 February 2024	45	Connected person	Land investment and development	Not mentioned	Not mentioned	Yes	Not mentioned	Not mentioned
China Overseas Land & Investment Ltd	688	2 April 2024	85	Independent third party	Land investment and development	Yes	Yes	Not mentioned	Yes	Requires written consent from the other party
C&D International Investment Group Limited	1908	21 December 2023	45	Connected person	Acquisition of land	Not mentioned	Yes	Yes	Not mentioned	Can transfer to designated subsidiary within one year after the establishment of joint venture
Guoco Group Limited	53	18 December 2023	30	Connected person	Implementation, construction, management, operation and maintenance of the project	Not mentioned	Yes	Yes	Not mentioned	Requires prior written approvals or consents
Financial Street Property Co., Limited	1502	18 December 2023	51	Independent third party	Property management and related services	Not mentioned	Yes	Not mentioned	Not mentioned	Not mentioned

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Name of Company	Stock code	Date of announcement/ circular	Proportion of interest attributable to the company (approximately %)	Counterparty is connected person or independent third party	Description of the Comparables	Profit and loss sharing	Working capital contribution	Establishment of management and/or executive board of joint venture to govern operational matters	Guarantee/indemnity	Rights to transfer
Financial Street Property Co., Limited	1502	18 December 2023	51	Independent third party	Property management and related services	Not mentioned	Yes	Not mentioned	Not mentioned	Not mentioned
China Overseas Land & Investment Ltd	688	15 December 2023	90	Connected person	Acquisition of land	Yes	Yes	Not mentioned	Not mentioned	Requires written consent from the other party
Financial Street Property Co., Limited	1502	11 December 2023	51	Independent third party	Property management and related services	Not mentioned	Yes	Not mentioned	Not mentioned	Not mentioned
CITIC Limited	267	13 November 2023	87	Independent third party	Development of commercial, residential and office premises	Yes	Yes	Yes	Yes	Not mentioned
China Overseas Land & Investment Ltd	688	24 October 2023	85	Independent third party	Land investment and development	Not mentioned	Not mentioned	Not mentioned	Not mentioned	Not mentioned
The Company	830	31 October 2024	To be determined in each tender	Connected person	Participate in facade construction contract	Yes	Yes	Yes	Yes	Requires written consent from the other party

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Shareholders should note that the businesses, operations and prospects of the joint venture(s) or cooperation to be formed under the terms of the Framework Agreement and the Transactions may or may not be the similar to those of the Comparables and the aforesaid samples are used to provide a general reference for the common market practice regarding the formation of joint venture or entering into of cooperation.

We noted the following from our review of the Comparables:

- (i) the proportion of interest attributable to the Sampled Listed Companies, where applicable, as joint venture partners pursuant to the respective Comparables varied, which ranged from 10% to 90%;
- (ii) the liabilities, interests, profit and loss arising out of the joint ventures under the respective joint venture agreements from the Comparables shall be shared or borne in accordance with the respective interest of the joint venture partners;
- (iii) working capital shall be contributed in accordance with the respective interest of the joint venture partners under the respective joint venture agreements from the Comparables;
- (iv) pursuant to the joint venture agreements from the Comparables, where specified or applicable, various operational matters can be decided by a majority of the executive board set up by the joint venture partners and certain specified matters required unanimous consent of the executive board/shareholder;
- (v) based on our work on the Comparables, it is not uncommon for the joint venture agreements from the Comparables to set out the terms governing circumstances whereby (a) the parent company of the joint venture partners is required to provide guarantee on the party's performance, the joint venture partners shall indemnify its parent company for any liabilities arising from such guarantee; and (b) each of the joint venture partners is required to provide guarantee on the other party's performance and the joint venture partners shall indemnify each other for any liabilities arising from such guarantee, respectively; and
- (vi) based on our work on the Comparables, in relation to transfer, assign or pledge interest of the parties, it is not uncommon for the joint venture agreements from the Comparables to contain similar clauses.

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

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

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

7. Cooperation between CSCECL and the Company

Internal approval process

In the event that CSCECL (or its subsidiary) or the Company (or its subsidiary) decides to participate in the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner client in respect of a Facade Construction Contract, CSCECL (or its subsidiary) or the Company (or its subsidiary) may invite the other Party (or its subsidiary) to jointly participate in such process as joint venture contractor or joint contractors, if the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be), after making qualitative and quantitative assessment of the scoring criteria of such process, determines that such joint venture or cooperation with the other Party (or its subsidiary) will maximise the scoring of such tendering process or contract award process and therefore the chance of successful award of the Facade Construction Contract.

The engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) will determine whether or not to invite the other Party (or its subsidiary) to jointly participate in such tendering process or contract award process as may be implemented by the relevant third-party developer/owner client during its standard tender or other contract award submission process in respect of a Facade Construction Contract. The whole process leading to the submission of tender or other contract award documents (i.e. the Process) generally involves (i) receiving invitation to tender or participate in such other prescribed contract award process of the Facade Construction Contract; (ii) conducting an initial assessment of the tender or contract award documents; (iii) conducting further planning and estimation; (iv) assessing the track record and implementation capabilities of the other Party (or its subsidiary) relevant to the Facade Construction Contract; (v) determining the respective contributions of CSCECL and the Company (or their respective subsidiaries) toward satisfying the scoring criteria of the tendering process or contract award process; (vi) preparing the tender or other contract award report and internal tender or other contract award adjudication; and (vii) submitting tender or other contract award submissions.

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In assessing the tender or contract award documents, the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectation, possible risk factors associated with the Facade Construction Contract and the scoring criteria of the tendering process or contract award process. The engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) will then perform site inspection, conduct quantitative costs analysis and risk assessment.

If, during the Process, the engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be) is satisfied that the participation of CSCECL and the Company (or their respective subsidiaries) in the tendering process or such other prescribed contract award process in respect of the Facade Construction Contract will maximise the tender or contract award scores and therefore enhance the chance of successful award of the Facade Construction Contract, the Company (or its subsidiary) and CSCECL (or its subsidiary) may cooperate to participate in such tendering process or contract award process. The engineering department of CSCECL (or its subsidiary) or the Company (or its subsidiary) (as the case may be), will review and approve the decision of participating in such tendering process or contract award process.

Our analysis

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

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

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Given we were advised by the Management that the Group have not entered into similar framework agreements with independent third parties or connected persons (including CSCECL) before during the abovementioned extended period, we therefore obtained and reviewed templates of the approval form on joint venture partner or cooperation partner for project tender* (the “**Approval Form for Project Tender**”) (工程投標審批表) for tenders for contractual joint venture or cooperation with connected parties or independent third parties to be entered into in the future. Based on our discussions with the Management and reviewed the templates of the Approval Form for Project Tender, we understand that (i) the contractual joint venture or cooperation with connected persons will be reviewed against the same prescribed procedures which to be applied to contractual joint venture or cooperation with independent third parties; and (ii) the evaluations as set out in the templates of the Approval Form for Project Tender are in line with the Process as mentioned above.

Moreover, under the Process and templates of the Approval Form for Project Tender being reviewed and our discussions with the Management, we also note that the respective interest of the Company and the potential joint venture partners or potential cooperation partners in each contractual joint venture or contractual cooperation will be determined based on the respective contributions of the Company and the potential joint venture partner or cooperation partner to satisfy the scoring criteria of the tendering process or such other prescribed contract award process as may be implemented by the relevant third-party developer/owner and may vary depending on the parties’ respective (i) track record and implementation capabilities; (ii) contributions to satisfying the scoring criteria of the tendering process; and (iii) abilities to enhance the chance of successful award of the contracts. Based on our discussions with the Management, we noted that the basis to determine the respective interest of the Company and potential joint venture partners or potential cooperation partner in each contractual joint venture or contractual cooperation for tenders with connected persons will be evaluated under the same prescribed assessment in a manner no different from tenders with independent third parties.

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

8. Contract sum of the Facade Construction Contract

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

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9. Annual Caps

The maximum total contract sum that may be awarded jointly to CSCECL and the Company (or their respective subsidiaries) as joint venture contractor or joint contractors for each of the relevant period/years during the term of the Framework Agreement shall not exceed the following Annual Caps:

For the period from the Effective Date to 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
HK\$1.2 billion	HK\$1.2 billion	HK\$1.2 billion

Basis of determining the Annual Caps

The Annual Caps are determined with reference to the estimated annual contract sum for the Facade Construction Contracts under which the Company (or its subsidiary) and CSCECL (or its subsidiary) are likely to be held jointly and severally liable towards the relevant third-party developer/owner client for carrying out the Facade Construction Works, during the relevant period/year. The estimated annual contract sum represents the estimated maximum liability exposure of the Company (or its subsidiary) in the event that the Company (or its subsidiary) is required by the third-party developer/owner client to perform or complete the work for which CSCECL (or its subsidiary) is responsible under the relevant JV Agreement or the Cooperation Agreement.

As set out in the Letter from the Board, in determining the Annual Caps, the Company has also considered the following:

- (a) a tender in the amount of approximately HK\$1.2 billion for Facade Construction Works in the PRC submitted to a third-party developer in the fourth quarter of 2024 but yet to be awarded; and
- (b) the expected tender by the Group for Facade Construction Works with a total contract sum of approximately HK\$1.2 billion for each of the years ending 31 December 2025 and 2026. The expected tender amount for the year ending 31 December 2025 is determined based on the information available to the management of the Company as at the date of the Framework Agreement as regards the potential projects which may be available for tender and suitable for the Group to seek cooperation with other construction companies taking into account the possible technical requirements, the expected pricing range, the expected scope and scale of works as well as the prevailing market prices of the relevant construction materials and subcontracting charges. The expected tender amount by the Group for Facade Construction Works for the year ending 31 December 2026 was determined based on the assumption that the volume of Transactions to be conducted jointly by the Group and the CSCECL in 2026 will remain at a similar level as compared to that in 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the Annual Caps, we have reviewed and discussed with the Management a schedule setting out a list of potential new projects to be tendered by the Group for the three years ending 31 December 2026, which, upon successful tender, for the cooperation of the Party to enter into and implement the Facade Construction Contracts under the Framework Agreement. The aforesaid schedule includes (i) one potential project submitted but yet to be awarded in the fourth quarter of 2024 with an estimated contract amount of approximately HK\$1.2 billion, of which the Party had conducted multiple preliminary discussions with the third-party developer; (ii) four potential projects to be tendered in the year of 2025 with an estimated contract amount for each of the potential projects between approximately HK\$169 million and HK\$350 million, of which the Company has identified these potential projects through its market intelligent and research; and (iii) four potential projects to be tendered in the year of 2026 with an estimated contract amount for each of the potential projects of approximately HK\$300 million. We were advised by the Management that the abovementioned size of potential projects is with reference to the size of the potential projects under the annual cap for the year ending 31 December 2025 as well as typical project size undertaken by the Group, in the event that the total contract sum for the Facade Construction Works to be conducted under the Framework Agreement is likely to exceed the Annual Cap for the relevant period/year, the Company will re-comply with the Listing Rules. We also noted that majority of the aforementioned potential projects are located in the PRC.

Having considered that (i) the schedule setting out the potential new projects is only based on information currently available to the Group; (ii) the schedule for the list of potential new projects to be tendered by the Group is not exhaustive; (iii) the potential projects which the CSCECL Group and the Group may cooperate to enter into for each of the three years ending 2024, 2025 and 2026 with an aggregate potential contract sum of approximately HK\$1.2 billion, HK\$1.19 billion and HK\$1.2 billion, respectively, under the list of potential projects set out in the schedule; (iv) the Party has conducted multiple preliminary discussions with the third-party developer as mentioned above; and (v) the Company will re-comply with the Listing Rules in the event that the total contract sum for the Facade Construction Works to be conducted under the Framework Agreement is likely to exceed the Annual Cap for the relevant period/year, we considered that such schedule, the relevant preparation works conducted by the Company/Party as mentioned above forms a fair and reasonable basis for determining the Annual Caps.

Having considered that (i) the overview of the economy in the PRC which have been set out under the paragraph headed “1.3 Overview of the economy in PRC” in this letter above; (ii) the potential projects which the CSCECL Group and the Group may cooperate to enter into for each of the three years ending 2024, 2025 and 2026 as detailed above; and (iii) the basis and assumption for the calculation of the Annual Caps, we consider the basis for determining the Annual Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Nevertheless, Shareholders are advised that the Annual Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information available. In addition, the Annual Caps would provide the Group with the flexibility but not the obligation to submit tender for the Facade Construction Contracts jointly with the CSCECL Group and any tender submitted for the Facade Construction Contracts shall be subject to the Process as mentioned above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

VI. RECOMMENDATION

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

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

we are of the view that the terms of the Framework Agreement are fair and reasonable and the Transactions (together with the Annual Caps) 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. Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the resolution to approve the Framework Agreement and the Transactions (together with the Annual Caps) at the EGM.

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

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, 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 is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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 Hong Kong 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 Hong Kong Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of the Shares in issue ^(Note)
Mr. Zhang Haipeng	Beneficial owner	4,100,000	0.182%
Mr. Zhu Haiming	Beneficial owner	8,000	0.000%
Mr. Huang Jiang	Beneficial owner	3,000,000	0.133%

Note: The percentage is based on the total number of Shares in issue as at the Latest Practicable Date (i.e. 2,255,545,000 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 had personal interests in 50,000 ordinary shares, representing approximately 0.001% of the then issued shares, in CSC and 240,000 A-shares, representing approximately 0.001% of the then issued voting shares, in CSCECL, held in his capacity as beneficial owner; and (ii) Mr. Zhu Haiming had personal interests in 10,000 ordinary shares, representing approximately 0.000% of the then issued shares in China Overseas Property Holdings Limited and 100,000 A-shares, representing approximately 0.000% of the then issued voting shares in CSCECL, held in his capacity as beneficial owner.

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 Hong Kong 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 Hong Kong 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:

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Mr. Zhang Haipeng	COHL	Director and President
	CSC	Chairman and Executive Director

3. DIRECTORS' SERVICE CONTRACTS

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

4. COMPETING INTERESTS

As at the Latest Practicable Date, Messrs. Zhang Haipeng, Zhu Haiming 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 building construction 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 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 associate(s) (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had or are considered to have interests in business which compete or is likely to compete, either directly or indirectly, with the business of the Group which require disclosure under the Listing Rules.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial position or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group was made up.

6. INTERESTS IN CONTRACTS, ASSETS AND ARRANGEMENT OF SIGNIFICANCE

None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any asset which had been, since 31 December 2023, the date to which the latest published audited financial statements of the Group were made up, acquired, or disposed of by, or leased to any member of the Group, or which was proposed to be acquired, or disposed of by, or leased to any member of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

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

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

As at the Latest Practicable Date, Red Sun did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Red Sun did not have any direct or indirect interests in any asset which had been, since 31 December 2023, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to, any member of the Group, or which was proposed to be acquired or disposed of by or leased to, any member of the Group.

8. DOCUMENTS ON DISPLAY

The following documents are published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.cscd.com.hk from the date of this circular to and including the date of the EGM, being a period of not less than 14 days:

- (a) the Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 19 to 20 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 21 to 43 of this circular; and
- (d) the written consent referred to in the section headed “7. EXPERT AND CONSENT” in this Appendix.

NOTICE OF EGM



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 IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China State Construction Development Holdings Limited (the “**Company**”) will be held at Unit Nos 1507 to 1512, 15th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Wednesday, 27 November 2024 at 11:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution to be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (A) (i) the Framework Agreement (as defined in the circular of the Company dated 8 November 2024 of which this notice forms part (the “**Circular**”)) (a copy of which is tabled at the Meeting and marked “A” and initialled by the chairman of the Meeting for identification purpose) and the Transactions (as defined in the Circular) be and are hereby approved, confirmed and ratified;
- (ii) the Annual Caps (as defined in the Circular) for the relevant period/years during the term of the Framework Agreement commencing from the Effective Date (as defined in the Circular) and ending on 31 December 2026 be and are hereby approved; and
- (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is/are 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/them to be incidental to, ancillary to or in connection with the matters contemplated in the Framework Agreement and the Transactions 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, 8 November 2024

NOTICE OF EGM

*Head Office and Principal Place of
Business in Hong Kong:*
16th Floor, Eight Commercial Tower
8 Sun Yip Street
Chai Wan
Hong Kong

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Notes:

1. Only members are entitled to attend and vote at the Meeting (or at any adjournment of the Meeting).
2. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint one or more proxies (who must be an individual) to attend and vote in his/her/its stead. A proxy need not be a member of the Company.
3. The proxy form can be downloaded from the Company's website at www.cscd.com.hk (under the "Investor Relations" section) and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
5. In order to be valid, the signed and completed proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that form, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment of the Meeting (as the case may be).
6. Completion and return of a proxy form shall not preclude a member from attending and voting at the Meeting or any adjournment of the Meeting (as the case may be) should the member so wish, and in such event, the proxy form shall be deemed to be revoked.
7. 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 to the voting right, 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.
8. The register of members of the Company will be closed from Friday, 22 November 2024 to Wednesday, 27 November 2024 (both days inclusive) for the purpose of determining Shareholder's right to attend and vote at the Meeting. In order to qualify for attending and voting at the Meeting, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 21 November 2024.
9. No drinks, refreshments or souvenirs will be served or provided at the Meeting.
10. In the event of any inconsistency, the English version of this notice shall prevail over the Chinese version.