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** (the "**Company**"), 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)

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH 中國建築股份有限公司 (CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED) IN RELATION TO THE CSCECL WORKS; (II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED IN RELATION TO THE CSC OPERATIONAL SERVICES TRANSACTIONS; AND (III) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 28 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 29 to 30 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 31 to 54 of this circular.

A notice convening the EGM to be held at 15th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Thursday, 17 December 2026 at 10:00 a.m. is set out on pages 59 to 61 of this circular. A proxy form for use at the EGM is also enclosed with this circular. The proxy form can also be downloaded from the Company's website (www.cscd.com.hk) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Whether or not you are able to attend the EGM, please complete and sign the proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, 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 thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

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

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

27 November 2026

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

"associate(s)", "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
"Board"	the board of Directors
"Company"	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 830)
"CSC"	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311)
"CSC Associated Companies"	companies which respective issued share capital or equity interest is held as to not less than 30% and not more than 50% by CSC Group, and the respective subsidiaries of such companies from time to time
"CSC Group"	CSC and its subsidiaries (excluding the Group) from time to time
"CSC Operational Services Caps"	collectively, Engineering Works Caps, Machineries Leasing Caps, Insurance Services and Surety Bonds Caps and Supply of Materials Caps
"CSC Operational Services Transactions"	collectively, the Engineering Works Transactions, Machineries Leasing Transactions, Insurance Services and Surety Bonds Transactions and Supply of Materials Transactions
"CSCEC"	中國建築集團有限公司 (China State Construction Engineering Corporation*), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of CSCECL, CSC and the Company

"CSCECL"	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668) and a non-wholly owned subsidiary of CSCEC
"CSCECL Group"	CSCECL and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies)) from time to time
"CSCECL Works"	contracting, engineering, project consultancy and project management services for or in connection with the construction works undertaken by the CSCECL Group, and design, manufacture and supply of construction materials relating to the exterior of buildings by the Group to the CSCECL Group
"CSCECL Works Cap(s)"	the maximum aggregate value of the contract sum of the contracts for the provision of the CSCECL Works that may be awarded by the CSCECL Group to the Group for the relevant year(s) under the New CSCD-CSCECL Sub-construction Engagement Agreement
"CSCECL Works Transactions"	the transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps)
"Engineering Works Cap(s)"	the maximum aggregate value of the contract sum of the contracts for provision of engineering works that may be awarded by the Group to CSC Group and CSC Associated Companies (as contractor of the Group) in each year under the New CSCD-CSC Operational Services Agreement

"Engineering Works Transactions"	the engagement by the Group of CSC Group and CSC Associated Companies as contractor of the Group for provision of engineering works for the Group's construction works as described under the section headed "(II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CSC – NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT – (1) Engineering Works Transactions" in the Letter from the Board of this circular
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps)
"Independent Financial Adviser"	Altus Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps)
"Independent Shareholder(s)"	(a) (in respect of the New CSCD-CSC Operational Services Agreement) Shareholders, other than CSC and its associates; and (b) (in respect of the New CSCD-CSCECL Sub-construction Engagement Agreement) Shareholders, other than CSCECL and its associates
"Insurance Services and Surety Bonds Cap(s)"	the maximum aggregate value of the premiums/fees of the contracts for provision of insurance services to the Group and issuance of surety bonds for the Group's construction works by CSC Group and CSC Associated Companies in each year under the New CSCD-CSC Operational Services Agreement

"Insurance Services and Surety Bonds Transactions"	the engagement of CSC Group and CSC Associated Companies to provide insurance services to the Group and issue surety bonds for the Group's construction works as described under the section headed "(II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CSC – NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT – (3) Insurance Services and Surety Bonds Transactions" in the Letter from the Board of this circular
"Latest Practicable Date"	24 November 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Machineries Leasing Cap(s)"	the maximum aggregate value of rent in respect of the leasing of machineries from CSC Group and CSC Associated Companies to the Group in each year under the New CSCD-CSC Operational Services Agreement
"Machineries Leasing Transactions"	the leasing of machineries from CSC Group and CSC Associated Companies to the Group for the Group's construction works as described under the section headed "(II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CSC – NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT – (2) Machineries Leasing Transactions" in the Letter from the Board of this circular
"New CSCD-CSC Operational Services Agreement"	the agreement entered into between CSC and the Company on 22 October 2026 in respect of the CSC Operational Services Transactions for the period from 1 January 2027 to 31 December 2029
"New CSCD-CSCECL Sub-construction Engagement Agreement"	the engagement agreement entered into between CSCECL and the Company on 22 October 2026 in respect of the engagement of the Group by the CSCECL Group as subcontractor or service provider (as the case may be) for provision of the CSCECL Works for the period from 1 January 2027 to 31 December 2029
"PRC"	People's Republic of China which, for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan

"Previous CSCD-CSC Operational Services Agreement"	the agreement entered into between CSC and the Company on 20 October 2023 in respect of (i) the provision of mechanical and electrical engineering works by CSC Group to the Group for the Group's construction works; (ii) the leasing of machineries from CSC Group to the Group for the Group's construction works; (iii) the provision of insurance services and issuance of surety bonds for the Group's construction works by CSC Group to the Group; and (iv) the supply of materials by CSC Group to the Group for the Group's construction works, for the period from 1 January 2024 to 31 December 2026
"Previous CSCD-CSCECL Sub-construction Engagement Agreement"	the engagement agreement entered into between CSCECL and the Company on 20 October 2023 in respect of the engagement of the Group by the CSCECL Group as subcontractor or service provider (as the case may be) for provision of contracting and engineering works, project consultancy service and project management service for the CSCECL Group's construction works for the period from 1 January 2024 to 31 December 2026
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGD"	Singapore dollars, the lawful currency of the Republic of Singapore
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued capital of the Company
"Shareholder(s)"	holder(s) of Share(s) from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supply of Materials Cap(s)"	the maximum aggregate value of the contract sum of the contracts for supply of materials by CSC Group and CSC Associated Companies to the Group in each year under the New CSCD-CSC Operational Services Agreement
"Supply of Materials Transactions"	the supply of materials by CSC Group CSC Associated Companies to the Group for the Group's construction works as described under the section headed "(II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CSC – NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT – (4) Supply of Materials Transactions" in the Letter from the Board of this circular
"%"	per cent

* *for identification purpose only*

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. Wang Xiaoguang

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. Sit Wing Hang

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

27 November 2026

To the Shareholders

Dear Sir or Madam,

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH 中國建築股份有限公司 (CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED) IN RELATION TO THE CSCECL WORKS; AND (II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED IN RELATION TO THE CSC OPERATIONAL SERVICES TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 22 October 2026 in respect of the entering into of the New CSCD-CSCECL Sub-construction Engagement Agreement between CSCECL and the Company on 22 October 2026 to renew the Previous CSCD-CSCECL Sub-construction Engagement Agreement. Pursuant to the New CSCD-CSCECL Sub-construction Engagement Agreement, for a term of three years commencing from 1 January 2027 and ending on 31 December 2029 (both dates inclusive), the CSCECL Group may engage the Group as its subcontractor or service provider (as the case may be) for provision of the CSCECL Works from time to time subject to the CSCECL Works Caps.

Reference is also made to the announcement of the Company dated 22 October 2026 in respect of the entering into of the New CSCD-CSC Operational Services Agreement between CSC and the Company on 22 October 2026 to renew the Previous CSCD-CSC Operational Services Agreement. Pursuant to the New CSCD-CSC Operational Services Agreement, for a term of three years commencing from 1 January 2027 and ending on 31 December 2029 (both dates inclusive), (1) the Group may engage CSC Group and CSC Associated Companies as contractor of the Group for provision of engineering works for the Group's construction works subject to the Engineering Works Caps; (2) the Group may lease machineries from CSC Group and CSC Associated Companies for the Group's construction works subject to the Machineries Leasing Caps; (3) the Group may engage CSC Group and CSC Associated Companies to provide insurance services to the Group and issue surety bonds for the Group's construction works subject to the Insurance Services and Surety Bonds Caps; and (4) CSC Group and CSC Associated Companies may supply materials to the Group subject to the Supply of Materials Caps.

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

- further particulars of (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps);

- the letter from the Independent Board Committee with its view on (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps);

- the letter from the Independent Financial Adviser with its advice on (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps), to the Independent Board Committee and the Independent Shareholders,

as well as to seek the approval of the Independent Shareholders in respect of the entering into of (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps).

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CSCECL

References are made to (i) the joint announcement of the Company and CSC dated 20 October 2023 and (ii) the circular of the Company dated 30 November 2023 in relation to, among other things, the Previous CSCD-CSCECL Sub-construction Engagement Agreement entered into between CSCECL and the Company which will expire on 31 December 2026.

On 22 October 2026, CSCECL and the Company entered into the New CSCD-CSCECL Sub-construction Engagement Agreement to renew the Previous CSCD-CSCECL Sub-construction Engagement Agreement. Pursuant to the New CSCD-CSCECL Sub-construction Engagement Agreement, for a term of three years commencing from 1 January 2027 and ending on 31 December 2029 (both dates inclusive), the CSCECL Group may engage the Group as its subcontractor or service provider (as the case may be) for provision of the CSCECL Works from time to time subject to the CSCECL Works Caps.

NEW CSCD-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

Date 22 October 2026

Parties

1. CSCECL; and
2. the Company.

Term

Subject to all conditions to the New CSCD-CSCECL Sub-construction Engagement Agreement set out below having been satisfied, the New CSCD-CSCECL Sub-construction Engagement Agreement shall take effect on 1 January 2027 and shall continue for the period ending on 31 December 2029 (both dates inclusive).

Condition Precedent

The obligations in the New CSCD-CSCECL Sub-construction Engagement Agreement are conditional upon the following conditions being satisfied:

(a) each of the Company and CSC having obtained the approval of its independent shareholders in its extraordinary general meeting by way of poll in relation to the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions; and

(b) the Company and CSC having complied with all other requirements as may be imposed by the Stock Exchange as a condition to the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions under the Listing Rules, if any.

Subject matter

Pursuant to the New CSCD-CSCECL Sub-construction Engagement Agreement, CSCECL and the Company agreed that:

(a) any member of the Group may act as subcontractor or service provider (as the case may be) of the CSCECL Group for provision of CSCECL Works from time to time. For the avoidance of doubt, subcontractor relates to the provision of contracting and engineering for or in connection with the construction works undertaken by the CSCECL Group, and service provider relates to the provision of project consultancy and project management services for or in connection with the construction works undertaken by the CSCECL Group, and design, manufacture and supply of construction materials relating to the exterior of buildings by the Group to the CSCECL Group;

(b) the parties may from time to time enter into further specific contracts which set out the detailed terms in relation to the engagement of the Group to act as subcontractor or service provider (as the case may be) of the CSCECL Group for provision of CSCECL Works, provided that the total contract sum that may be awarded by the CSCECL Group to the Group under the New CSCD-CSCECL Sub-construction Engagement Agreement for the financial years ending 31 December 2027, 2028 and 2029 shall not exceed HK$4,200 million, HK$5,400 million and HK$2,400 million, respectively (i.e. the CSCECL Works Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and

(c) the fees payable by the CSCECL Group to the Group will be settled pursuant to the payment terms set out in the specific contracts.

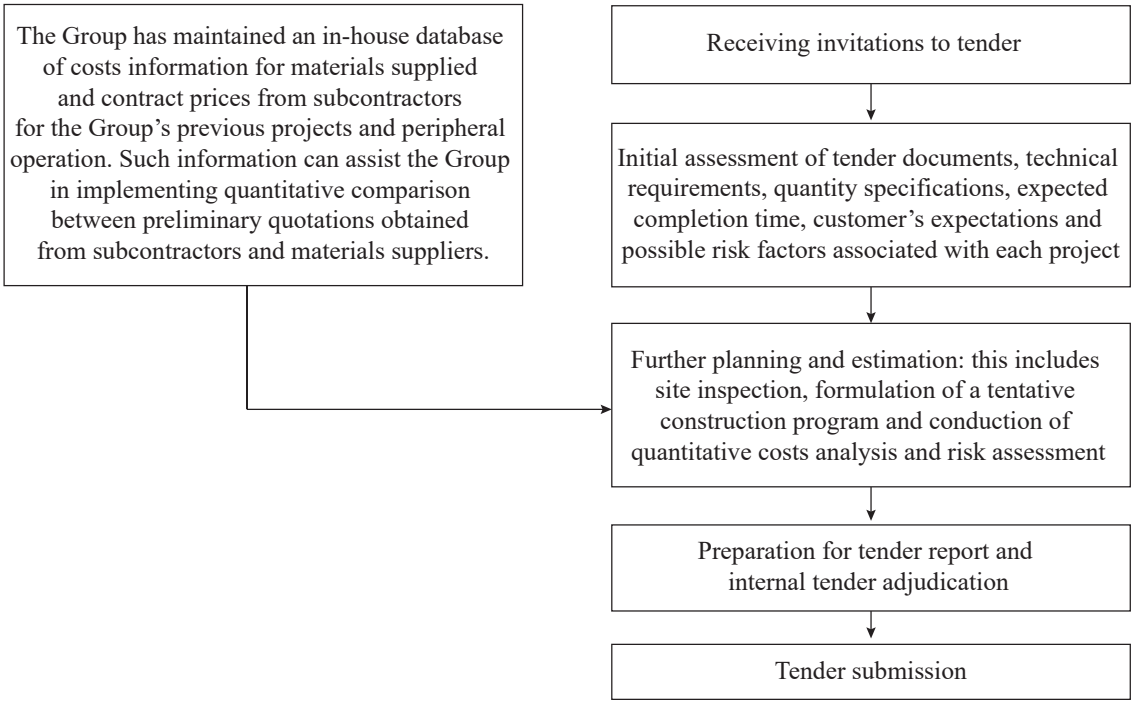
Subject to the terms of the specific contracts, the fees payable under the CSCECL Works Transactions will generally be settled by way of progress payments based on the construction progress, and will be settled in full upon completion of the defects rectification within the required period. Such payment terms are also in line with market practice.

Pricing basis of the Group's tenders submitted to the CSCECL Group

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

The Group will normally need to go through a tender or similar process before being selected and appointed as subcontractor or service provider (as the case may be) of the CSCECL Group. The prices and terms of the tenders submitted by the Group to the CSCECL Group for the CSCECL Works are subject to the standard and systematic tender submission procedures of the Group, which apply to tenders submitted to both connected persons and independent third parties, in order to ensure that the prices and terms of the proposed tenders submitted by the Group to the CSCECL Group are no more favourable to the CSCECL Group than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involve (i) receiving invitations to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission. The procedures, as illustrated in the following diagram, will enable the Group to review the feasibility and profitability of the tender to be submitted and to decide the contents and pricing terms of the tender to be submitted.



In preparing and assessing the tender documents, the Group will take into account factors including the technical requirements, quantity specifications, expected completion time, customer's expectations and possible risk factors associated with a project. The Group will then perform site inspection, formulate a tentative construction program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the Group will review the costs information maintained in its in-house database for materials supplied and contract prices from subcontractors for the Group's previous projects and peripheral operation. Such information will assist the Group in implementing quantitative comparison between preliminary quotations obtained from sub-contractors and materials suppliers.

The Group will also review and compare previous tender prices submitted to both connected persons and independent third parties, so as to ensure that the tender price to be submitted is no more favourable to the CSCECL Group than those submitted to independent third parties. In determining the tender price for a project, the Company generally selects and reviews at least two previous tenders submitted to independent third parties as comparables. The selection of comparable tenders is based on a comprehensive evaluation of factors including, but not limited to, the similarity in project scope and specifications, level of technical expertise required, structural and operational complexity, and design requirements.

As set out under the section headed "Internal Control Measures" below, the determination and final approval of tender prices are strictly governed by the Company's project tendering committee. The committee comprises senior management of the Group, including the Chief Executive Officer of the Company, the heads of the Human Resources and Manufacturing divisions, as well as the respective heads of Marketing, Procurement, and Project Management of the relevant business unit undertaking the project.

Where the Group participates in a tender with all bidders (including independent third parties in the market), the Group will follow the above standard and systematic tender submission procedures and the winning bid of which will be the one with the lowest tender amount in accordance with the tender procedures of the CSCECL Group on the condition that the bidder also satisfies other essential requirements (including but not limited to relevant experience, capability, historical relationship and track records) as set out in the bid invitation.

Where the Group submits tender directly to the ultimate employer who is the landlord or property developer, the Group will follow the standard and systematic tender submission procedures in determining the terms and price of the tender, and if the Group is nominated as subcontractor or service provider of the CSCECL Group (as the case may be) by the ultimate employer, consideration to the Group will be ascertained by the ultimate employer or its independent professional quantity surveyor. For the avoidance of doubt, the Group's tender submission procedures apply uniformly to tenders submitted to all ultimate employers, irrespective of their relationships with the Group or CSCECL Group. In determining the CSCECL Works Caps, all engagement of the Group by CSCECL Group for the provision of the CSCECL Works will be taken into account (irrespective of the capacity of CSCECL Group as the ultimate employer or the main contractor).

Historical transaction amounts and annual caps

The table below sets out (i) the actual amount of provision of the CSCECL Works by the Group for the two years ended 31 December 2025 and the six months ended 30 June 2026; and (ii) the historical annual caps for the three years ending 31 December 2026:

	For the year ended 31 December		For the six months ended 30 June
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Actual amount of provision of the CSCECL Works *(approximately)*	18,630,000	366,200,000	30,350,000

	For the year ended 31 December		
	2024	**2025**	**2026**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*
Historical annual caps	1,200	1,500	1,500

Calculation of the CSCECL Works Caps

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

(a) the historical annual caps in respect of the transactions under the Previous CSCD-CSCECL Sub-construction Engagement Agreement, being HK$1,200 million, HK$1,500 million and HK$1,500 million for each of the three years ended/ending 31 December 2024, 31 December 2025 and 31 December 2026, respectively. Whilst the historical caps under the Previous CSCD-CSCECL Sub-construction Engagement Agreement relates to the provision of contracting and engineering works, project consultancy service and project management service for the CSCECL Group's construction works in the PRC market only, the CSCECL Works Caps are higher as the Group has taken into account the provision of CSCECL Works in both PRC and overseas markets;

(b) the historical total actual contract sums of the CSCECL Works provided by the Group under the Previous CSCD-CSCECL Sub-construction Engagement Agreement, as stated in the table above;

(c) for the year ending 31 December 2027, the total contract sum of approximately HK$4,200 million for new construction projects of the CSCECL Group is estimated based on (i) the project in the total amount of approximately HK$3,550 million under negotiation with the CSCECL Group; and (ii) potential projects available from the CSCECL Group in the total amount of approximately HK$650 million; for the year ending 31 December 2028, the total contract sum of approximately HK$5,400 million for new construction projects of the CSCECL Group is estimated based on (i) the project in the total amount of approximately HK$2,970 million under negotiation with the CSCECL Group (the "**Large-Scale Project**"); and (ii) potential projects available from the CSCECL Group in the total amount of approximately HK$2,430 million; and for the year ending 31 December 2029, the total contract sum of approximately HK$2,400 million for new construction projects of the CSCECL Group is estimated based on the potential projects available from the CSCECL Group in the total amount of approximately HK$2,400 million; and

(d) the CSCECL Works Caps for the two years ending 31 December 2027 and 2028 reflect potential opportunities arising from the Large-Scale Project, which is expected to be awarded subject to successful tender during 2027 or 2028. Consequently, the CSCECL Works Cap for the year ending 31 December 2029 is lower than those for the preceding two years, as Management has not identified, at the present time, any comparable mega-scale projects in the market to factor into the cap calculation for 2029.

The estimated contract sums above are determined based on the invitations received by the Group from the CSCECL Group to tender for projects and potential projects based on the CSCECL Group's representation that it intends to participate in the relevant tenders once available. Should the CSCECL Group successfully secure these projects, the Group may have opportunities to undertake the related works under the CSCECL Works Transactions, subject to successful tender. As at the Latest Practicable Date, the Group had submitted tender for the Large-Scale Project.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW CSCD-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

The Directors consider that the CSCECL Works Transactions will allow the Company to maximise profits and by being able to participate in the CSCECL Works upon successful tender, the Group can secure a more diverse base of customers, thereby expanding its market reach. As for the CSCECL Group, it can leverage on the Group's extensive experience and expertise in landmark facade projects of skyscrapers to increase construction efficiency. In addition, given the satisfactory cooperation between CSCECL and the Company pursuant to the Previous CSCD-CSCECL Sub-construction Engagement Agreement, the continuation of the longstanding and established business relationship between CSCECL and the Company will bring synergy effect to both CSCECL and the Company, thereby facilitating the expansion of the Group's businesses.

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

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CSCECL is an intermediate holding company of the Company by virtue of it being indirectly interested in approximately 70.81% of the issued share capital of the Company. Accordingly, members of the CSCECL Group are connected persons of the Company. The CSCECL Works Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the highest CSCECL Works Cap exceed 5%, the CSCECL Works Transactions are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions and no Director was required to abstain from voting on the Board resolutions approving the entering into of the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps).

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

(II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CSC

References are made to the announcement of the Company dated 20 October 2023 and the circular of the Company dated 30 November 2023 in relation to, among other things, the Previous CSCD-CSC Operational Services Agreement entered into between CSC and the Company which will expire on 31 December 2026.

On 22 October 2026, CSC and the Company entered into the New CSCD-CSC Operational Services Agreement to renew the Previous CSCD-CSC Operational Services Agreement. Pursuant to the New CSCD-CSC Operational Services Agreement, for a term of three years commencing from 1 January 2027 and ending on 31 December 2029 (both dates inclusive), (1) the Group may engage CSC Group and CSC Associated Companies as contractor of the Group for provision of engineering works for the Group's construction works; (2) the Group may lease machineries from CSC Group and CSC Associated Companies for the Group's construction works; (3) the Group may engage CSC Group and CSC Associated Companies to provide insurance services to the Group and issue surety bonds for the Group's construction works; and (4) the CSC Group and CSC Associated Companies may supply materials to the Group.

NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT

Date 22 October 2026

Parties 1. CSC; and

2. the Company.

Term

Subject to the condition to the New CSCD-CSC Operational Services Agreement set out below having been satisfied, the New CSCD-CSC Operational Services Agreement shall take effect on 1 January 2027 and shall continue for the period ending on 31 December 2029 (both dates inclusive).

Conditions Precedent

The obligations in the New CSCD-CSC Operational Services Agreement are conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM by way of poll in relation to the CSC Operational Services Transactions (together with the CSC Operational Services Caps).

Subject matter

(1) Engineering Works Transactions

The Company expects that the Group will continue to engage CSC Group and CSC Associated Companies as its contractor for provision of engineering works for the Group's construction works from time to time. Accordingly, under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that:

(a) any member of the CSC Group and CSC Associated Companies may act as contractor of the Group for provision of engineering works for the Group's construction works in accordance with the applicable contracting procedures of the Group from time to time (the "**Engineering Works Transactions**");

(b) the parties may from time to time enter into further specific contracts which set out the detailed terms in relation to the engagement of the CSC Group and CSC Associated Companies to act as contractor of the Group for provision of engineering works for the Group's construction works, provided that the total contract sum that may be awarded by the Group to CSC Group and CSC Associated Companies under the New CSCD-CSC Operational Services Agreement for each of the three financial years ending 31 December 2029 shall not exceed HK$200 million (i.e. the Engineering Works Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and

(c) the fees payable by the Group to CSC Group and CSC Associated Companies will be settled pursuant to the payment terms set out in the specific contracts.

Pricing basis of the contracts awarded by the Group to CSC Group and CSC Associated Companies

As a general principle, the prices and terms of the contracts with respect to the Engineering Works Transactions shall be determined in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis, and at prices and on terms no less favourable to the Group than those offered by or awarded to independent third-party contractors of the Group.

Where CSC Group or any CSC Associated Company is nominated as contractor of the Group by the ultimate employer who is the landlord or property developer, consideration to CSC Group or such CSC Associated Company (as the case may be) will be determined by the independent professional quantity surveyor appointed by the ultimate employer. Although the Group has no right to select its contractor under such nomination by the ultimate employer, irrespective of any relationship between the ultimate employer and the Group, CSC Group or CSC Associate Companies, the Group will enter into a specific contract with the CSC Group or such CSC Associated Company to engage it for the provision of engineering works for the Group's construction works. In determining the Engineering Works Caps, all such specific contracts will be taken into account.

Where the Group has the right to select contractors, the Company's procurement and contracting committee (comprising personnel with relevant experience in construction tendering and cost estimation, including the Chief Executive Officer of the Company, heads of the relevant business units, and project-related department heads) will conduct a vetting process to shortlist at least three contractors from a list of pre-approved contractors to be invited to tender. Recognizing that contractors on the pre-approved list operate at different levels of specialization and capability, the committee evaluates and selects candidates based on each project's specific quantitative and qualitative specifications, technical requirements, expected completion time, and customer expectations. The committee is further responsible for evaluating submitted tenders and approving the winning bid, which will be the one with the lowest tender amount in accordance with the Group's internal tender procedures on the condition that the bidder also satisfies all other essential requirements (including but not limited to relevant experience, capability, historical relationship and track records) as set out in the tender invitation.

The Group maintains a list of pre-approved contractors (which is subject to review every six months and update by its management to ensure contractors' quality standards). Contractors on the list include those with or without prior working relationship with the Group. Contractors with prior working relationship with the Group will be subject to suitability assessment following completion of every project of the Group. Contractors can only be retained on the list if they meet the minimum criteria for retention in the suitability assessment, otherwise they will be removed from the list. Contractors without prior working relationship with the Group will be subject to qualification evaluation and review to ascertain if they are suitable for inclusion in the list. The Group will take into account factors including contractors' financial stability, size and scale, relevant experience, professional qualification, reputation and past performance on similar projects.

If any contract is granted in favour of CSC Group or any CSC Associated Company as a result of the above tender, CSC Group or such CSC Associated Company (as the case may be) may act as contractor of the Group for provision of engineering works for the Group's construction works based on the terms of the successful tender provided that the total contract sum that may be awarded by the Group to CSC Group and CSC Associated Companies for each year shall not exceed the relevant Engineering Works Cap.

Historical transaction amounts and annual caps

The table below sets out (i) the actual total contract sum for provision of engineering works by CSC Group for the Group's construction works for the two years ended 31 December 2025 and the six months ended 30 June 2026; and (ii) the historical annual caps for the three years ending 31 December 2026:

	For the year ended 31 December		For the six months ended 30 June
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Actual total contract sum for provision of engineering works by CSC Group *(approximately)*	Nil	94,000,000	Nil

	For the year ended 31 December		
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Historical annual caps	550,000,000	550,000,000	550,000,000

Calculation of the Engineering Works Caps

The Engineering Works Caps for each of the three years ending 31 December 2027, 2028 and 2029 are determined with reference to (i) the potential construction projects available from property developers in Hong Kong, based on the information published from time to time by the relevant governmental bodies, such as The Development Bureau, Lands Department, Town Planning Board etc, that may be available for tender by the Group; (ii) and the maximum contribution of the cost of engineering works (i.e. 18.2%) to the contract sums of the Group's five completed construction projects undertaken by the Group (being the largest general contracting works of the Group (for both residential and commercial projects) over the past 9 years). The Company considers that the maximum contribution of the cost to be representative in estimating the annual cap as rather than the average contribution, the maximum historical cost contribution of the cost to determine the CSC Operational Services Caps provides a ceiling that is not excessive while allowing flexibility to engage in CSC Operational Services Transactions without disrupting daily operations or needing to re-comply with the Listing Rules for such continuing connected transactions.

In particular, the Engineering Work Cap:

(a) for the financial year ending 31 December 2027 is determined with reference to the potential construction projects available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,146 million that may be available for tender by the Group;

(b) for the financial year ending 31 December 2028 is determined with reference to the potential construction project available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,126 million that may be available for tender by the Group; and

(c) for the financial year ending 31 December 2029 is determined with reference to the potential construction project available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,078 million that may be available for tender by the Group.

(2) Machineries Leasing Transactions

The Company expects that the Group will continue to lease machineries from CSC Group and CSC Associated Companies for the Group's construction works from time to time. Accordingly, under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that:

(a) any member of the Group may lease machineries from CSC Group and CSC Associated Companies for the Group's construction works from time to time (the "**Machineries Leasing Transactions**");

(b) the parties may from time to time enter into further specific contracts which set out the detailed terms in relation to the leasing of machineries from CSC Group and CSC Associated Companies to the Group for the Group's construction works, provided that the total rent for the leasing of machineries under the New CSCD-CSC Operational Services Agreement for each of the three financial years ending 31 December 2029 shall not exceed HK$16 million (i.e. the Machineries Leasing Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and

(c) the rent for the leasing of machineries will be paid by the Group to CSC Group and CSC Associated Companies pursuant to the terms set out in the specific contracts.

Pricing basis of the contracts awarded by the Group to CSC Group and CSC Associated Companies

As a general principle, the prices and terms of the contracts with respect to the Machineries Leasing Transactions shall be determined in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis, and at prices and on terms no less favourable to the Group than those offered by or contracted with independent third-party vendors of the Group.

The Group will obtain at least three quotations from a list of pre-approved vendors (which is subject to review every six months and update by its management to ensure vendors' machineries and equipment are in good operational conditions). For the selection of a vendor, the lowest quotation will be selected on the condition that the vendor also satisfies all other essential requirements (including but not limited to the specification and condition of the machinery and equipment).

Vendors on the list include those with or without prior working relationship with the Group. Vendors with prior working relationship with the Group will be subject to suitability assessment following completion of every project of the Group. Vendors can only be retained on the list if they meet the minimum criteria for retention in the suitability assessment, otherwise they will be removed from the list. Vendors without prior working relationship with the Group will be subject to qualification evaluation and review to ascertain if they are suitable for inclusion in the list. The Group will take into account factors including vendors' financial stability, size and scale, machinery and equipment specification and condition, price, reputation and past performance on similar projects. Vendors who submit quotations to the Group are selected from vendors on the list of pre-approved vendors.

Historical transaction amounts and annual caps

The table below sets out (i) the total rent paid by the Group for the leasing of machineries from CSC Group for the two years ended 31 December 2025 and the six months ended 30 June 2026; and (ii) the historical annual caps for the three years ending 31 December 2026:

	For the year ended 31 December		**For the six months ended 30 June**
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Total rent paid by the Group for the leasing of machineries *(approximately)*	1,450,000	43,000	122,000

	For the year ended 31 December		
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Historical annual caps	40,000,000	40,000,000	40,000,000

Calculation of the Machineries Leasing Caps

The Machineries Leasing Caps for each of the three years ending 31 December 2027, 2028 and 2029 are determined with reference to (i) the potential construction projects available from property developers in Hong Kong that may be available for tender by the Group; (ii) and the maximum contribution of the cost of leasing of machineries (i.e. 1.5%) to the contract sums of the Group's five completed construction projects undertaken by the Group (being the five largest general contracting works of the Group for both residential and commercial projects in terms of contract sums over the past 9 years). The source of the potential construction projects and the basis of the maximum contribution of the cost are the same as those disclosed under the section headed "Calculation of the Engineering Works Caps" above.

In particular, the Machineries Leasing Cap:

(a) for the financial year ending 31 December 2027 is determined with reference to the potential construction projects available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,146 million that may be available for tender by the Group;

(b) for the financial year ending 31 December 2028 is determined with reference to the potential construction project available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,126 million that may be available for tender by the Group; and

(c) for the financial year ending 31 December 2029 is determined with reference to the potential construction project available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,078 million that may be available for tender by the Group.

(3) Insurance Services and Surety Bonds Transactions

The Company expects that the Group will continue to engage CSC Group and CSC Associated Companies to provide insurance services to the Group and issue surety bonds for the Group's construction works from time to time. Accordingly, under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that:

(a) any member of CSC Group and CSC Associated Companies may provide insurance services to the Group and issue surety bonds for the Group's construction works (the "**Insurance Services and Surety Bonds Transactions**");

(b) the parties may from time to time enter into further specific contracts which set out the detailed terms in relation to the provision of insurance services and the issuance of surety bonds by CSC Group and CSC Associated Companies, provided that the total premiums/fees for the provision of insurance services and the issuance of surety bonds under the New CSCD-CSC Operational Services Agreement for each of the three financial years ending 31 December 2029 shall not exceed HK$26 million (i.e. the Insurance Services and Surety Bonds Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and

(c) the premiums/fees for the insurance services and surety bonds will be paid by the Group to CSC Group and CSC Associated Companies pursuant to the payment terms set out in the specific contracts.

Pricing basis of the provision of insurance services and issuance of surety bonds by CSC Group and CSC Associated Companies

As a general principle, the prices and terms of the contracts with respect to the Insurance Services and Surety Bonds Transactions shall be determined in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis, and at prices and on terms no less favourable to the Group than those offered by or contracted with independent third-party insurers of the Group.

The Group will obtain at least three quotations from independent insurers (directly or indirectly through insurance brokers) and CSC Group and CSC Associated Companies. For the selection of the insurers, the lowest quotation will be selected on the condition that the insurer also satisfies other essential requirements (including but not limited to paying ability, financial strength, specialisation, historical relationship and record of claim refusal).

Historical transaction amounts and annual caps

The table below sets out (i) the total premiums/fees paid by the Group for provision of insurance services and issuance of surety bonds by the CSC Group for the two years ended 31 December 2025 and the six months ended 30 June 2026; and (ii) the historical annual caps for the three years ending 31 December 2026:

	For the year ended 31 December		For the six months ended 30 June
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Total premiums/fees paid by the Group for provision of insurance services and issuance of surety bonds by CSC Group *(approximately)*	2,000,000	335,000	4,422,000

	For the year ended 31 December		
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Historical annual caps	75,000,000	75,000,000	75,000,000

Calculation of the Insurance Services and Surety Bonds Caps

The Insurance Services and Surety Bonds Caps for each of the three years ending 31 December 2027, 2028 and 2029 are determined with reference to (i) the potential construction projects available from property developers in Hong Kong that may be available for tender by the Group; (ii) and the maximum contribution of the cost of insurance services and surety bonds (i.e. 2.4%) to the contract sums of the Group's five completed construction projects undertaken by the Group (being the five largest general contracting works of the Group for both residential and commercial projects in terms of contract sums over the past 9 years). The source of the potential construction projects and the basis of the maximum contribution of the cost are the same as those disclosed under the section headed "Calculation of the Engineering Works Caps" above.

In particular, the Insurance Services and Surety Bonds Cap:

(a) for the financial year ending 31 December 2027 is determined with reference to the potential construction projects available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,146 million that may be available for tender by the Group;

(b) for the financial year ending 31 December 2028 is determined with reference to the potential construction project available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,126 million that may be available for tender by the Group; and

(c) for the financial year ending 31 December 2029 is determined with reference to the potential construction project available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,078 million that may be available for tender by the Group.

(4) Supply of Materials Transactions

The Company expects that the CSC Group and CSC Associated Companies will continue to supply materials to the Group for the Group's construction works from time to time. Accordingly, under the New CSCD-CSC Operational Services Agreement, CSC and the Company agreed that:

(a) any member of the CSC Group and CSC Associated Companies may supply materials (including but not limited to building materials and construction management products) to the Group for the Group's construction works from time to time (the "**Supply of Materials Transactions**");

(b) the parties may from time to time enter into further specific contracts which set out the detailed terms in relation to the supply of materials by CSC Group and CSC Associated Companies, provided that the total sum for the supply of materials under the New CSCD-CSC Operational Services Agreement for each of the three financial years ending 31 December 2029 shall not exceed HK$100 million (i.e. the Supply of Materials Caps). The terms of the specific contracts will be negotiated on an arm's length basis between the parties; and

(c) the amount for the supply of materials will be paid by the Group to CSC Group and CSC Associated Companies pursuant to the payment terms set out in the specific contracts.

Pricing basis of the supply of materials to the Group by CSC Group and CSC Associated Companies

As a general principle, the prices and terms of the contracts with respect to the Supply of Materials Transactions shall be determined in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis, and at prices and on terms no less favourable to the Group than those offered by or contracted with independent third-party suppliers of the Group.

The Group will obtain at least three quotations from a list of pre-approved suppliers (which is subject to review every six months and update by its management to ensure a portfolio of best in class suppliers is available for use). Suppliers on the list include those with or without prior working relationship with the Group. Suppliers with prior working relationship with the Group will be subject to suitability assessment following completion of every project of the Group. Suppliers can only be retained on the list if they meet the minimum criteria for retention in the suitability assessment, otherwise they will be removed from the list. Suppliers without prior working relationship with the Group will be subject to qualification evaluation and review to ascertain if they are suitable for inclusion in the list. The Group will take into account factors including suppliers' financial stability, size and scale, products offered and specification, production capacity and facility, professional qualification, reputation and past performance on similar projects. The Group will only solicit quotations from suppliers who are on the list of pre-approved suppliers.

For the selection of a supplier, the lowest quotation will be selected on the condition that the supplier also satisfies all other essential requirements (including but not limited to relevant experience, qualities and specifications of materials and track records).

Historical transaction amounts and annual caps

The table below sets out (i) the total amount paid by the Group for the materials supplied by CSC Group for the two years ended 31 December 2025 and the six months ended 30 June 2026; and (ii) the historical annual caps for the three years ending 31 December 2026:

	For the year ended 31 December		**For the six months ended 30 June**
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Total amount paid by the Group for the materials supplied by CSC Group *(approximately)*	1,130,000	2,143,000	195,000

	For the year ended 31 December		
	2024	**2025**	**2026**
	(HK$)	*(HK$)*	*(HK$)*
Historical annual caps	270,000,000	270,000,000	270,000,000

Calculation of the Supply of Materials Caps

The Supply of Materials Caps for each of the three years ending 31 December 2027, 2028 and 2029 are determined with reference to the potential construction projects available from property developers in Hong Kong that may be available for tender by the Group and the maximum contribution of the cost of supply of materials (i.e. 9.2%) to the contract sums of the Group's five completed construction projects undertaken by the Group (being the five largest general contracting works of the Group for both residential and commercial projects in terms of contract sums over the past 9 years). The source of the potential construction projects and the basis of the maximum contribution of the cost are the same as those disclosed under the section headed "Calculation of the Engineering Works Caps" above.

In particular, the Supply of Materials Cap:

(a) for the financial year ending 31 December 2027 is determined with reference to the potential construction projects available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,146 million that may be available for tender by the Group;

(b) for the financial year ending 31 December 2028 is determined with reference to the potential construction project available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,126 million that may be available for tender by the Group; and

(c) for the financial year ending 31 December 2029 is determined with reference to the potential construction project available from property developers in Hong Kong with an estimated contract sum of approximately HK$1,078 million that may be available for tender by the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT

The CSC Operational Services Transactions contemplated under the New CSCD-CSC Operational Services Agreement are expected to be of a recurrent nature and will be conducted on a regular and continuing basis in the ordinary and usual course of business of the Group, as well as the CSC Group.

CSC Group possesses extensive expertise in building construction and maintains a solid financial standing, having consistently demonstrated its capabilities as a professional and reliable contractor and supplier in the market. The Directors believe that the continuation of this longstanding and established business relationship is highly beneficial, as it allows the Group to leverage a trusted partner's familiarity with its operational standards, ensuring seamless project execution and continuity.

Furthermore, this ongoing collaboration enables the Group to maintain a robust and diverse base of reliable contractors and suppliers. This diversification fosters competitive pricing dynamics, allowing the Group to secure favourable terms, optimise cost structures, and maximise overall profitability. Working with a proven partner also significantly reduces the risk of project delivery delays, enhances performance accountability, and equips the Group to effectively meet complex and demanding business requirements.

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 CSC Operational Services Transactions contemplated under the New CSCD-CSC Operational Services Agreement are expected to be entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the CSC Operational Services Transactions contemplated under the New CSCD-CSC Operational Services Agreement (together with the CSC Operational Services Caps) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CSC indirectly holds approximately 70.81% of the issued share capital of, and is a controlling shareholder of the Company. Accordingly, members of CSC Group and members of CSC Associated Companies are connected persons of the Company. The CSC Operational Services Transactions contemplated under the New CSCD-CSC Operational Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the CSC Operational Services Caps exceed 5%, the CSC Operational Services Transactions contemplated under the New CSCD-CSC Operational Services Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the CSC Operational Services Transactions contemplated under the New CSCD-CSC Operational Services Agreement, no Director was required to abstain from voting on the Board resolutions approving the entering into of the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions contemplated thereunder (together with the CSC Operational Services Caps). However, Mr. Wang Xiaoguang, being the Chairman and non-executive Director, and executive director and chief executive officer of CSC; Mr. Zhu Haiming, being executive Director and Chief Executive Officer of the Company, and a director of subsidiaries of CSC; and Mr. Huang Jiang, being non-executive Director and vice president of CSC, had voluntarily abstained from voting on the Board resolutions approving the entering into of the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions contemplated thereunder (together with the CSC Operational Services Caps).

INTERNAL CONTROL MEASURES

The Company has put in place a series of internal control measures to monitor the CSCECL Works Transactions and the CSC Operational Services Transactions. These measures ensure that transaction prices and terms comply with the established pricing policies and that the CSCECL Works Caps and the CSC Operational Services Caps are not exceeded.

The internal control measures comprise the following key components:

- Tender and Pricing Controls: Apart from the Group's standard and systematic tender submission procedures, the Company's project tendering committee and procurement and subcontracting committee are responsible for reviewing and approving the terms and prices of all relevant tenders. This ensures that all transactions strictly comply with the Group's procurement procedures, tender submission procedures, and contract management policies.

- Cap Monitoring and Pre-Transaction Review: The finance and treasury department of the Company continuously monitors the aggregate transaction amounts. It must be notified of any potential transaction with a connected person before a formal agreement is reached. This pre-transaction verification ensures that the applicable CSCECL Works Caps and CSC Operational Services Caps will not be breached, and the department reports its findings bi-annually to the Audit Committee.

- Management and Board Oversight: The Audit Committee (which consist of all independent non-executive Directors) has been provided with details of the specific contracts relating to the CSCECL Works Transactions and the CSC Operational Services Transactions on a half-yearly basis to review and ensure the transactions are conducted in the ordinary and usual course of business, on normal commercial terms or better, and in accordance with the pricing policies and mechanisms set out in the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement (as the case may be) that are fair and reasonable and in the interests of the Shareholders as a whole. All independent non-executive Directors will also confirm the above matters in the annual reports of the Company.

- Internal Control Process Reviews: The finance and treasury department conducts an annual review of the internal control processes and systems to ensure policies and procedures are rigorously followed and operating effectively. Furthermore, the Audit Committee regularly assesses the overall effectiveness of the Group's internal control system.

- External Auditor Review: The Company engages its external auditors to conduct an annual review of the continuing connected transactions in accordance with the Listing Rules. The external auditors report their findings and conclusions directly to the Audit Committee, providing an independent check on compliance.

GENERAL

CSCECL is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

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

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

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.

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 (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps). Altus Capital Limited 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 59 to 61 of this circular.

The EGM will be convened and held at 15th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Thursday, 17 December 2026 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps).

A proxy form for use at the EGM is enclosed with this circular. The proxy form can also be downloaded from the Company's website (www.cscd.com.hk) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). Whether or not you are able to attend the EGM, please complete and sign the proxy from in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, 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 EGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof 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, CSCECL is an intermediate holding company of CSC. CSC, through its wholly-owned subsidiary Add Treasure Holdings Limited, holds 1,596,403,279 Shares, representing approximately 70.81% of the issued share capital of the Company. Add Treasure Holdings Limited, as an associate of CSC and CSCECL, will abstain from voting at the EGM on the resolutions relating to (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services 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 the beneficial shareholding interest of Add Treasure Holdings Limited 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

The register of members of the Company will be closed from Monday, 14 December 2026 to Thursday, 17 December 2026 (both days inclusive) for the purpose of determining Shareholder's right to attend and vote at the EGM. The record date for determining the eligibility of Shareholders to attend and vote at the EGM is Thursday, 17 December 2026.

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 Hong Kong branch share registrar and transfer office, 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 Friday, 11 December 2026.

RECOMMENDATIONS

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 29 to 30 of this circular which contains its recommendation to the Independent Shareholders in relation to (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps).

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 31 to 54 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps).

The Directors consider that the CSCECL Works Transactions and the CSC Operational Services Transactions are expected to be entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the term of the CSCECL Works Transactions (together with the CSCECL Works Caps) and the CSC Operational Services Transactions (together with the CSC Operational Services Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully
By Order of the Board
China State Construction Development Holdings Limited
Wang Xiaoguang
Chairman and Non-executive Director

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)

27 November 2026

To the Independent Shareholders

Dear Sir or Madam,

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH 中國建築股份有限公司 (CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED) IN RELATION TO THE CSCECL WORKS; AND (II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED IN RELATION TO THE CSC OPERATIONAL SERVICES TRANSACTIONS

We refer to the circular of the Company dated 27 November 2026 (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.

We have been appointed by the Board as members to form the Independent Board Committee to advise the Independent Shareholders as to consider whether, in its opinion, (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps) are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and as to how the Independent Shareholders should vote on the proposed resolutions to approve the same at the EGM. Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Details of the letter of advice from the Independent Financial Adviser, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 31 to 54 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 6 to 28 of the Circular and the additional information set out in the Appendix to the Circular.

Having taken into account (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps), (ii) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps); (iii) the advice of Altus Capital Limited; and (iv) the relevant information contained in the letter from the Board, we are of the opinion that (a) the New CSCD-CSCECL Sub-construction Engagement Agreement and the CSCECL Works Transactions (together with the CSCECL Works Caps); and (b) the New CSCD-CSC Operational Services Agreement and the CSC Operational Services Transactions (together with the CSC Operational Services Caps) are on normal commercial terms following arm's length negotiations between the parties thereto and in the ordinary and usual course of business of the Group, and that the terms thereunder are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions 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	**Chan Man Ki Maggie**	**Sit Wing Hang**
Independent	*Independent*	*Independent*
Non-executive Director	*Non-executive Director*	*Non-executive Director*

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement (together with the CSCECL Works Caps and CSC Operational Services Caps), which has been prepared for the purposes of incorporation in this circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

27 November 2026

To the Independent Board Committee and the Independent Shareholders

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

Dear Sirs,

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH 中國建築股份有限公司 (CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED) IN RELATION TO THE CSCECL WORKS AND (II) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED IN RELATION TO THE CSC OPERATIONAL SERVICES TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of and the proposed annual caps in relation to the continuing connected transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company dated 27 November 2026 (the "**Circular**"). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Previous CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSCECL Sub-construction Engagement Agreement

On 22 October 2026, CSCECL and the Company entered into the New CSCD-CSCECL Sub-construction Engagement Agreement to renew the Previous CSCD-CSCECL Sub-construction Engagement Agreement for a further term of three years commencing from 1 January 2027 and ending on 31 December 2029 (both dates inclusive). Pursuant to the New CSCD-CSCECL Sub-construction Engagement Agreement, the CSCECL Group may engage the Group as its subcontractor or service provider (as the case may be) for provision of the CSCECL Works from time to time subject to the CSCECL Works Caps.

Previous CSCD-CSC Operational Services Agreement and the New CSCD-CSC Operational Services Agreement

On 22 October 2026, CSC and the Company entered into the New CSCD-CSC Operational Services Agreement to renew the Previous CSCD-CSC Operational Services Agreement for a further term of three years commencing from 1 January 2027 and ending on 31 December 2029 (both dates inclusive). Pursuant to the New CSCD-CSC Operational Services Agreement, (1) the Group may engage the CSC Group and the CSC Associated Companies as contractor of the Group for provision of engineering works for the Group's construction works subject to the Engineering Works Caps; (2) the Group may lease machineries from the CSC Group and the CSC Associated Companies for the Group's construction works subject to the Machineries Leasing Caps; (3) the Group may engage the CSC Group and the CSC Associated Companies to provide insurance services to the Group and issue surety bonds for the Group's construction works subject to the Insurance Services and Surety Bonds Caps; and (4) the CSC Group and the CSC Associated Companies may supply materials to the Group subject to the Supply of Materials Caps.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CSCECL is an intermediate holding company of the Company by virtue of it being indirectly interested in approximately 70.81% of the issued share capital of the Company. Accordingly, members of the CSCECL Group, the CSC Group and the CSC Associated Companies are connected persons of the Company. The CSCECL Works Transactions and the CSC Operational Services Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the highest CSCECL Works Cap exceed 5%, the CSCECL Works Transactions are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the CSC Operational Services Caps exceed 5%, the CSC Operational Services Transactions contemplated under the New CSCD-CSC Operational Services Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Zhou Jinsong, Ms. Chan Man Ki Maggie and Mr. Sit Wing Hang, has been established to advise the Independent Shareholders on (i) whether the terms of the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement are on normal commercial terms and are fair and reasonable; (ii) whether the CSCECL Works Transactions and the CSC Operational Services Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the New CSCD-CSCECL Sub-construction Engagement Agreement (including the CSCECL Works Caps) and the New CSCD-CSC Operational Services Agreement (including the CSC Operational Services Caps) and the transactions contemplated thereunder at the EGM after taking into account the recommendation of the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders on (i) whether the terms of the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement are on normal commercial terms and are fair and reasonable; (ii) whether the CSCECL Works Transactions and the CSC Operational Services Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the New CSCD-CSCECL Sub-construction Engagement Agreement (including the CSCECL Works Caps) and the New CSCD-CSC Operational Services Agreement (including the CSC Operational Services Caps) and the transactions contemplated thereunder at the EGM.

We acted as the independent financial adviser for the Company with regards to its renewal of continuing connected transactions with CSC, details of which were set out in the circular of the Company dated 9 May 2025.

Save for the aforesaid transaction, we have not acted as independent financial adviser or financial adviser for the Company's other transactions in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the continuing connected transactions contemplated under the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement is at market level and not conditional upon successful passing of the resolutions to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement; (ii) the Previous CSCD-CSCECL Sub-construction Engagement Agreement and the Previous CSCD-CSC Operational Services Agreement; (iii) the annual report of the Company for the year ended 31 December 2025 (the "**CSCD 2025 Annual Report**"); (iv) the interim report of the Company for the six months ended 30 June 2026 (the "**CSCD 2026 Interim Report**"); and (v) other information set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any of such statements, information, opinions or representations are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. BACKGROUND INFORMATION

1.1. Principal business of the Group

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

1.2. Financial performance of the Group

Set out below is the key historical financial data of the Group for the two years ended 31 December 2024 ("**FY2024**") and 2025 ("**FY2025**") and the six months ended 30 June 2025 ("**1H2025**") and 2026 ("**1H2026**") as extracted from the CSCD 2025 Annual Report and CSCD 2026 Interim Report.

	FY2025	**FY2024**	**1H2026**	**1H2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
– Facade and general contracting works	5,076,748	7,223,863	2,578,910	2,848,698
– Operating management	898,751	877,831	475,239	489,366
Total revenue	**5,975,499**	**8,101,694**	**3,054,149**	**3,338,064**
Gross profit				
– Facade and general contracting works	314,584	861,536	162,075	487,186
– Operating management	138,443	105,414	89,679	100,849
Total gross profit	**453,027**	**966,950**	**251,754**	**588,035**
Profit attributable to owners of the Company	237,341	650,253	133,285	386,159

FY2025 vs FY2024

For FY2025, the Group's total revenue decreased by approximately 26.2% to HK$5,975.5 million, primarily driven by a 29.7% decline in revenue from the facade and general contracting business as compared with FY2024. This decline was mainly due to a reduced volume of new contracting projects as impacted by challenging property market conditions and the broader economic cycle, as well as the completion of several large-scale projects in Hong Kong and Macau during FY2024.

Meanwhile, the gross profit from the facade and general contracting business declined by approximately 63.5%, mainly due to intense competition in tender pricing, lower-than-expected profit margins upon final account settlement for certain projects, and higher project costs arising from delays during the initial preparation stage, prolonged construction periods and additional modifications. This decrease was partially offset by a 31.3% increase in gross profit from the operating management business, driven by a one-off gain of approximately HK$116.2 million from the disposal of Hygate Senior Housing in Canada in December 2025. Overall, the Group's total gross profit decreased by approximately 53.1% to HK$453.0 million in FY2025.

As a result of the above, the Group's profit attributable to owners of the Company decreased by approximately 63.5% in FY2025.

1H2026 vs 1H2025

For 1H2026, the Group's total revenue decreased by approximately 8.5% to HK$3,054.1 million, primarily driven by a 9.5% decline in revenue from the facade and general contracting business as compared with 1H2025. As property developers remained cautious in their investment decisions, the Group undertook fewer new contracting projects, leading to a corresponding decrease in revenue in facade and general contracting business during 1H2026.

In addition, settlement revenue from certain contracting projects fell short of the Group's expectations, while rising raw material prices and the appreciation of the Renminbi increased the cost of sales and placed pressure on project gross profit. As a result, gross profit from the facade and general contracting business decreased by approximately 66.7% to HK$162.1 million in 1H2026, resulting in year-on-year decreases of approximately 57.2% in the Group's overall gross profit and 65.5% in profit attributable to owners of the Company.

1.3. Outlook of the Group

The Group expects the Hong Kong Northern Metropolis Development Strategy, new large-scale integrated entertainment projects in Macau, deeper Greater Bay Area integration and development initiatives in Belt and Road markets, in particular the Middle East and Southeast Asia, such as Singapore, to create further project opportunities. Against this backdrop, the Group will continue to pursue large-scale, high-potential projects in these markets.

Furthermore, as buildings age and facade safety standards become more stringent, demand for facade inspection, maintenance and renovation is expected to increase. In accordance with the Hong Kong Government's 2026 Policy Address, approximately ten public housing estates are expected to undergo facade beautification each year. Leveraging its technological advantages, the Company will actively explore the related market opportunities.

According to the CSCD 2026 Interim Report, building-integrated photovoltaics ("**BIPV**") is a key focus for the Group's new business development. The Group has already implemented BIPV projects in Hong Kong and the PRC, which can drive public and private institutions to further develop environmentally friendly and energy-saving buildings, as well as to foster low-carbon transitions and sustainable development of building and energy systems. The Ministry of Housing and Urban-Rural Development and other government departments place significant emphasis on BIPV as a crucial strategy in realising "dual carbon" goals in the building sector and developing green buildings. The Group will continue to strengthen communication with relevant national ministries and commissions, leveraging policy guidance and standard formulation recommendations for BIPV to facilitate its extensive application in both urban and rural areas.

1.4. Principal business of the CSCECL Group

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

According to the annual report of CSCECL for FY2025, revenue decreased from approximately RMB2,187.3 billion for FY2024 to RMB2,082.1 billion for FY2025, representing a decrease of approximately 4.8%. Such decrease was mainly attributable to the decrease in revenue generated from (i) building construction engineering segment; and (ii) real estate development and investment segment. CSCECL entered into new contracts with a total value of approximately RMB4,502.7 billion for FY2024 and RMB4,545.8 billion for FY2025, representing a slight year-on-year increase of approximately 1.0%.

1.5. Principal business of the CSC Group

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

According to the annual report of CSC for FY2025, revenue decreased from approximately RMB105.3 billion in FY2024 to RMB100.4 billion in FY2025, representing a decrease of approximately 4.6%. Such decrease was mainly due to (i) lower revenue from the Macau division's construction and related businesses following the absence of large-scale hospital and integrated entertainment projects; and (ii) lower attributable revenue from the Group's facade and general contracting business.

According to the interim report of CSC for 1H2026, revenue decreased from approximately RMB56.6 billion in 1H2025 to RMB43.9 billion in 1H2026, representing a decrease of approximately 22.5%. Such decrease was driven by the overall performance of CSC Group's businesses, including the lack of new large-scale projects in the Hong Kong division, a reduction in construction related investment projects in the China mainland division, and lower attributable revenue from the Group's facade and general contracting business.

1.6. Outlook of the economy and building construction activities

PRC

The table below sets out statistics of the property market in the PRC as extracted from the National Bureau of Statistics at http://data.stats.gov.cn.

	2021	**2022**	**2023**	**2024**	**2025**
Amount invested into property development	RMB13.8 trillion	RMB12.4 trillion	RMB11.2 trillion	RMB10.0 trillion	RMB8.3 trillion
Total area of properties under construction (square metre)	9.8 billion	9.0 billion	8.4 billion	7.3 billion	6.6 billion

We noted that according to the statistics in the table above, investment amounts into property development have been on a decreasing trend, with annual investment amounts ranging from RMB8.3 trillion to RMB13.8 trillion during the five years ended 2025. Similarly, the total area of properties under construction also decreased, ranging from 6.6 billion square metres to 9.8 billion square metres during the said five years.

Notwithstanding the decrease in property development investment amounts, we note from the press release dated 14 September 2026 and titled "China Construction Market (2026-2031) – Growth Driven by Infrastructure Investment and Urbanization", published by Research and Markets, which was founded in 2002 and is the world's largest market research store for international market research reports and market data, that the PRC construction market is projected to grow from USD4.85 trillion in 2025 to USD5.03 trillion in 2026, representing growth of approximately 3.71%. By 2031, the market is forecast to reach USD6.01 trillion, expanding at a compound annual growth rate of 3.65% from 2026 to 2031. The long-term growth is expected to be supported by government infrastructure spending, urbanisation, renovation programmes and demand for energy-efficient buildings.

In particular, urbanisation is expected to drive residential and public facility demand. The PRC's 15th Five-Year Plan targets an urbanisation rate of 71% by 2030, supported by reforms to improve migrant workers' access to urban services. This is expected to support demand for affordable housing, hospitals, schools, transport networks and community facilities, with faster urban expansion in central and western provinces broadening the geographic base of construction opportunities.

Furthermore, according to the National Bureau of Statistics of the PRC, the gross domestic product ("**GDP**") for 2025 was approximately RMB140.2 trillion, of which approximately RMB8.6 trillion and RMB8.3 trillion was contributed by the construction industry and the real estate industry respectively. The GDP of the PRC in 2025 recorded a steady increase of approximately 4.0% as compared with 2024. The GDP growth rate of the PRC is expected to be 4.5% in 2026 and 4.0% in 2027 according to the World Economic Outlook issued by the International Monetary Fund in October 2026.

Hong Kong

Hong Kong's economy is expected to maintain steady growth, providing a supportive backdrop for the construction market. According to the Census and Statistics Department ("**C&SD**") of Hong Kong Government, Hong Kong's real GDP grew by approximately 3.6% year-on-year in 2025, and further grew by 5.1% year-on-year in 1H2026. Taking into account the stronger-than-expected 1H2026 performance and the near-term outlook, C&SD forecasts real GDP growth of 3.5% to 4.5% for the full year of 2026.

In addition, the construction market has demonstrated steady momentum. The gross value of construction works performed by main contractors recorded year-on-year increases of approximately 2.9% and 4.1% in nominal terms in the first quarter and the second quarter of 2026 (provisional), respectively, showing a pace of recovery in Hong Kong's construction activity.

According to the press release dated 8 April 2026 and titled "Hong Kong Construction Industry Report 2026: Output to Recover and Grow at an AAGR of 4% During 2027-2030 Driven by Transport, & Industrial and Housing Projects After a Projected 1.6% Decline in 2026", published by Research and Markets, Hong Kong's construction industry is expected to record a 1.6% decline in 2026, followed by a recovery and growth at an average annual rate of 4% from 2027 to 2030, supported by government investments in upgrading Hong Kong's transport infrastructure, as well as industrial and housing projects.

According to the 2026-27 Budget, the Hong Kong Government's estimated capital works expenditure for 2026-27 is approximately HK$128 billion, and expenditure is expected to remain at a similar level during the medium-term forecast period from 2027-28 to 2030-31. The total public housing production is expected to be around 196,000 units for the coming five years from 2026-27 to 2030-31, representing an increase of more than 80% compared with the prior five-year period, while the Hong Kong Government is accelerating Northern Metropolis development. Against this backdrop, public housing and Northern Metropolis development are expected to remain key drivers of building construction demand, notwithstanding the expected caution in private residential construction.

Singapore

According to the Ministry of Energy, Trade and Industry in Singapore, based on advance estimates, Singapore's economy grew by 5.4% year-on-year in the third quarter of 2026, moderating from 6.2% in the second quarter of 2026. In particular, the construction sector expanded by 8.8% year-on-year in the third quarter of 2026, faster than the 6.1% growth recorded in the second quarter, as both public and private sector construction output increased.

According to the Building and Construction Authority ("**BCA**") of Singapore's media release dated 22 January 2026, headed "Steady construction demand in 2026 as Singapore steps up support for Built Environment firms through collaboration and innovation", BCA projects total construction demand, being the value of contracts to be awarded, to remain steady at SGD47 billion to SGD53 billion in nominal terms for 2026, broadly comparable with the SGD50.5 billion recorded in 2025. Such demand is expected to be supported by the award of additional construction packages for Changi Airport Terminal 5 development, the Marina Bay Sands Integrated Resort expansion, the new Tengah General and Community Hospital, the Downtown Line 2 Extension and the Thomson-East Coast Line extension.

For the medium term from 2027 to 2030, BCA projects Singapore's annual construction demand to average between SGD39 billion and SGD46 billion. In addition to the Changi Airport Terminal 5 development and the Housing and Development Board's Build-To-Order projects, medium-term construction demand is anticipated to be supported by a strong pipeline of various large-scale developments, including the redevelopment of the National University Hospital at Kent Ridge, various junior colleges and the new Singapore University of Social Sciences city campus.

2. NEW CSCD-CSCECL SUB-CONSTRUCTION ENGAGEMENT AGREEMENT

2.1. Reasons for and benefits of entering into the New CSCD-CSCECL Sub-construction Engagement Agreement

Through participation in the CSCECL Works upon successful tender, (i) the CSCECL Works Transactions allow the Group to potentially enhance its operating results; and (ii) the Group can secure a more diverse base of customers, thereby expanding its market reach. The CSCECL Group can also leverage on the Group's extensive experience and expertise in landmark facade projects of skyscrapers to increase construction efficiency, which may enhance its tender success rate in the future, thereby improving potential project pipeline for the Group. In addition, given the satisfactory cooperation between the CSCECL Group and the Group pursuant to the Previous CSCD-CSCECL Sub-construction Engagement Agreement, the continuation of the longstanding and established business relationship between CSCECL and the Company will bring synergistic effect to both CSCECL and the Company, thereby facilitating the expansion of the Group's businesses.

Taking into account the principal businesses of the Group and the CSCECL Group as mentioned under the paragraphs headed "1.1. Principal business of the Group" and "1.4. Principal business of the CSCECL Group" above, the continuation for the CSCECL Group to engage the Group as its subcontractor or service provider for provision of contracting and engineering works, project consultancy service and project management service for the CSCECL Group's construction works from time to time, we concur with the Management that the entering into of the New CSCD-CSCECL Sub-construction Engagement Agreement is in the ordinary and usual course of business of the Group.

In addition, having regard to the potential benefits of continued cooperation with the CSCECL Group under the New CSCD-CSCECL Sub-construction Engagement Agreement in enhancing the Group's operating results and expanding its market reach, we concur with the Management that the entering into of the New CSCD-CSCECL Sub-construction Engagement Agreement is in the interests of the Company and Shareholders as a whole.

2.2. Principal terms of the New CSCD-CSCECL Sub-construction Engagement Agreement

The New CSCD-CSCECL Sub-construction Engagement Agreement shall commence from 1 January 2027 and end on 31 December 2029 (both dates inclusive). Further details of the terms of the New CSCD-CSCECL Sub-construction Engagement Agreement are set out in the sub-section headed "New CSCD-CSCECL Sub-construction Engagement Agreement" in the Board Letter.

We note that the principal terms of the New CSCD-CSCECL Sub-construction Engagement Agreement are substantially the same as those under the Previous CSCD-CSCECL Sub-construction Engagement Agreement.

2.3. Pricing basis and tender process of the Group's tenders submitted to the CSCECL Group

The prices and terms of the contracts shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable to the CSCECL Group than those provided to independent third parties.

The Group will normally go through a tender or similar process before being selected as a subcontractor or service provider (as the case may be) of the CSCECL Group. The prices and terms of the tenders submitted by the Group to the CSCECL Group for the CSCECL Works are subject to the Group's standard and systematic tender submission procedures(市場營銷管理工作程序) ("**Internal Procedure Manual**") which apply to tenders submitted to both connected persons and independent third parties, in order to ensure that the prices and terms of the proposed tenders submitted by the Group to the CSCECL Group are no more favourable to the CSCECL Group than those submitted to independent third parties.

We have reviewed the Internal Procedure Manual and noted that it covers procedures on (i) receiving invitations to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission ("**Tender Procedures**").

We have obtained the list of tenders submitted by the Group to the CSCECL Group and the independent third parties during the period from 1 January 2024 to 30 June 2026 (the "**Review Period**"). To assess the effective implementation of the Tender Procedures, we have randomly selected six samples of tender assessment forms relating to the projects awarded to the Group during the Review Period. Among which, three samples are related to tenders awarded by the CSCECL Group and connected parties, while the remaining three samples are related to tenders awarded by independent third parties. Having considered that (i) the selected samples covered major contracting projects with the CSCECL Group, representing approximately 53% of the aggregate amount of the CSCECL Works Transactions during the Review Period; (ii) the number of samples relating to tenders awarded by independent third parties was comparable to the samples selected for tenders awarded by the CSCECL Group; (iii) the selected samples covered one sample relating to a tender awarded by the CSCECL Group and one sample relating to a tender awarded by an independent third party for each of FY2024, FY2025 and 1H2026; and (iv) the samples were independently selected by us on a random basis, we consider that the sample size is sufficient, fair and representative for the purpose of our assessment.

Having reviewed the selected samples, we noted that (i) the tenders were assessed and processed in accordance with the Tender Procedures; (ii) the Company reviewed at least two tenders submitted to independent third parties as comparables when determining the tender price for the relevant project; and (iii) the pricing basis (which is prepared with reference to the cost information maintained in the Group's in-house database for materials supplied and contract prices from subcontractors for the Group's previous projects and peripheral operations) and the terms offered to the CSCECL Group were determined on a basis similar to those offered to independent third parties.

As set out in the Board Letter, the fees payable under the CSCECL Works Transactions will generally be settled by way of progress payments based on the construction progress, subject to the terms and conditions of the relevant contracts. In assessing the fairness and reasonableness of the payment terms, we have reviewed the contracts of the aforesaid six selected samples and noted that the payment terms stipulated in the contracts with the CSCECL Group were no less favourable than those stipulated in the contracts with independent third parties.

Based on the above, we concur with the Management that the terms of the New CSCD-CSCECL Sub-construction Engagement Agreement are on normal commercial terms and are fair and reasonable.

2.4. Basis of determining the CSCECL Works Caps

The following table sets out the proposed CSCECL Works Caps for each of the years ending 31 December 2027 ("**FY2027**"), 2028 ("**FY2028**") and 2029 ("**FY2029**").

	FY2027 *(HK$ million)*	**FY2028** *(HK$ million)*	**FY2029** *(HK$ million)*
CSCECL Works Caps	4,200	5,400	2,400

The CSCECL Works Caps were determined with reference to the factors set out below.

2.4.1. Historical transaction amounts and annual caps

The table below sets out the actual amount of provision of the CSCECL Works by the Group for each of FY2024, FY2025 and 1H2026, and the corresponding existing annual caps:

	FY2024 *(HK$ million)*	**FY2025** *(HK$ million)*	**1H2026** *(HK$ million)*
Actual amount of provision of the CSCECL Works	18.6	366.2	30.4
Annual caps	1,200.0	1,500.0	1,500.0
Utilisation rates	1.6%	24.4%	2.0% *(Note)*

*Note: This utilisation rate is calculated based on (i) actual amount of provision of the CSCECL Works for 1H2026; and divided by (ii) the existing annual cap for the year ending 31 December 2026 ("**FY2026**").*

We note that the historical utilisation rates of the annual caps under the Previous CSCD-CSCECL Sub-construction Engagement Agreement were relatively low, ranging from approximately 1.6% to 24.4% during the Review Period. As advised by the Management, the low utilisation rates were primarily due to the lower number and aggregate value of contracts awarded by the CSCECL Group, as well as the lower-than-expected number of successful tenders by the CSCECL Group.

Despite the low utilisation rates, having regard to the potential construction projects available in the market, as further elaborated in the paragraph headed "2.4.2. Calculation of the CSCECL Works Caps" below, the Management considers, and we concur, that it is appropriate and in the interests of the Company and the Shareholders as a whole to set the CSCECL Works Caps with reference to the Management's best estimate of the construction projects secured by, or expected to be awarded to, the CSCECL Group, so as to provide the Group with sufficient flexibility to undertake all potential projects.

2.4.2. Calculation of the CSCECL Works Caps

We understand from the Management that the CSCECL Works Caps for each of FY2027, FY2028 and FY2029 represent the total estimated contract sum for new construction projects of the CSCECL Group calculated with reference to (i) the projects under negotiation with the CSCECL Group; and (ii) potential projects available from the CSCECL Group.

In assessing the fairness and reasonableness of the CSCECL Works Caps, we have reviewed and discussed with the Management a schedule setting out a list of potential new construction projects available for the CSCECL Group's tendering for FY2027 and FY2028 ("**Schedule of CSCECL Potential Projects**"). We understand from the Management that the Schedule of CSCECL Potential Projects was prepared based on information provided by the CSCECL Group, which indicated the projects that have been awarded to, or are expected to be tendered for by, the CSCECL Group, and for which the CSCECL Group expects to engage subcontractors in respect of the CSCECL Works.

CSCECL Works Cap for FY2027

For FY2027, the Management estimated the total contract sum for new construction projects of the CSCECL Group at approximately HK$4,200 million, primarily based on (i) projects under negotiation with the CSCECL Group of approximately HK$3,550 million; and (ii) potential projects available from the CSCECL Group of approximately HK$650 million.

Based on our review, the Schedule of CSCECL Potential Projects comprises six projects with an aggregate estimated contract sum of approximately HK$4,248 million for FY2027, which are expected to be awarded to the Group in FY2027 upon successful tender. Among which, the Group had received invitations from the CSCECL Group to tender for three projects, with an aggregate estimated contract sum of approximately HK$3,570 million. As at the Latest Practicable Date, the Group had submitted a tender for one project with an estimated contract sum of approximately HK$2,970 million, while tenders for two projects, with an aggregate estimated contract sum of approximately HK$600 million, were under preparation. Such projects represent approximately 84.0% of the aggregate estimated contract sum for FY2027. We have obtained and reviewed the relevant tender documents and, where available, the internal tender approval record, and noted that the information set out therein was consistent with that set out in the Schedule of CSCECL Potential Projects.

We further conducted desktop research on the existence and validity of the remaining three potential projects, with an aggregate estimated contract sum of approximately HK$678 million. Based on information available on the CSCECL Group's website and PRC news websites, we noted that these projects had been awarded to the CSCECL Group by the respective project owners.

Based on our work performed as described above, we consider that the six projects set out in the Schedule of CSCECL Potential Projects, which serve as the basis for determining the CSCECL Works Cap for FY2027, are fair and reasonable.

CSCECL Works Cap for FY2028

For FY2028, the Management estimated the total contract sum for new construction projects of the CSCECL Group at approximately HK$5,400 million, primarily based on (i) the project under negotiation with the CSCECL Group of approximately HK$2,970 million; and (ii) potential projects available from the CSCECL Group of approximately HK$2,430 million.

Based on our review, the Schedule of CSCECL Potential Projects comprises 11 projects with an aggregate estimated contract sum of approximately HK$5,404 million for FY2028, which are expected to be awarded to the Group in FY2028 upon successful tender. As at the Latest Practicable Date, the Group had submitted a tender for one of such projects, with an estimated contract sum of approximately HK$2,970 million. Such amount has been included in the abovementioned estimation of CSCECL Works Cap for FY2027. We understand from the Management that, as the timing of the award remains uncertain, the same amount has also been included in the estimation of the CSCECL Works Cap for FY2028. Although the tender had been submitted as at the Latest Practicable Date, the project may be awarded in FY2028. Given the substantial estimated contract sum of such project, which represents approximately 55.0% of the CSCECL Works Cap for FY2028, and that the inclusion provides the Group with flexibility to capture the business opportunity and generate additional revenue upon successful tender, we consider it reasonable to include the same amount in determining the proposed CSCECL Works Cap for FY2028.

We further conducted desktop research on the existence and validity of the remaining ten potential projects, with an aggregate estimated contract sum of approximately HK$2,434 million. Based on information available on the CSCECL Group's website and PRC news websites, we noted that six projects, amounting to approximately HK$1,244 million, had been awarded to the CSCECL Group by the respective project owners. The remaining four potential projects, amounting to approximately HK$1,190 million, are related to healthcare facility expansion and redevelopment, a new educational campus and proposed transport infrastructure development in Singapore. We note that these potential projects are in line with the medium-term construction pipeline of large-scale developments discussed in the section headed "1.6. Outlook of the economy and building construction activities" above. We understand from the Management that these four potential projects in Singapore have been included in the estimation of the CSCECL Works Cap for

FY2028 based on the CSCECL Group's representation that it intends to participate in the relevant tenders once available. Should the CSCECL Group successfully secure these projects, the Group may have opportunities to undertake the related works under the CSCECL Works Transactions, subject to successful tender.

Based on our work performed as described above, we consider that the 11 projects set out in the Schedule of CSCECL Potential Projects, which serve as the basis for determining the CSCECL Works Cap for FY2028, are fair and reasonable.

CSCECL Works Cap for FY2029

For FY2029, the Management estimated the total contract sum for new construction projects of the CSCECL Group at approximately HK$2,400 million, based on the same basis as adopted for FY2028, with the exclusion of the project with an estimated contract sum of approximately HK$2,970 million that had been submitted to the CSCECL Group as at the Latest Practicable Date.

We understand from the Management that tenders for construction contracts typically relate to construction works to be carried out in the forthcoming 12 to 24 months. Based on the information currently available, the Management advised that it is impractical to compile a list of potential contracts beyond FY2028 similar to the Schedule of CSCECL Potential Projects.

In determining the proposed CSCECL Works Cap for FY2029, the Management has taken into account that (i) the aggregate estimated contract sum of the potential new construction projects of the CSCECL Group for FY2028 is approximately HK$5,404 million; and (ii) it is inappropriate to continue including the exceptionally large-scale project with an estimated contract sum of approximately HK$2,970 million in the estimation of the CSCECL Works Cap for FY2028. After excluding such project, the aggregate estimated contract sum for FY2028 would be approximately HK$2,434 million. Assuming no material adverse impact on the overall economy and building construction activities, and that the CSCECL Group will maintain its business scale and that a similar amount of construction contracts will be available for tender in FY2029, the Management proposes to determine the CSCECL Works Cap for FY2029 at HK$2,400 million.

2.4.3. Section summary

Taking into account (i) the potential projects, comprising those for which tenders have been submitted and those for which the CSCECL Group could tender, representing approximately 101.1% and 100.1% of the CSCECL Works Caps for FY2027 and FY2028, respectively; (ii) the possibility that potential projects for FY2027 and FY2028 may, upon successful tender, be awarded in FY2028 and FY2029, respectively; (iii) the need for the Group to retain flexibility to undertake all potential projects; and (iv) the overall outlook of the economy and building construction activities discussed in the paragraph headed "1.6. Outlook of the economy and building construction activities" above, we consider that the proposed CSCECL Works Caps have been determined on a fair and reasonable basis.

3. NEW CSCD-CSC OPERATIONAL SERVICES AGREEMENT

3.1. Reasons for and benefits of entering into the New CSCD-CSC Operational Services Agreement

The CSC Group's expertise in building construction and its financial standing demonstrate that it is a reliable contractor and supplier to its customers. Continuing the longstanding and established business relationship with the CSC Group will allow the Group to secure a more diverse base of contractors and suppliers. This will enable the Group to gain competitive advantages and maximise profits by ensuring its contractors and suppliers offer more competitive pricing and services, reducing the risk of delays in project delivery, and improving the performance of contractors and suppliers to meet complex and demanding business needs. These benefits would create synergies for both the CSC Group and the Group and facilitate the expansion of the Group's businesses.

Taking into account the principal businesses of the Group and the CSC Group as mentioned under the paragraphs headed "1.1. Principal business of the Group" and "1.5. Principal business of the CSC Group" above, as well as the size of operation of the Group as mentioned under the paragraph headed "1.2. Financial performance of the Group" above, the continuation for the Group to (i) engage the CSC Group and the CSC Associated Companies as contractor of the Group for provision of engineering works for the Group's construction works; (ii) lease machineries from the CSC Group and the CSC Associated Companies for the Group's construction works; (iii) engage the CSC Group and the CSC Associated Companies to provide insurance services and issue surety bonds for the Group's construction works; and (iv) procure materials from the CSC Group and the CSC Associated Companies to the Group, we concur with the Management that the entering into of the New CSCD-CSC Operational Services Agreement is in the ordinary and usual course of business of the Group.

Taking into account (i) the positive outlook of Hong Kong construction market as discussed under the paragraph headed "1.6. Outlook of the economy and building construction activities" above; (ii) that the Group may enhance the quality of works and services delivered to its customers; and (iii) that the CSC Operational Services Transactions enable the Group to source competitively priced services, we concur with the Management that the entering into of the New CSCD-CSC Operational Services Agreement is in the interests of the Company and Shareholders as a whole.

3.2. Principal terms of the New CSCD-CSC Operational Services Agreement

The New CSCD-CSC Operational Services Agreement shall commence from 1 January 2027 and end on 31 December 2029 (both dates inclusive). The CSC Group and the CSC Associated Companies will (i) provide engineering works for the Group's construction works; (ii) lease machineries to the Group; (iii) provide insurance services to the Group and issue surety bonds for the Group's construction works; and (iv) supply materials to the Group. Further details of the terms of the New CSCD-CSC Operational Services Agreement are set out in the section headed "New CSCD-CSC Operational Services Agreement" in the Board Letter.

We note that the principal terms of the New CSCD-CSC Operational Services Agreement are substantially the same as those under the Previous CSCD-CSC Operational Services Agreement.

3.3. Pricing basis of the CSC Operational Services Transactions

The prices and terms of the contracts shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than those offered by independent third parties.

In relation to the (i) Engineering Works Transactions; (ii) Machineries Leasing Transactions; (iii) Insurance Services and Surety Bonds Transactions; and (iv) Supply of Materials Transactions contemplated under the New CSCD-CSC Operational Services Agreement, the Group shall conduct a vetting process to obtain quotations from a list of pre-approved contractors, vendors, insurers or suppliers respectively. Provided that the relevant service providers satisfy all essential requirements, such as experience, track records and financial health, the service provider with the lowest fee quotation would be selected by the Group.

We have discussed with the Management and noted that the CSC Operational Services Transactions shall adhere to the pricing policy set out in the material procurement standard procedure（物資採購工作程序）("**Procurement Procedures**"). We have reviewed the Procurement Procedures and noted that it sets out the requirement that quotations shall be obtained, where applicable, from service providers on the Group's list of pre-approved service providers, and that the service provider offering the lowest fee quotation shall be selected, given that all other essential requirements are satisfied.

We have obtained the full list of historical CSC Operational Services Transactions during the Review Period. We note that one Engineering Works Transaction, one Machineries Leasing Transaction, two Insurance Services and Surety Bonds Transactions and two Supply of Materials Transactions were undertaken during the Review Period. To assess the effective implementation of the Procurement Procedures, we obtained the largest transaction in terms of transaction amount in each category for review.

For each selected sample, the Company had considered service providers, including the CSC Group and independent third parties, during the procurement procedures. Having regard to the CSC Group's fulfillment of relevant projects' requirement and/or its competitive pricing, the CSC Group was accordingly selected. Based on our review of the internal assessment of the Company, the selected service provider for the respective project (i) was included on the list of pre-approved contractors; and (ii) offered the lowest fee quotation, subject to satisfaction of the essential requirements, among at least three quotations.

Based on the above, we concur with the Management that the terms of the New CSCD-CSC Operational Services Agreement are on normal commercial terms and are fair and reasonable.

3.4. Basis of determining the CSC Operational Services Caps

The following table sets out the proposed CSC Operational Services Caps for each of FY2027, FY2028 and FY2029.

	FY2027 *(HK$ million)*	**FY2028** *(HK$ million)*	**FY2029** *(HK$ million)*
Engineering Works Caps	200	200	200
Machineries Leasing Caps	16	16	16
Insurance Services and Surety Bonds Caps	26	26	26
Supply of Materials Caps	100	100	100

The CSC Operational Services Caps were determined with reference to the factors set out below.

3.4.1. Historical transaction amounts and annual caps

The table below sets out the actual amount of provision of the CSC Operational Services Transactions by the CSC Group for each of FY2024, FY2025 and 1H2026, and the corresponding existing annual caps:

	FY2024 *(HK$ million)*	**FY2025** *(HK$ million)*	**1H2026** *(HK$ million)*
Engineering Works Transactions			
Actual transaction amounts	–	94.0	–
Annual caps	550.0	550.0	550.0
Utilisation rates	0.0%	17.1%	0.0% *(Note)*
Machineries Leasing Transactions			
Actual transaction amounts	1.5	0.1	0.1
Annual caps	40.0	40.0	40.0
Utilisation rates	3.6%	0.1%	0.1% *(Note)*
Insurance Services and Surety Bonds Transactions			
Actual transaction amounts	2.0	0.3	4.4
Annual caps	75.0	75.0	75.0
Utilisation rates	2.7%	0.4%	5.9% *(Note)*
Supply of Materials Transactions			
Actual transaction amounts	1.1	2.1	0.2
Annual caps	270.0	270.0	270.0
Utilisation rates	0.4%	0.8%	0.1% *(Note)*

Note: This utilisation rate is calculated based on (i) actual amount of the respective CSC Operational Services Transactions for 1H2026; and divided by (ii) the respective annual caps for FY2026.

We note that the historical utilisation rates of the annual caps under the Previous CSCD-CSC Operational Services Agreement were relatively low and fluctuated during the Review Period, ranging from nil to approximately 17.1%. As advised by the Management, the low and fluctuating utilisation rates were primarily attributable to the scope and nature of contracts awarded to the Group, as well as the preferences of the ultimate employers of the awarded contracts.

Despite the low and fluctuating utilisation rates, having regard to (i) the longstanding business relationship between the Group and the CSC Group; and (ii) the CSC Group's ability to provide services at competitive prices and reduce the risk of project delivery delays, the Management considers, and we concur, that it is appropriate and in the interests of the Company and the Shareholders as a whole to set the CSC Operational Services Caps with reference to the Management's estimate of the potential construction projects in which the Group may participate.

3.4.2. Calculation of the CSC Operational Services Caps

As set out in the Board Letter, the CSC Operational Services Caps for each of FY2027, FY2028 and FY2029 were determined with reference to (i) the estimated contract sums of potential construction projects in Hong Kong that may be available for tender by the Group, amounting to approximately HK$1,146 million, HK$1,126 million and HK$1,078 million for FY2027, FY2028 and FY2029, respectively; and (ii) the maximum historical contribution of the respective costs of (a) engineering works of 18.2%; (b) leasing of machineries of 1.5%; (c) insurance services and surety bonds of 2.4%; and (d) supply of materials of 9.2% to the contract sums, based on the five largest completed residential and commercial general contracting projects undertaken by the Group, in terms of contract sum, over the past nine years (the "**Previous Projects**").

The estimated total contract sums for each of FY2027, FY2028 and FY2029 were prepared based on the Management's knowledge of potential projects in Hong Kong which the Group has internally assessed and considers it has a higher likelihood of winning upon invitation to tender. In assessing the fairness and reasonableness of such estimates, we reviewed and discussed with the Management a schedule setting out the potential new construction projects to be tendered by the Group during FY2027 to FY2029 ("**Schedule of Potential Hong Kong Projects**"). We understand from the Management that, if successfully awarded to the Group, the projects set out in the Schedule of Potential Hong Kong Projects would require engineering works, machineries leasing, insurance services and/or surety bonds, and supply of materials. Based on our review, the Schedule of Potential Hong Kong Projects comprises two, one and one projects, with estimated contract sums of approximately HK$1,146 million, HK$1,126 million and HK$1,078 million, for FY2027, FY2028 and FY2029, respectively.

We conducted desktop research on the existence and validity of the aforementioned potential projects. Based on information available on the websites of Hong Kong government authorities and Hong Kong news websites, we note that the potential projects exist and are at an early planning stage. The information disclosed in the relevant announcements or news, including the estimated project size, developers, construction site locations and intended use of the properties, was in line with that set out in the Schedule of Potential Hong Kong Projects.

We further noted that the estimated contract sums of the potential projects were determined based on the gross floor area and the estimated construction price per square metre, while the estimated construction prices per square metre were determined primarily with reference to the size and location of the potential projects. We randomly selected two Previous Projects and compared the estimated construction prices per square metre applied in the Schedule of Potential Hong Kong Projects with the historical construction prices per square metre of such projects (calculated as the actual contract sum divided by the respective gross floor area) and noted that the estimated construction prices per square metre applied in the Schedule of Potential Hong Kong Projects were within the range of the aforesaid historical prices.

Based on our work performed as described above, we consider that the four projects set out in the Schedule of Potential Hong Kong Projects, which serve as the basis for determining the CSC Operational Services Caps, are fair and reasonable.

In respect of the cost contributions, the Management has also prepared a schedule ("**Schedule of Previous Hong Kong Projects**") with reference to the costs of engineering works, machineries leasing, insurance services and surety bonds and supply of materials incurred in previous projects to determine the CSC Operational Services Caps. We obtained and reviewed the Schedule of Previous Hong Kong Projects and noted that references have been made to five Previous Projects undertaken by the Group. Having considered that the Previous Projects (i) represent the five largest completed residential and commercial general contracting projects undertaken by the Group over the past nine years; and (ii) are comparable to the potential projects in nature and in the types of operational services and materials expected to be required, we consider the Previous Projects to be representative historical references for assessing the relevant cost contributions as a basis for determining the CSC Operational Services Caps.

We also reviewed the underlying calculations of the cost contributions for each category, namely (i) engineering works; (ii) leasing of machineries; (iii) insurance services and surety bonds; and (iv) supply of materials, for the Previous Projects as set out in the Schedule of Previous Hong Kong Projects, and noted that the maximum historical contribution for each cost category was consistent with the corresponding contribution applied to the estimated contract sums of the potential construction works.

Engineering Works Caps

Based on our review of the Schedule of Previous Hong Kong Projects, engineering works accounted for approximately 10.5% to 18.2% of the total contract sums of the Previous Projects. Applying the maximum historical contribution of engineering works (i.e. 18.2%) to the estimated contract sums of the potential construction projects in Hong Kong for each of FY2027, FY2028 and FY2029, the Engineering Works Transactions are estimated at approximately HK$209 million, HK$205 million and HK$196 million for FY2027, FY2028 and FY2029, respectively.

Having regard to the three annual estimates, which range from approximately HK$196 million to HK$209 million and are broadly comparable and are calculated with reference to historical contribution rates, we consider it reasonable to set a uniform Engineering Works Cap of HK$200 million for each of FY2027, FY2028 and FY2029.

Machineries Leasing Caps

Based on our review of the Schedule of Previous Hong Kong Projects, machineries leasing costs accounted for approximately 0.4% to 1.5% of the total contract sums of the Previous Projects. Applying the maximum historical contribution of machineries leasing costs (i.e. 1.5%) to the estimated contract sums of the potential construction projects in Hong Kong for each of FY2027, FY2028 and FY2029, the Machineries Leasing Transactions are estimated at approximately HK$17 million, HK$17 million and HK$16 million for FY2027, FY2028 and FY2029, respectively.

Having regard to the three annual estimates, which range from approximately HK$16 million to HK$17 million and are broadly comparable and are calculated with reference to historical contribution rates, we consider it reasonable to set a uniform Machineries Leasing Cap of HK$16 million for each of FY2027, FY2028 and FY2029.

Insurance Services and Surety Bonds Caps

Based on our review of the Schedule of Previous Hong Kong Projects, costs of insurance services and surety bonds accounted for approximately 0.8% to 2.4% of the total contract sums of the Previous Projects. Applying the maximum historical contribution of costs of insurance services and surety bonds (i.e. 2.4%) to the estimated contract sums of the potential construction projects in Hong Kong for each of FY2027, FY2028 and FY2029, the Insurance Services and Surety Bonds Transactions are estimated at approximately HK$28 million, HK$27 million and HK$26 million for FY2027, FY2028 and FY2029, respectively.

Having regard to the three annual estimates, which range from approximately HK$26 million to HK$28 million and are broadly comparable and are calculated with reference to historical contribution rates, we consider it reasonable to set a uniform Insurance Services and Surety Bonds Cap of HK$26 million for each of FY2027, FY2028 and FY2029.

Supply of Materials Caps

Based on our review of the Schedule of Previous Hong Kong Projects, costs of supply of materials accounted for approximately 2.8% to 9.2% of the total contract sums of the Previous Projects. Applying the maximum historical contribution of costs of supply of materials (i.e. 9.2%) to the estimated contract sums of the potential construction projects in Hong Kong for each of FY2027, FY2028 and FY2029, the Supply of Materials Transactions are estimated at approximately HK$105 million, HK$104 million and HK$99 million for FY2027, FY2028 and FY2029, respectively.

Having regard to the three annual estimates, which range from approximately HK$99 million to HK$105 million and are broadly comparable and are calculated with reference to historical contribution rates, we consider it reasonable to set a uniform Supply of Materials Cap of HK$100 million for each of FY2027, FY2028 and FY2029.

3.4.3. Section summary

Taking into consideration that (i) the CSC Operational Services Transactions will be a furtherance to the Group's business; (ii) the CSC Operational Services Caps have been determined with reference to publicly announced potential construction projects and the costs of the Group's previous projects; (iii) applying the maximum, rather than the average, historical cost contribution to determine the CSC Operational Services Caps provides a ceiling that is not excessive while allowing flexibility to engage in CSC Operational Services Transactions without disrupting daily operations or needing to re-comply with the Listing Rules for such continuing connected transactions; and (iv) the CSC Operational Services Caps provide the Group with the flexibility, but not the obligation, to engage the CSC Group for the CSC Operational Services Transactions, we consider that the proposed CSC Operational Services Caps have been determined on a fair and reasonable basis. In particular, we concur with Management that anchoring to the highest historical cost contribution, rather than the average, gives the Group flexibility to capture potential opportunities and avoids possible prolonged disruption from re-compliance with the relevant Listing Rules requirements, and we therefore consider the bases and assumptions adopted by the Group in determining the proposed CSC Operational Services Caps to be fair and reasonable.

4. INTERNAL CONTROL MEASURES

According to the Board Letter, the Group has adopted a set of internal control measures to monitor the CSCECL Works Transactions and the CSC Operational Services Transactions.

Further to the Tender Procedures and the Procurement Procedures described in the paragraphs headed "2.3. Pricing basis and tender process of the Group's tenders submitted to the CSCECL Group" and "3.3. Pricing basis of the CSC Operational Services Transactions" above, respectively, we note that the Company's project tendering committee and procurement and subcontracting committee are responsible for reviewing and approving the terms and prices of all relevant tenders to ensure compliance with the Group's applicable policies and procedures, including the Procurement Procedures, the Tender Procedures and contract management policies.

Based on our review of the selected sample CSCECL Works Transactions and CSC Operational Services Transactions during the Review Period, as referred to in the paragraphs headed "2.3. Pricing basis and tender process of the Group's tenders submitted to the CSCECL Group" and "3.3. Pricing basis of the CSC Operational Services Transactions" above, respectively, the sample transactions were approved by member(s) of the Company's project tendering committee or the Company's procurement and subcontracting committee (as the case may be), including the Chief Executive Officer and/or Vice President of the Company. Accordingly, we consider that the Company had adhered to its internal control measures, with the project tendering committee and procurement and subcontracting committee having reviewed the Group's relevant tenders.

In addition, the audit committee of the Board (the "**Audit Committee**") has been provided with details of the specific contracts relating to the CSCECL Works Transactions and the CSC Operational Services Transactions on a half-yearly basis to ensure the transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the pricing policies and mechanisms as set out in the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement (as the case may be).

The finance and treasury department of the Company conducts an annual review of the internal control processes and systems to ensure policies and procedures are rigorously followed and operating effectively. Furthermore, the Audit Committee regularly assesses the overall effectiveness of the Group's internal control system. The Company also engages its external auditors to conduct an annual review of the continuing connected transactions in accordance with the Listing Rules. The external auditors report their findings and conclusions directly to the Audit Committee, providing an independent check on compliance.

During the Review Period, we understand that five Audit Committee meetings were held to assess the continuing connected transactions. We randomly selected the minutes of two Audit Committee meetings, of which one was held in FY2024 and one was held in FY2025, and noted that the aforementioned assessments had been conducted. Accordingly, we consider that appropriate procedures and arrangements are in place to ensure that the CSCECL Works Transactions and CSC Operational Services Transactions are conducted on terms as stipulated in the relevant agreements.

RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the view that (i) the terms of the New CSCD-CSCECL Sub-construction Engagement Agreement and the New CSCD-CSC Operational Services Agreement are on normal commercial terms and are fair and reasonable; and (ii) the CSCECL Works Transactions and the CSC Operational Services Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions to be proposed at the EGM to approve (i) the New CSCD-CSCECL Sub-construction Engagement Agreement and the transactions contemplated thereunder (together with the CSCECL Works Caps); and (ii) the New CSCD-CSC Operational Services Agreement and the transactions contemplated thereunder (together with the CSC Operational Services Caps).

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung	**Leo Tam**
Responsible Officer	*Responsible Officer*

*Ms. Jeanny Leung ("**Ms. Leung**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 35 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable 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 Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity	Nature of Interests	Number of Shares held	Total	Percentage of the Shares in issue*(Note)*
Wang Xiaoguang	Beneficial owner	Personal interest	4,100,000		
	Interest of spouse	Family interest	1,080,000	5,180,000	0.230%
Zhu Haiming	Beneficial owner	Personal interest	408,000	408,000	0.018%
Huang Jiang	Beneficial owner	Personal interest	3,000,000	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. 2,254,641,000 Shares).

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

As at the Latest Practicable Date, Mr. Wang Xiaoguang had personal interests in 30,000 ordinary shares, representing approximately 0.001% of the then issued shares in CSC, held in his capacity as beneficial owner; and Mr. Zhu Haiming had personal interests in 10,000 ordinary shares, representing approximately 0.0003% of the then issued shares, in China Overseas Property Holdings Limited, held in his capacity as beneficial owner.

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

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

Name of Director	Name of companies which had such discloseable interest or short position	Position within such companies
Mr. Wang Xiaoguang	CSC	Executive Director and Chief Executive Officer
Mr. Huang Jiang	CSC	Vice President

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. Wang Xiaoguang, Zhu Haiming and Huang Jiang held directorships in CSC and/or certain subsidiaries of CSC. These companies are engaged in construction and related businesses.

The Board is independent of the boards of directors of CSC and its subsidiaries. With the presence of appropriate portion of independent non-executive Directors in the Board, the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of the CSC 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 any competing interests in a business which competes or is likely to compete with the business of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2025, 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 acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2025, the date to which the latest published audited financial statements of the Group were made up.

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
Altus Capital Limited	A licensed corporation to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

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

As at the Latest Practicable Date, Altus Capital Limited 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, Altus Capital Limited did not have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, any member of the Group, or which are 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 Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (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 Previous CSCD-CSCECL Sub-construction Engagement Agreement;

(b) the Previous CSCD-CSC Operational Services Agreement;

(c) the New CSCD-CSCECL Sub-construction Engagement Agreement; and

(d) the New CSCD-CSC Operational Services Agreement.

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 15th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong on Thursday, 17 December 2026 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions to be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (A) (i) the New CSCD-CSCECL Sub-construction Engagement Agreement (as defined in the circular of the Company dated 27 November 2026 of which this notice forms part (the "**Circular**")) (a copy of which is tabled at the Meeting and marked "**A**" and initialled by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

   (ii) the CSCECL Works Caps (as defined in the Circular) for each of the three years ending on 31 December 2027, 31 December 2028 and 31 December 2029 be and are hereby approved; and

   (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the New CSCD-CSCECL Sub-construction Engagement Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon."

2. "**THAT**:

   (A) (i) the New CSCD-CSC Operational Services Agreement (as defined in the Circular) (a copy of which is tabled at the Meeting and marked "**B**" and initialled by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

   (ii) the Engineering Works Caps (as defined in the Circular) for each of the three years ending on 31 December 2027, 31 December 2028 and 31 December 2029 be and are hereby approved;

(iii) the Machineries Leasing Caps (as defined in the Circular) for each of the three years ending on 31 December 2027, 31 December 2028 and 31 December 2029 be and are hereby approved;

(iv) the Insurance Services and Surety Bonds Caps (as defined in the Circular) for each of the three years ending on 31 December 2027, 31 December 2028 and 31 December 2029 be and are hereby approved;

(v) the Supply of Materials Caps (as defined in the Circular) for each of the three years ending on 31 December 2027, 31 December 2028 and 31 December 2029 be and are hereby approved; and

(B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the New CSCD-CSC Operational Services Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.

By Order of the Board
China State Construction Development Holdings Limited
Wang Xiaoguang
Chairman and Non-executive Director

Hong Kong, 27 November 2026

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. A proxy form for the Meeting is enclosed. The proxy form can also be downloaded from the Company's website (www.cscd.com.hk) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

2. Only members are entitled to attend and vote at the Meeting (or at any adjournment thereof).

3. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more proxies (who must be an individual) to attend and vote instead of him. A proxy need not be a member of the Company.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized 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 authorized to sign the same.

5. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar and transfer office, 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 thereof (as the case may be).

6. Completion and return of a proxy form shall not preclude a member from attending and voting in person at the Meeting or any adjournment thereof (as the case may be) should the member so wish, and in such event, the proxy form shall be deemed to be revoked.

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 thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

8. The register of members of the Company will be closed from Monday, 14 December 2026 to Thursday, 17 December 2026 (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 transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, 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 Friday, 11 December 2026. The record date for determining the eligibility of the shareholders of the Company to attend and vote at the Meeting is Thursday, 17 December 2026.

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.