



红日资本有限公司
RED SUN CAPITAL LIMITED

8 November 2024

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

Dear Sirs,

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

I. INTRODUCTION

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

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

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

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

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

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

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

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

II. THE INDEPENDENT BOARD COMMITTEE

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

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

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

III. OUR INDEPENDENCE

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

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

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

IV. BASIS AND ASSUMPTIONS OF OUR ADVICE

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

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

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

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group and the CSCECL Group

1.1 Principal business and the financial information of the Group

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

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

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

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

For the year ended 31 December 2022 and 2023

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

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

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

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

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

For the six months ended 30 June 2023 and 2024

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

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

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

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

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

Summary of the Group's consolidated statement of financial position

Financial position as at 31 December 2022 and 2023

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

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

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

Financial position as at 31 December 2023 and 30 June 2024

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

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

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

1.2 Principal activities of CSCECL

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

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

1.3 Overview of the economy in PRC

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

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

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

Source: National Bureau of Statistics of the PRC

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

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

2. Principal terms of the Framework Agreement

Date

31 October 2024

Parties

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

Term

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

Subject matter

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

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

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

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

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

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

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

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

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

4. Customary terms of joint venture agreements

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

(a) Proportion of interest

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

(b) Profit/loss sharing

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

(c) Financing and other support

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

(d) Management

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

(e) Guarantee

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

(f) Restriction of transfers

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

5. Customary terms of cooperation agreements

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

(a) Allocation of work

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

(b) Profit/loss sharing

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

(c) Guarantee

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

(d) Restriction of assignment

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

6. Our analysis on the terms of the Framework Agreement

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

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

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

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

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

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

We noted the following from our review of the Comparables:

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

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

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

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

7. Cooperation between CSCECL and the Company

Internal approval process

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

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

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

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

Our analysis

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

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

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

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

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

8. Contract sum of the Facade Construction Contract

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

9. Annual Caps

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

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

Basis of determining the Annual Caps

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

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

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

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

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

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

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

VI. RECOMMENDATION

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

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

we are of the view that the terms of the Framework Agreement are fair and reasonable and the Transactions (together with the Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the resolution to approve the Framework Agreement and the Transactions (together with the Annual Caps) at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited



Jimmy Chung
Managing Director

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