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C&D INTERNATIONAL INVESTMENT GROUP LIMITED

建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTERESTS IN FUJIAN ZHAORUN AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



瓏盛資本有限公司
Draco Capital Limited

A notice convening the EGM to be held at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong on Friday, 10 February 2023 at 11 a.m. is set out on pages N-1 to N-4 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular for despatch to the Shareholders. Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time specified for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

17 January 2023

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DEFINITIONS

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

“Aggregated Transactions”	collectively, the transactions contemplated under the C&D Nanjing Equity Transfer Agreements and the Fujian Zhaorun Equity Transfer Agreements
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“C&D Nanjing”	C&D Real Estate Group Nanjing Co., Ltd.* (建發房地產集團南京有限公司), a company established with limited liability in the PRC on 29 September 2016
“C&D Nanjing Equity Transfer Agreements”	the equity transfer agreement entered into between Yi Yue and C&D Real Estate and the equity transfer agreement entered into between Xiamen Zhaoyirong and Xiamen Liyuan both on 22 April 2022, pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in C&D Nanjing, respectively
“C&D Real Estate”	C&D Real Estate Corporation Limited (建發房地產集團有限公司), a controlling shareholder of the Company, which holds approximately 55.99% of the issued share capital of the Company as at the Latest Practicable Date
“Company”	C&D International Investment Group Limited (建發國際投資集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	an extraordinary general meeting to be held at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong on Friday, 10 February 2023 at 11 a.m. or any adjournment thereof (as the case may be), to approve, among other things, the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements

DEFINITIONS

“First Shanghai Land”	land parcel located at No.18-01, Unit MHP0-1302, Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 61,300 sq.m. and an estimated plot ratio floor area of not more than approximately 73,600 sq.m. for residential use
“Fujian Zhaorun”	Fujian Zhaorun Real Estate Co., Ltd.* (福建兆潤房地產有限公司), a company established with limited liability in the PRC on 29 August 2014
“Fujian Zhaorun Equity Transfer Agreements”	the equity transfer agreement entered into between Yi Yue and C&D Real Estate, the equity transfer agreement entered into between Yi Yue and Xiamen Liyuan, and the equity transfer agreement entered into between Xiamen Zhaoyirong and Xiamen Liyuan which are all dated 6 December 2022, pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Fujian Zhaorun, respectively
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors, which will be formed to advise the Independent Shareholders on the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements
“Independent Financial Adviser”	Draco Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements
“Independent Property Valuer” or “C&W”	Cushman & Wakefield Limited, an independent property valuer
“Independent Shareholders”	Shareholders who, under the Listing Rules, are not required to abstain from voting for the resolution approving the Fujian Zhaorun Equity Transfer Agreements and the transactions contemplated thereunder

DEFINITIONS

“Latest Practicable Date”	9 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Transaction”	the transaction contemplated under the C&D Nanjing Equity Transfer Agreements
“Project Companies”	Shanghai Pufeng and Shanghai Puxiao
“RMB”	Renminbi, the lawful currency of the PRC
“Second Shanghai Land”	land parcel located at No.15–01, Unit MHP0–1302, Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 19,700 sq.m. and an estimated plot ratio floor area of not more than approximately 23,600 sq.m. for residential use
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shanghai Huafa”	Shanghai Huafa Chuangsheng Real Estate Co., Ltd.* (上海鐮發創盛置業有限公司), a company established with limited liability in the PRC
“Shanghai Pufeng”	Shanghai Pufeng Real Estate Development Co., Ltd.* (上海浦鋒房地產開發有限公司), a company established with limited liability in the PRC on 22 June 2022
“Shanghai Puxiao”	Shanghai Puxiao Real Estate Development Co., Ltd.* (上海浦驍房地產開發有限公司), a company established with limited liability in the PRC on 5 September 2022
“Shanghai Lands”	First Shanghai Land and Second Shanghai Land
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Xiamen Liyuan”	Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司), a company established with limited liability in the PRC and a wholly-owned subsidiary of C&D Real Estate
“Xiamen Zhaoyirong”	Xiamen Zhaoyirong Property Development Company Limited* (廈門兆翊蓉房地產開發有限公司), a company established with limited liability in the PRC and an indirect wholly-owned subsidiary of the Company
“Yi Yue”	Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司), a company established with limited liability in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

** For identification purpose only. The English names are only translations of the official Chinese names. In case of inconsistency, the Chinese names prevail.*

LETTER FROM THE BOARD

C&D INTERNATIONAL INVESTMENT GROUP LIMITED

建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

Executive Directors:

Ms. Zhao Chengmin (趙呈閩) (*Chairperson*)
Mr. Lin Weiguo (林偉國) (*Chief Executive Officer*)
Mr. Tian Meitan (田美坦)

Non-executive Directors:

Mr. Huang Wenzhou (黃文洲)
Ms. Ye Yanliu (葉衍榴)
Mr. Wang Wenhui (王文懷)

Independent non-executive Directors:

Mr. Wong Chi Wai (黃馳維)
Mr. Wong Tat Yan, Paul (黃達仁)
Mr. Chan Chun Yee (陳振宜)

Registered office:

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

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

Office No. 3517, 35th Floor
Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

17 January 2023

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 100% EQUITY INTERESTS
IN FUJIAN ZHAORUN AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the announcement of the Company dated 6 December 2022. The purpose of this circular is (i) to provide the Shareholders with further information on the entering into of the Fujian Zhaorun Equity Transfer Agreements; (ii) to set out the recommendations from the Independent Board Committee in relation to the entering into of the Fujian Zhaorun Equity Transfer Agreements; (iii) to set out the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) to give the Shareholders a notice of the EGM and other information in accordance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcement of the Company dated 22 April 2022, whereby it was announced that Yi Yue and Xiamen Zhaoyirong entered into the C&D Nanjing Equity Transfer Agreements with C&D Real Estate, pursuant to which C&D Real Estate agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in C&D Nanjing, respectively.

On 6 December 2022, Yi Yue and Xiamen Zhaoyirong, indirect wholly-owned subsidiaries of the Company, entered into the Fujian Zhaorun Equity Transfer Agreements with C&D Real Estate and Xiamen Liyuan, pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Fujian Zhaorun, respectively. The aggregate cash consideration under the Fujian Zhaorun Equity Transfer Agreements shall be RMB10,062,849.77, of which Yi Yue and Xiamen Zhaoyirong shall contribute RMB9,559,707.28 and RMB503,142.49, respectively. Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the amount of RMB37,307,471 (with reference to the Latest Practicable Date and subject to adjustment) previously advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun and the Project Companies in accordance with the proportion of their respective equity interests in Fujian Zhaorun to be held by Yi Yue and Xiamen Zhaoyirong.

FUJIAN ZHAORUN EQUITY TRANSFER AGREEMENTS

Date

6 December 2022

Parties

Vendors: C&D Real Estate and Xiamen Liyuan

Purchasers: Yi Yue and Xiamen Zhaoyirong

Interests to be acquired

C&D Real Estate and Xiamen Liyuan agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Fujian Zhaorun, respectively.

Consideration

The aggregate cash consideration shall be RMB10,062,849.77, of which Yi Yue and Xiamen Zhaoyirong shall contribute RMB9,559,707.28 and RMB503,142.49, respectively. Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the amount of RMB37,307,471 (with reference to the Latest Practicable Date and subject to adjustment) previously advanced by C&D Real Estate to Fujian Zhaorun in cash according to the proportion of their respective equity interests in Fujian Zhaorun to be held by Yi Yue and Xiamen Zhaoyirong. The shareholder's loan provided to Fujian Zhaorun and the Project Companies is unsecured and repayable on demand, with (i) effective interest rate of 8.0% per

LETTER FROM THE BOARD

annum for the portion advanced by C&D Real Estate to the Project Companies; and (ii) interest-free for the portion advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun, and such loan was solely used for the acquisition and development of the Shanghai Lands. Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan advanced by C&D Real Estate and Xiamen Liyuan after the satisfaction of the conditions precedent under the Fujian Zhaorun Equity Transfer Agreements.

The cash consideration was determined based on arm's length negotiation with reference to the valuation of the total assets and liabilities of Fujian Zhaorun as at 20 September 2022 (the "**Previous Valuation**") conducted by Xiamen Dacheng Fanghua Assets Appraisal Land Real Estate Appraisal Company Limited* (廈門大成方華資產評估土地房地產估價有限公司) ("**Dacheng Fanghua**"), a third party independent of the Group and its connected persons. Pursuant to the Previous Valuation, as at 20 September 2022, the net assets of Fujian Zhaorun was valued at approximately RMB10,062,849.77, consisting of (i) total assets of RMB1,701,243,223.32 and (ii) total liabilities of RMB1,691,180,373.55. A summary of the valuation report prepared by Dacheng Fanghua is set out in Appendix II to this circular.

In preparing the Previous Valuation, Dacheng Fanghua adopted the following valuation methodology for each line item:

(i) *Current assets*

For monetary funds and accounts, the appraised values are determined based on specific circumstances after checking and verification according to the breakdown of accounts provided by C&D Real Estate.

For other receivables, the appraised value is determined according to the recoverable amount of each payment on the basis of the economic content and ageing analysis, provided that conclusive evidence is available.

(ii) *Non-current assets*

For long-term equity investments, the appraised value is determined according to the proportion attributable to investors after determining the total equity value of the shareholders by checking the valuation declaration breakdowns of long-term investment items based on the Asset Valuation Declaration Form and accounting statements provided by C&D Real Estate. The appraised value of long-term equity investments shall be the total shareholders' equity value of the investee multiplied by the shareholding percentage.

For fixed assets (mainly vehicles and office equipment), the appraised value is calculated mainly based on their cost and taking into account their functional and economic impairment.

(iii) *Liabilities*

The amount is determined based on the actual items and amount of liabilities to be borne by the property owner after the realisation of the valuation purpose. Items that are not actually incurred under liabilities are calculated at zero value.

LETTER FROM THE BOARD

For the Previous Valuation, value of 49% equity interest in the Project Companies was classified as long-term equity investments under non-current assets, which was calculated by multiplying the paid-in registered capital of the Project Companies on 20 September 2022 by 49%, which were RMB2,986.4 million for Shanghai Pufeng and RMB0 for Shanghai Puxiao.

As stated in Appendix II, as at 20 September 2022, the total carrying value of Fujian Zhaorun's owners' equity amounted to RMB10 million and the appraised value amounted to RMB10,062,849.77 with an appreciation of RMB62,849.77, representing an appreciation rate of 0.63%. The reasons for the difference between the carrying and appraised values are as follows: (i) long-term equity investments had an appraised impairment of RMB137,503.32 due to the fact that Shanghai Pufeng, being a project development company, has just commenced its development projects and has not yet generated any operating income, resulting in an appraised impairment due to book operating losses; and (ii) fixed assets had an appraised appreciation amounted of RMB200,353.09 and the net appraised appreciation was attributable to the difference between the appraised depreciation period and the accounting depreciation period.

On the other hand, the shareholder's loan of approximately RMB37,307,471 to be repaid by Yi Yue and Xiamen Zhaoyirong was determined based on the total amount of outstanding shareholder's loan (principal and interests) advanced by C&D Real Estate to Fujian Zhaorun and the Project Companies as at the Latest Practicable Date and subject to adjustment for any actual amount incurred for the period from the Latest Practicable Date to the completion of the transactions contemplated under Fujian Zhaorun Equity Transfer Agreements.

The Previous Valuation was prepared using the asset-based approach, and assuming that Fujian Zhaorun will continue to operate and the assets and liabilities of Fujian Zhaorun will be evaluated by specific assessment method corresponding to such assets and liabilities. The assessed value of the equity interests of Fujian Zhaorun was determined based on the difference between the assessed value of the total assets and the assessed value of total liabilities. Given that (i) the asset-based approach is a commonly adopted approach for the valuation of comparable companies of Fujian Zhaorun and is in line with market practice; and (ii) after reviewing the assumptions and conditions in the Previous Valuation, the Board considers that the assumptions and valuation of the Previous Valuation are fair and reasonable.

According to the Interim Measures for the Administration of Evaluation of State-owned Assets of Enterprises (Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council) (《企業國有資產評估管理暫行辦法》(國務院國資委令第12號)) and the Interim Measures for the Administration of Evaluation Projects of State-owned Assets of Enterprises in Xiamen ([2007] No. 546 of the State-owned Assets Supervision and Administration Commission of Xiamen People's Government) (《廈門市企業國有資產評估專案管理暫行辦法》(廈國資產[2007]546號)), when conducting property rights (equity) transactions state-owned enterprises shall conduct a valuation of the underlying assets, and implement verification or filing system for state-owned assets evaluation projects.

LETTER FROM THE BOARD

The purpose of the Previous Valuation was to fulfil the abovementioned regulatory requirement of C&D Real Estate in respect of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements and to determine the cash consideration of the acquisition of 100% equity interests in Fujian Zhaorun as stipulated under the Fujian Zhaorun Equity Transfer Agreements. The Previous Valuation appraised the value of 100% equity interests of Fujian Zhaorun by referring to the net assets of Fujian Zhaorun, and most of the Shanghai Lands' asset value has been net off by the liabilities of Fujian Zhaorun, which was mainly the shareholder's loan due to C&D Real Estate. Therefore the Previous Valuation was not made with reference to the value of the Shanghai Lands and did not reveal the complete and accurate nature of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements which was to acquire 49% interest in the Shanghai Lands.

In order to provide the Shareholders with more meaningful information of the main purpose of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements, i.e. acquisition of 49% interest in the Shanghai Lands, the Company engaged C&W, a third party independent of the Group and its connected persons, to assess the appraised value of the Shanghai Lands as at 30 November 2022. As at 30 November 2022, the appraised value of the Shanghai Lands was RMB4,274,000,000. Since (i) the major assets held by Fujian Zhaorun are the Shanghai Lands; (ii) the valuation report of the Shanghai Lands was conducted by C&W more recently; and (iii) the more recent valuation of the Shanghai Lands by C&W may be readily used to assess against the consideration contemplated under the Fujian Zhaorun Equity Transfer Agreements as (a) the purpose of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements was to acquire 49% interest in the Shanghai Lands; (b) Fujian Zhaorun has no other material assets other than the 49% interests of the Shanghai Lands; and (c) the valuation of the Shanghai Lands was covered by the valuation conducted by C&W (but not by the Previous Valuation), the Directors believed that it is sufficient and more appropriate to make reference to the valuation report prepared by C&W in Appendix I to this circular.

As at 6 December, 2022, the outstanding shareholder's loan (principal and interests) previously advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun and the Project Companies was RMB1,552,127,195.78. As at the Latest Practicable Date, the outstanding shareholder's loan (principal and interests) has decreased to approximately RMB37,307,471 as the Project Companies had been continuously repaying the shareholder's loan using the proceeds from pre-sale since entering into the Fujian Zhaorun Equity Transfer Agreements. The Board believed that the amount of the shareholder's loan will continue to decrease from the Latest Practicable Date to the completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements because the Project Companies will continue to repay the shareholder's loan using the proceeds from pre-sale (subject to the actual pre-sale results), and it is expected that at the time of completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements, the shareholder's loan will be fully repaid (subject to actual pre-sale results).

LETTER FROM THE BOARD

As at the Latest Practicable Date, the aggregate consideration under the Fujian Zhaorun Equity Transfer Agreements (subject to adjustment) was approximately RMB47,370,320.77. When determining the aggregate consideration contemplated under the Fujian Zhaorun Equity Transfer Agreements, the Company had mainly taken into consideration the capital contributed by C&D Real Estate and Xiamen Liyuan for the acquisition and development of the Shanghai Lands. The Company also considered that: (i) the net valuation surplus of the Shanghai Lands of approximately RMB76,250,000 (being the difference between the appraised value of the Shanghai Lands as at 30 November 2022 of RMB4,274,000,000 minus the net book value of the Shanghai Lands as at 30 November 2022 of RMB4,197,750,000); (ii) the Shanghai Lands is at a premium location with high development potential; (iii) the appraised value of the Shanghai Lands as at 30 November 2022 of RMB4,274,000,000 has increased by approximately 8.16% when compared to the acquisition cost of the Shanghai Lands of RMB3,951,400,000; (iv) the Previous Valuation was only relevant to determine the structure and the cash consideration of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements. Based on the above, the Directors believed that the aggregate consideration contemplated under the Fujian Zhaorun Equity Transfer Agreements did not represent a premium over the value of the Shanghai Lands. The Directors also considered that the aggregate consideration, which was determined with reference to (i) the outstanding shareholder's loan amount and (ii) the net asset value of Fujian Zhaorun as at 20 September 2022, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements will be conditional upon, the granting of all the necessary approval(s) required under the Listing Rules, including the approval by the Independent Shareholders in respect of each of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements.

COMPLETION

Upon completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements, Yi Yue and Xiamen Zhaoyirong will hold 95% and 5% equity interests in Fujian Zhaorun, respectively. As such, Fujian Zhaorun will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

CAPITAL COMMITMENT OF YI YUE AND XIAMEN ZHAOYIRONG

Yi Yue and Xiamen Zhaoyirong will finance the total consideration in the sum of approximately RMB47,370,320.77 (with reference to the Latest Practicable Date and subject to adjustment) under the Fujian Zhaorun Equity Transfer Agreements by internal resources of the Group.

LETTER FROM THE BOARD

INFORMATION ABOUT FUJIAN ZHAORUN

Set out below is a summary of the profit and loss of Fujian Zhaorun for the years ended 31 December 2020 and 31 December 2021 and the period from 1 January 2022 to 30 November 2022, respectively, and the financial positions of Fujian Zhaorun as at 31 December 2020, 31 December 2021 and 30 November 2022, respectively:

	As at 31 December 2020 <i>(RMB'000)</i>	As at 31 December 2021 <i>(RMB'000)</i>	As at 30 November 2022 <i>(RMB'000)</i>
Total asset	265,509	265,702	1,938,020
Net asset	248,834	250,344	61,525
	For the year ended 31 December 2020 <i>(RMB'000)</i>	For the year ended 31 December 2021 <i>(RMB'000)</i>	For the eleven months ended 30 November 2022 <i>(RMB'000)</i>
Net profit/(loss) before taxation	(2,668)	1,510	1,574
Net profit/(loss) after taxation	(3,317)	1,510	1,181

The net assets of Fujian Zhaorun decreased from RMB250.34 million as at 31 December 2021 to RMB61.53 million as at 30 November 2022 as Fujian Zhaorun reduced its registered capital from RMB200 million to RMB10 million in September 2022.

In June 2022 and September 2022, Fujian Zhaorun and Shanghai Huafa entered into cooperation agreements, pursuant to which, among other things, Fujian Zhaorun and Shanghai Huafa agreed that they should cooperate and develop the Shanghai Lands in the proportion of 49% and 51%, respectively. Shanghai Huafa is principally engaged in property development and operation, and its ultimate beneficial owner is Zhuhai Huafa Properties Co., Ltd. (珠海華發實業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600325).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Shanghai Huafa and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Project Companies are the main entities for the development of the Shanghai Lands.

Shanghai Pufeng has a registered capital of RMB2,986,400,000, which was fully subscribed by its shareholders, of which Fujian Zhaorun subscribed for RMB1,463,336,000 and holds 49% of its equity interest, and Shanghai Huafa subscribed for RMB1,523,064,000 and holds 51% of its equity interest.

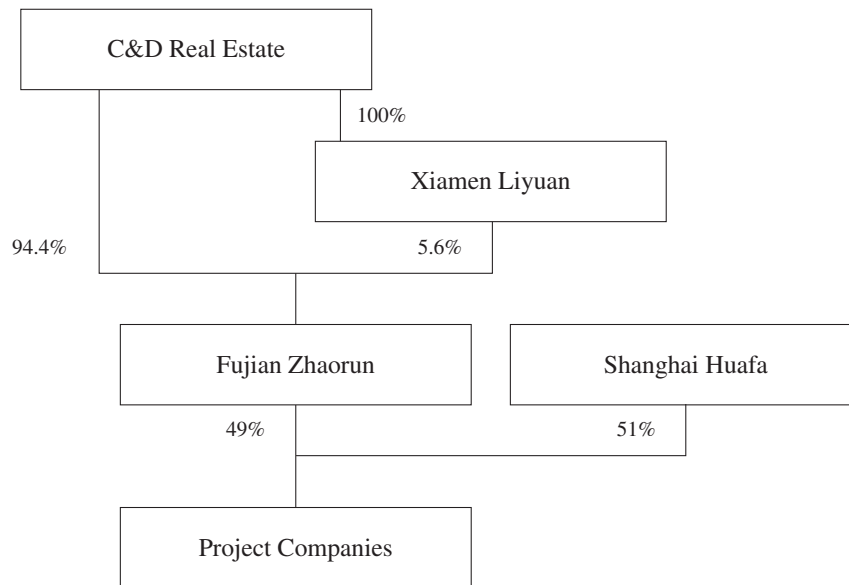
LETTER FROM THE BOARD

Shanghai Puxiao has a registered capital of RMB965,000,000, which was fully subscribed by its shareholders, of which Fujian Zhaorun subscribed for RMB472,850,000 and holds 49% of its equity interest, and Shanghai Huafa subscribed for RMB492,150,000 and holds 51% of its equity interest.

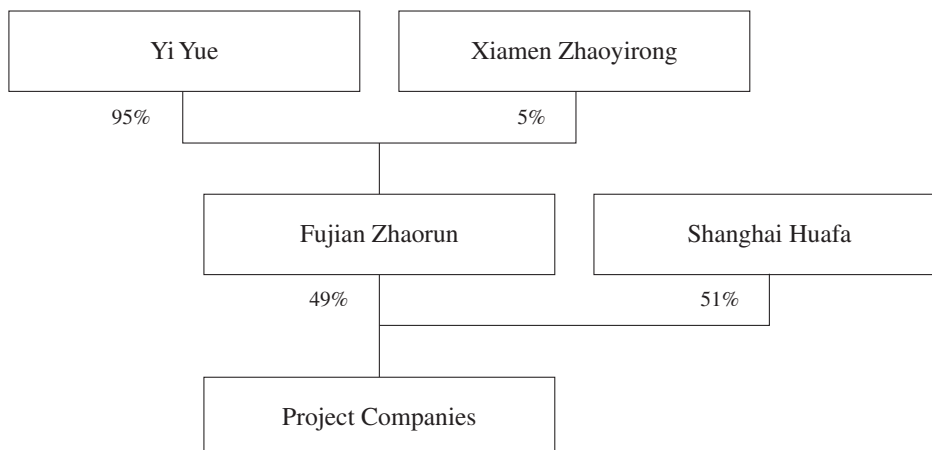
Shareholding structure

The shareholding structures of Fujian Zhaorun and the Project Companies immediately before and after the completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements are as follows:

Immediately before completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements



Immediately upon completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements



LETTER FROM THE BOARD

As at Latest Practicable Date, the paid-in registered capital of Fujian Zhaorun was RMB10,000,000.

INFORMATION ABOUT THE SHANGHAI LANDS

The Shanghai Lands are the major asset held by the Project Companies.

On 6 June 2022 and 14 July 2022, the tender consortium formed by Fujian Zhaorun and Shanghai Huafa for the purpose of jointly submitting a bid for the acquisition of the land use rights of the Shanghai Lands (the “**Tender Consortium**”) and Shanghai Pufeng entered into the land use rights grant contract with the Planning and Natural Resources Bureau of Minhang District of Shanghai* (上海市閔行區規劃和自然資源局), respectively, pursuant to which Shanghai Pufeng acquired the land use rights of the First Shanghai Land at the consideration of RMB2,986,400,000. As at the Latest Practicable Date, Shanghai Pufeng fully settled the land consideration of RMB2,986,400,000 for the First Shanghai Land using the shareholder’s loan provided by C&D Real Estate and Shanghai Huafa.

The First Shanghai Land is located at Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 61,300 sq.m. and an estimated plot ratio floor area of not more than approximately 73,600 sq.m. for residential use. The term of the land use rights of the First Shanghai Land for residential use is 70 years.

The First Shanghai Land will be a single phase residential development. The construction work and pre-sales has commenced, with construction work expected to be completed on or before December 2024.

On 28 July 2022 and 20 September 2022, the Tender Consortium and Shanghai Puxiao entered into the land use rights grant contract with the Planning and Natural Resources Bureau of Minhang District of Shanghai, respectively, pursuant to which Shanghai Puxiao acquired the land use rights of the Second Shanghai Land at the consideration of RMB965,000,000. As at the Latest Practicable Date, Shanghai Puxiao fully settled the land consideration of RMB965,000,000 for the Second Shanghai Land using the shareholder’s loan provided by C&D Real Estate and Shanghai Huafa.

The Second Shanghai Land is located at Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 19,700 sq.m. and an estimated plot ratio floor area of not more than approximately 23,600 sq.m. for residential use. The term of the land use rights of the Second Shanghai Land for residential use is 70 years.

The Second Shanghai Land will be a single phase residential development. The construction work and pre-sales has commenced, with construction work expected to be completed on or before September 2024.

The actual schedule for construction, pre-sale and completion of the Shanghai Lands will vary according to actual circumstances.

LETTER FROM THE BOARD

INFORMATION ABOUT THE PARTIES TO THE FUJIAN ZHAORUN EQUITY TRANSFER AGREEMENTS

Yi Yue is a company established with limited liability in the PRC and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the property investment and development businesses.

Xiamen Zhaoyirong is a company established with limited liability in the PRC, an indirect wholly-owned subsidiary of the Company and is principally engaged in the property investment and development businesses.

C&D Real Estate is a company established with limited liability in the PRC, and is a controlling shareholder of the Company holding 973,037,548 Shares, representing approximately 55.99% of the issued share capital of the Company as at the Latest Practicable Date. It is principally engaged in the businesses of real estate development, commercial operation, property management and investment, etc.. As at the Latest Practicable Date, C&D Real Estate was owned by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D Corporation Limited (“**Xiamen C&D**”) as to 54.65% and 45.35% respectively. Xiamen C&D Inc. was owned by its public shareholders and Xiamen C&D as to 54.87% and 45.13%, respectively. The State-owned Assets Supervision and Administration Commission of Xiamen Municipal People’s Government* (廈門市人民政府國有資產監督管理委員會) is the ultimate controlling shareholder of C&D Real Estate and holds 100% equity interests in Xiamen C&D. Xiamen C&D Inc. is principally engaged in supply chain operation, real estate development and industrial investment, etc..

Xiamen Liyuan is a company established with limited liability in the PRC and a direct wholly-owned subsidiary of C&D Real Estate. It is principally engaged in property investment management business in the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE FUJIAN ZHAORUN EQUITY TRANSFER AGREEMENTS

The Group is principally engaged in the businesses of real estate development, real estate industry chain investment services and investment in emerging industries in the PRC.

Shanghai is a first-tier city in the PRC with comprehensive urban ancillary facilities and abundant medical and educational resources. Therefore, the demand for real estate in Shanghai remains strong and the real estate market is less volatile and more risk-resistant. Given that the Shanghai Lands have good development potential due to their comprehensive ancillary facilities and prime location, and the acquisition of the Shanghai Lands can further expand the Group’s land reserve and enhance its brand influence in Shanghai and in the PRC market and therefore provide continuous impetus to the growth of the Group, the Directors (including members of the Independent Board Committee) are of the view that the entering into of the Fujian Zhaorun Equity Transfer Agreements will benefit the expansion of the Group’s real estate development business, and the terms of the Fujian Zhaorun Equity Transfer Agreements are fair and reasonable and in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As C&D Real Estate is a controlling shareholder of the Company and Xiamen Liyuan is a wholly-owned subsidiary of C&D Real Estate, C&D Real Estate and Xiamen Liyuan are connected persons of the Company. As such, the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements are required to be aggregated with the Previous Transaction. After aggregation, as one or more of the applicable percentage ratios in respect of the Aggregated Transactions is more than 5% but less than 25%, the Aggregated Transactions constitute a discloseable and connected transaction of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements. An EGM will be held to seek approval from the Independent Shareholders for transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements.

C&D Real Estate (which held 973,037,548 issued Shares, representing approximately 55.99% of the issued share capital of the Company as at the Latest Practicable Date) shall abstain from voting on the proposed resolution(s) to approve the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements at the EGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder is interested in the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements.

To the best of the knowledge, information and belief of the Directors having made all enquiries, no Director had a material interest in the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements, hence none of them were required to abstain from voting on the Board resolutions for considering and approving the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements.

The Independent Board Committee consisting of all the independent non-executive Directors has been established to consider and advise the Independent Shareholders on the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Fujian Zhaorun Equity Transfer Agreements are fair and reasonable, and the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements are on normal commercial terms or better, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

EXTRAORDINARY GENERAL MEETING

The EGM will be held by the Company at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong on Friday, 10 February 2023 at 11 a.m., to consider and if thought fit, to approve, among other things, the entering into of the Fujian Zhaorun Equity Transfer Agreements. A form of proxy for use at the EGM is enclosed with this circular.

LETTER FROM THE BOARD

Any Shareholder and his or her or its associates with a material interest in the resolution will abstain from voting on the resolution on the entering into of the Fujian Zhaorun Equity Transfer Agreements at the EGM. As C&D Real Estate was interested in 973,037,548 Shares (representing approximately 55.99% of the issued share capital of the Company) as at the Latest Practicable Date, C&D Real Estate and its close associates will be required to abstain from voting on the relevant resolution at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquires, no other Shareholders are required to abstain from voting on the relevant resolution to be considered at the EGM as at the Latest Practicable Date.

The notice convening the EGM is set out on pages N-1 to N-4 of this circular.

For those who intend to direct a proxy to attend the EGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the Company's branch share registrar in Hong Kong, 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 the EGM or any adjournment thereof. The register of members of the Company will be closed from Tuesday, 7 February 2023 to Friday, 10 February 2023 (both days inclusive), during which time no share transfers will be effected. In order to qualify for attending the EGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong at the above address by no later than 4:30 p.m. on Monday, 6 February 2023. The holders of the Shares whose names appear on the register of members of the Company on Friday, 10 February 2023 are entitled to attend and vote in respect of the resolution to be proposed at the EGM.

You are urged to complete and return the form of proxy and reply slip whether or not you will attend the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the reasonableness and fairness in respect of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements. Draco Capital Limited, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the above issues. The text of the letter from the Independent Board Committee is set out on page IBC-1 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages IFA-1 to IFA-23 of this circular.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the view that the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole. As such, the Independent Board Committee recommends that the Independent Shareholders to vote in favour of the relevant resolution to be proposed in the EGM.

VOTE BY POLL

In accordance with the articles of association of the Company, all the votes in the EGM must be taken by poll. The methods of Shareholders' votes at the EGM will be conducted by the combination of on-site voting and online voting.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
C&D International Investment Group Limited
建發國際投資集團有限公司
Lin Weiguo
Executive director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in connection with the entering into of the Fujian Zhaorun Equity Transfer Agreements for inclusion in this circular.

C&D INTERNATIONAL INVESTMENT GROUP LIMITED

建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

17 January 2023

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 100% EQUITY INTERESTS
IN FUJIAN ZHAORUN AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to our opinion on the entering into of the Fujian Zhaorun Equity Transfer Agreements, the details of which are set out in the circular issued by the Company to the Shareholders dated 17 January 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires. Draco Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee. We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages IFA-1 to IFA-23 of the Circular.

Having taken into account (i) the reasons as disclosed in the paragraph headed “Reasons for and benefits of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements” of the Circular; and (ii) the principal factors and reasons considered by the Independent Financial Adviser, and its conclusion and advice, we are of the view and concur with the opinion of the Independent Financial Adviser that the Fujian Zhaorun Equity Transfer Agreements were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, the terms 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 resolution to be proposed at the EGM to approve the entering into of the Fujian Zhaorun Equity Transfer Agreements.

Yours faithfully
Independent Board Committee of
Mr. Wong Chi Wai
Mr. Wong Tat Yan, Paul
Mr. Chan Chun Yee
(Independent non-executive Directors)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Draco Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



4/F Connaught Harbourfront House
35–36 Connaught Road West,
Sheung Wan, Hong Kong

17 January 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTERESTS IN FUJIAN ZHAORUN

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the circular issued by the Company to the Shareholders dated 17 January 2023 (the “**Circular**”), 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.

BACKGROUND OF THE TRANSACTION

On 6 December 2022, Yi Yue and Xiamen Zhaoyirong, indirect wholly-owned subsidiaries of the Company, entered into the Fujian Zhaorun Equity Transfer Agreements, pursuant to which C&D Real Estate agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Fujian Zhaorun, respectively. The cash consideration under the Fujian Zhaorun Equity Transfer Agreements shall be RMB10,062,849.77, of which Yi Yue and Xiamen Zhaoyirong shall contribute RMB9,559,707.28 and RMB503,142.49, respectively. Yi Yue and Xiamen Zhaoyirong shall repay the shareholder’s loan (principal and interest) in the amount of approximately RMB37,307,471 (as at the Latest Practicable Date and subject to adjustment) previously advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun and the Project Companies in accordance with the proportion of their respective equity interests in Fujian Zhaorun to be held by Yi Yue and Xiamen Zhaoyirong.

With effect from completion of the transaction contemplated under the Fujian Zhaorun Equity Transfer Agreements, Yi Yue and Xiamen Zhaoyirong will hold 95% and 5% equity interests in Fujian Zhaorun respectively. As such, Fujian Zhaorun will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statement of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULE IMPLICATION

As at the Latest Practicable Date and prior to the Completion, Fujian Zhaorun is wholly owned by C&D Real Estate and its subsidiary Xiamen Liyuan. Upon Completion, Fujian Zhaorun will be owned as to 95% and 5% by Yi Yue and Xiamen Zhaoyirong respectively and the financial results of Fujian Zhaorun will be consolidated into the accounts of the Company.

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed(s) 5% but all fall below 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting and announcement requirements.

As at the Latest Practicable Date, C&D Real Estate is the controlling shareholder of the Company, C&D Real Estate is a connected person of the Company. As such, the transaction contemplated under the Equity Transfer Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements.

None of the Directors has any material interest in the Equity Transfer Agreements and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the Equity Transfer Agreements and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, has been formed to advise the Independent Shareholders as to whether the Equity Transfer Agreements are fair and reasonable so far as the Independent Shareholders are concerned, are on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Independent Shareholders as a whole and how to vote in the relevant resolutions in the EGM. In our capacity as the Independent Financial Adviser, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation in this regard.

OUR INDEPENDENCE

We, Draco Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Draco Capital is a licensed corporation licensed under the Securities and Futures Ordinance to conduct type 6 (advising on corporate finance) regulated activities, and participated in and completed various independent financial advisory transactions.

As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Draco Capital and the Company or any other parties that could be reasonably be regarded as hindrance to Draco Capital's independence as set out under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence. During the past two years, we have been appointed as the independent financial adviser to the Company regarding (i) connected transactions — proposed issue of new shares under 2021 restricted share incentive scheme to connected persons pursuant to the specific mandate, of which the circular was dated 20 May 2021; and (ii) discloseable and connected transaction in relation to the acquisition of 100% equity interests in Zhuzhou Yuefa, of which the circular was dated 30 July 2021; and we have been appointed as independent financial adviser to C&D Property Management Group Co., Ltd, a subsidiary of Well Land, the controlling shareholder of the Company, and thus an associate of the Company, regarding (i) revision of annual caps under the business framework agreement and inventory property underwriting agreement of which the circular was dated 8 December 2021; and (ii) continuing connected transactions — renewal of business framework agreement of which the circular was dated 1 December 2022. The professional fees in connections with the above appointments have been fully settled and we are not aware of change in any circumstance that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on discloseable and connected transaction in relation to the acquisition of 100% equity interests in Fujian Zhaorun and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

The 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 the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the document misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the transaction.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Fujian Zhaorun Equity Transfer Agreement and the transactions contemplated thereunder (including the Connected Transactions). Except for its inclusion in the Circular, this letter 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

1. Background of the Transactions

1.1 Information of the Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability and the issued Shares of which have been listed on the Main board of the Stock Exchange. The Company is an investment holding company and the holding company of the Group.

The Group is principally engaged in the business of property development, real estate industrial chain investment services and emerging industry investment. During the Period, the main source of revenue for the Company derived from sales of properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table summarises the audited financial information of the Group for the two years ended 31 December 2021 as extracted from the published annual report of the Company for the year ended 31 December 2020 (“**Annual Report 2020**”), for the year ended 31 December 2021 (“**Annual Report 2021**”) and the published interim report for the six months period ended 30 June 2022 (“**Interim Report 2022**”).

	For the year ended		Year-on year Change	For the six months		Period on period Change
	31 December 2020	2021		ended 30 June 2021	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	(Unaudited)	
Revenue	42,744,478	53,441,863	10,697,385	8,883,201	16,949,699	8,066,498
— Property development	42,460,248	52,574,784	10,114,536	8,216,069	15,606,461	7,390,392
— Others (<i>note</i>)	284,230	867,079	582,849	667,132	1,343,238	676,106
Gross profit	7,340,268	8,736,451	1,396,183	1,213,693	2,551,573	1,337,880
Profit before income tax from continuing operations	4,962,866	5,677,545	714,679	481,673	1,610,234	1,128,561
Profit for the year/period from continuing operations	2,751,164	4,009,402	1,258,238	407,649	1,278,552	870,903
Profit for the year/period from a discontinued operation	16,675	—	(16,675)	—	—	—
Profit for the year/period attributable to:						
— Equity holders of the Company	2,321,625	3,516,758	1,195,133	325,261	842,065	516,804
— Non-controlling interests	446,214	492,644	46,430	82,388	436,487	354,099

Note: Represents income from entrusted construction services, commercial assets management and other services.

Property development — As illustrated in the table above, for year 2021, the Group’s revenue from sales of properties was approximately RMB53.44 billion, representing a year-on-year increase by approximately RMB10.70 billion as compared with the previous financial year and accounting for approximately 98.38% of the Group’s total revenue. For the Year, the gross floor area (“**GFA**”) of delivered properties was approximately 3.4814 million sq.m., representing an increase by approximately 953,700 sq.m. as compared with the previous financial year. During the six months period ended 30 June 2022, the Group’s revenue from property development business was approximately RMB15,606.46 million, representing an increase of approximately RMB7,390.39 million as compared with the corresponding period of the previous year and accounting for approximately 92.08% of the Group’s total revenue. During the period, the gross floor area (“**GFA**”) of the properties delivered was approximately 740,000 sq.m., representing an increase of approximately 224,000 sq.m. as compared with the corresponding period of the previous year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Others — For year 2021, other segment mainly included commercial assets management income, entrusted construction services income and other income. The total external income of these remaining segments was approximately RMB867.08 million while that of 2020 was approximately RMB284.23 million. The increase was mainly due to the increase of provision of entrusted construction services in 2021. For the six months period ended 30 June 2022, other segment mainly included construction management income, commercial assets management income, entrusted construction services income and other income. The total external income of these remaining segments was approximately RMB1,343.24 million while that of the same period in 2021 was approximately RMB667.13 million. The increase was mainly due to the increase of provision of construction management services for the six months period ended 30 June 2022.

Profit for the year — The profit attributable to the equity holders of the Company increased by approximately RMB1,195.13 million (approximately 51.48%) from approximately RMB2.32 billion in the previous financial year to approximately RMB3.52 billion for year 2021 mainly because of increase in revenue. For the six months period ended 30 June 2022, the profit attributable to the equity holders of the Company increased by approximately RMB516.8 million (approximately 58.87%) from approximately RMB325.3 million in the same period of the previous financial year to approximately RMB842.07 million mainly because of increase in revenue.

Set out below is the Group's audited consolidated financial positions as at 31 December 2020 and 31 December 2021 as extracted from the Annual Report 2020 and Annual Report 2021 respectively.

	As at 31 December 2020	As at 31 December 2021	As at 30 June 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	116,020	319,838	345,221
Right-of-use assets	227,842	283,868	293,784
Investment properties	1,328,060	1,310,153	1,310,153
Intangible assets	—	651,522	724,381
Interests in associates	5,927,351	13,093,625	15,566,084
Interests in joint ventures	668,417	660,294	660,479
Other financial assets	377,840	245,700	116,367
Deposits for land acquisitions	64,166	64,166	64,166
Deferred tax assets	<u>2,591,854</u>	<u>4,390,144</u>	<u>5,530,716</u>
	<u>11,301,550</u>	<u>21,019,310</u>	<u>24,611,348</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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	As at 31 December 2020 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2022 <i>RMB'000</i>
Current assets			
Inventories of properties, other inventories and other contract costs			
— Properties under development	113,191,414	222,920,780	276,973,179
— Properties held for sale	5,690,644	7,058,250	6,479,923
— Other inventories	—	17,592	30,125
— Other contract costs	599,440	1,234,427	1,739,727
Contract assets	—	166,378	177,140
Trade and other receivables	5,475,040	9,076,538	11,499,222
Amounts due from non-controlling interests	12,591,609	26,462,676	32,959,940
Other financial assets	25,840	280,500	307,100
Deposits for land acquisitions	5,915,970	7,038,796	1,791,640
Prepaid taxes	639,181	2,192,838	3,535,729
Cash at banks and on hand	<u>27,992,866</u>	<u>46,054,130</u>	<u>35,776,616</u>
	<u>172,122,004</u>	<u>322,502,905</u>	<u>371,270,341</u>
Total assets	<u>183,423,554</u>	<u>343,522,215</u>	<u>395,881,689</u>
Current liabilities			
Trade and other payables	16,122,619	32,392,098	33,099,434
Contract liabilities	66,115,894	148,118,139	184,290,387
Amounts due to related companies	3,936,789	7,944,227	8,495,530
Amounts due to non-controlling interests	3,011,547	6,388,232	12,765,198
Interest-bearing borrowings	3,272,636	4,859,455	7,965,367
Income tax liabilities	3,229,140	3,108,306	2,960,103
Lease liabilities	28,325	49,598	93,649
Receipts under securitisation arrangements	<u>—</u>	<u>1,998,346</u>	<u>—</u>
	<u>95,716,950</u>	<u>204,858,401</u>	<u>249,669,668</u>
Net current assets	<u>76,405,054</u>	<u>117,644,504</u>	<u>121,600,673</u>
Total assets less current liabilities	<u>87,706,604</u>	<u>138,663,814</u>	<u>146,212,021</u>

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	As at 31 December 2020 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2022 <i>RMB'000</i>
Non-current liabilities			
Loans from intermediate holding company	24,421,624	37,637,867	39,524,284
Lease liabilities	138,327	141,236	101,869
Receipts under securitisation arrangements	1,993,583	—	—
Interest-bearing borrowings	23,520,939	36,807,502	35,313,103
Deferred tax liabilities	<u>280,562</u>	<u>820,389</u>	<u>828,042</u>
	<u>50,355,035</u>	<u>75,406,994</u>	<u>75,767,298</u>
Total liabilities	<u>146,071,985</u>	<u>280,265,395</u>	<u>325,436,966</u>
Net assets	<u><u>37,351,569</u></u>	<u><u>63,256,820</u></u>	<u><u>70,444,723</u></u>

As set out above, the Group's total assets as at 31 December 2021 increased by approximately RMB160.10 billion or approximately 87.28% from approximately RMB183.42 billion as at 31 December 2020 to approximately RMB343.52 billion as at 31 December 2021. As advised by the Management, such increase was mainly attributable to an increase in the carrying value of properties under development during the year. The Group's total assets as at 30 June 2022 increased by approximately RMB52.36 billion or approximately 15.24% from approximately RMB343.52 billion as at 31 December 2021 to approximately RMB395.88 billion as at 30 June 2022. As advised by the Management, such increase was mainly attributable to an increase in the carrying value of properties under development during the period.

As further noted in the table above, the Group's total liabilities as at 31 December 2021 has also increased by approximately RMB134.19 billion or approximately 91.87% from approximately RMB146.07 billion as at 31 December 2020 to approximately RMB280.27 billion as at 31 December 2021. As advised by the Management, such increase was mainly attributable to (i) increase of forward sales deposits and instalments received; (ii) increase of receipts in advances and other payables; and (iii) increase of loans from holding company and interest-bearing borrowings during the year mainly as a result of the growth of the Group's contracted property sales. The Group's total liabilities as at 30 June 2022 has increased by approximately RMB45.17 billion or approximately 16.12% from approximately RMB280.27 billion as at 31 December 2021 to approximately RMB325.44 billion as at 30 June 2022. As advised by the Management, such increase was mainly attributable to (i) increase of forward sales deposits and instalments received; and (iii) increase of loans from holding company and interest-bearing borrowings during the year mainly as a result of the growth of the Group's contracted property sales.

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Further, the Group's net debt to equity ratio (net debt divided by total equity) decreased to approximately 58.36% as at 31 December 2021 (as at 31 December 2020: approximately 73.76%) during the year. The Group's net debt to equity ratio (net debt divided by total equity) increased to approximately 68.55% as at 30 June 2022 (as at 31 December 2021: approximately 58.36%) during the period.

1.2 Information of the Purchasers

(a) Yi Yue

Yi Yue is a company established in the PRC with limited liability and is an indirectly wholly-owned subsidiary of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Yi Yue is principally engaged in the businesses of property investment and property development.

(b) Xiamen Zhaoyirong

Xiamen Zhaoyirong is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Xiamen Zhaoyirong is principally engaged in the businesses of property investment and property development.

1.3 Information of C&D Real Estate and Xiamen Liyuan (being the vendors under the respective Equity Transfer Agreements)

C&D Real Estate is a company established with limited liability in the PRC, and is a controlling shareholder of the Company holding 973,037,548 Shares, representing approximately 55.99% of the issued share capital of the Company as at the Latest Practicable Date. It is principally engaged in the businesses of real estate development, commercial operation, property management and investment, etc.. As at the Latest Practicable Date, C&D Real Estate was owned by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D Corporation Limited ("**Xiamen C&D**") as to 54.65% and 45.35% respectively. Xiamen C&D Inc. was owned by its public shareholders and Xiamen C&D as to 54.87% and 45.13%, respectively. The State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government* (廈門市人民政府國有資產監督管理委員會) is the ultimate controlling shareholder of C&D Real Estate and holds 100% equity interests in Xiamen C&D. Xiamen C&D Inc. is principally engaged in supply chain operation, real estate development and industrial investment, etc..

Xiamen Liyuan is a company established with limited liability in the PRC and a direct wholly-owned subsidiary of C&D Real Estate. It is principally engaged in property investment management business in the PRC.

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1.4 Information of Fujian Zhaorun (being the target company under the respective Equity Transfer Agreements)

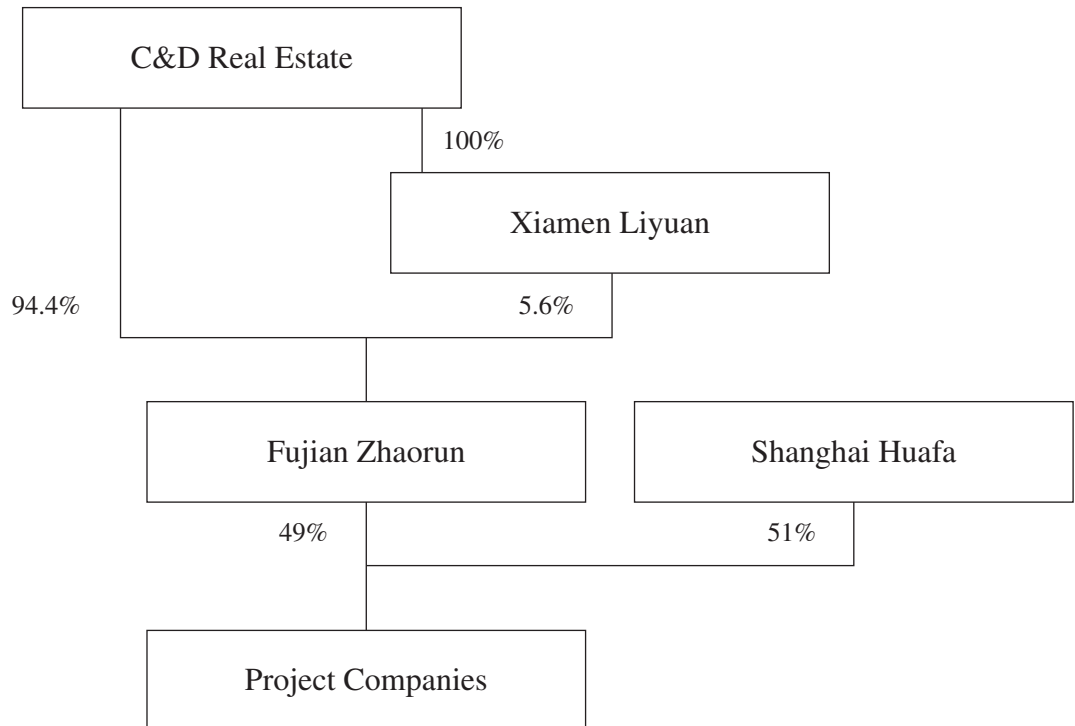
(i) Shareholding structure of Fujian Zhaorun

Fujian Zhaorun was established with limited liability in the PRC on 29 August 2014. As at the Latest Practicable Date, the entire registered share capital of Fujian Zhaorun is owned by C&D Real Estate and Xiamen Liyuan.

(ii) Principal asset of Fujian Zhaorun

As at the Latest Practicable Date, Fujian Zhaorun is with its principal business of property development and operation.

The shareholding structures of Fujian Zhaorun and the Project Companies as at the Latest Practicable Date contemplated under the Fujian Zhaorun Equity Transfer Agreements are as follows:



As at the Latest Practicable Date, the paid-in registered capital of Fujian Zhaorun was RMB10,000,000. The Project Companies are the main entities for the development of the Shanghai Lands.

Shanghai Pufeng has a registered capital of RMB2,986,400,000, which was fully subscribed by its shareholders, of which Fujian Zhaorun subscribed for RMB1,463,336,000 and holds 49% of its equity interest, and Shanghai Huafa subscribed for RMB1,523,064,000 and holds 51% of its equity interest.

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Shanghai Puxiao has a registered capital of RMB965,000,000, which was fully subscribed by its shareholders, of which Fujian Zhaorun subscribed for RMB472,850,000 and holds 49% of its equity interest, and Shanghai Huafa subscribed for RMB492,150,000 and holds 51% of its equity interest.

The Shanghai Lands are the major asset held by the Project Companies.

The First Shanghai Land is located at Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 61,300 sq.m. and an estimated plot ratio floor area of not more than approximately 73,600 sq.m. for residential use. The term of the land use rights of the First Shanghai Land for residential use is 70 years.

The First Shanghai Land will be a single phase residential development. The construction work and pre-sales has commenced, with construction work expected to be completed on or before December 2024.

The Second Shanghai Land is located at Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 19,700 sq.m. and an estimated plot ratio floor area of not more than approximately 23,600 sq.m. for residential use. The term of the land use rights of the Second Shanghai Land for residential use is 70 years.

The Second Shanghai Land will be a single phase residential development. The construction work and pre-sales has commenced, with construction work expected to be completed on or before September 2024.

The actual schedule for construction, pre-sale and completion of the Shanghai Lands will vary according to actual circumstances.

(iii) Background of the Land

On 6 June 2022 and 14 July 2022, the tender consortium formed by Fujian Zhaorun and Shanghai Huafa for the purpose of jointly submitting a bid for the acquisition of the land use rights of the Shanghai Lands (the “**Tender Consortium**”) and Shanghai Pufeng entered into the land use rights grant contract with the Planning and Natural Resources Bureau of Minhang District of Shanghai* (上海市閔行區規劃和自然資源局), respectively, pursuant to which Shanghai Pufeng acquired the land use rights of the First Shanghai Land at the consideration of RMB2,986,400,000. As at the Latest Practicable Date, Shanghai Pufeng fully settled the land consideration of RMB2,986,400,000 for the First Shanghai Land using the shareholder’s loan provided by C&D Real Estate and Shanghai Huafa.

On 28 July 2022 and 20 September 2022, the Tender Consortium and Shanghai Puxiao entered into the land use rights grant contract with the Planning and Natural Resources Bureau of Minhang District of Shanghai, respectively, pursuant to which Shanghai Puxiao acquired the land use rights of the Second Shanghai Land at the consideration of RMB965,000,000. As at the Latest Practicable Date, Shanghai

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Puxiao fully settled the land consideration of RMB965,000,000 for the Second Shanghai Land using the shareholder's loan provided by C&D Real Estate and Shanghai Huafa.

(iv) Financial information of Fujian Zhaorun

As advised by the Management, Fujian Zhaorun is with its principal business of property development and operation.

Set out below is the unaudited financial position of Fujian Zhaorun as at the latest practicable date 20 September 2022.

	As at 20 September 2022 <i>RMB'000</i> (unaudited)
Non-current assets	
— Property, plant and machineries	66
— Long term investment	<u>1,463,335</u>
Total non-current assets	<u>1,463,401</u>
Current assets	
— Receivables, prepayment and other receivables	236,459
— Bank balances	<u>1,320</u>
Total current assets	<u>237,779</u>
Total assets	<u><u>1,701,180</u></u>
Non-current liabilities	
— Other payables	2,357
Current liabilities	
— Trade and other payables	10,969
— Loan from the Shareholder	<u>1,677,854</u>
Total current liabilities	<u>1,688,823</u>
Total liabilities	<u>1,691,180</u>
Net assets	<u><u>10,000</u></u>

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As set out above, the total assets of Fujian Zhaorun as at 20 September 2022 amounted to approximately RMB1,701,180.

Out of the total assets, the carrying amount of long term investment is approximately RMB1,463.34 million which refers to the aggregate amount of the partial acquisition cost of the First Shanghai Land (including transaction cost). In addition, C&D Real Estate provided Shareholder's Loan of RMB2,679,483.33 for the partial acquisition cost of the Second Shanghai Land as at 20 September 2022.

Further, the total liabilities of Fujian Zhaorun as at 20 September 2022 amounted to approximately RMB1,691,180,000, which mainly refers to the outstanding amount advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun for settlement of partial consideration for acquisition of the Shanghai Lands. As advised, the Shareholder's Loan is unsecured, repayable on demand, with (i) effective interest rate of 8.0% per annum for the portion advanced by C&D Real Estate to Project Companies; and (ii) interest-free for the portion advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun.

2. Transaction structure of the acquisition

The shareholding structures of Fujian Zhaorun immediately before and after the completion of the acquisition of Fujian Zhaorun are as follows:

Name of shareholder	Immediately before the completion of the acquisition of Fujian Zhaorun		Immediately after the completion of the acquisition of Fujian Zhaorun	
	Amount of the registered capital of Fujian Zhaorun (in RMB)	Percentage	Amount of the registered capital of Fujian Zhaorun (in RMB)	Percentage
C&D Real Estate	9,440,000	94.4%	—	—
Xiamen Liyuan	560,000	5.6%	—	—
Yi Yue	—	—	9,500,000	95%
Xiamen Zhaoyirong	—	—	500,000	5%
Total	10,000,000	100%	10,000,000	100%

As at the Latest Practicable Date, the paid-in registered capital of Fujian Zhaorun was RMB10,000,000.

3. Reasons and benefits of entering into the Fujian Zhaorun Equity Transfer Agreements

The Group is principally engaged in the businesses of real estate development, real estate industry chain investment services and investment in emerging industries in the PRC.

As set out in the Letter From the Board, given that the Shanghai Lands is supported by full community services in good location with great development potential and the acquisition of the Land would further expand the scale of the Group's landbank and enhance the Group's brand influence in the PRC market, the Directors (excluding the independent non-executive Directors, who will express their views after considering the advice from the independent financial adviser) are of the view that the entering into of the Fujian Zhaorun Equity Transfer Agreements will benefit the expansion of the Group's real estate development business, and the terms of the Fujian Zhaorun Equity Transfer Agreements are normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Factors in assessing the fairness and reasonableness of entering into the Fujian Zhaorun Equity Transfer Agreements

In assessing the fairness and reasonableness of entering into the Fujian Zhaorun Equity Transfer Agreements, we have considered the following factors:

(i) Overview of the overall PRC real estate market

In line with the growth of the PRC economy and the accelerated fixed assets investment, real estate investment in the PRC has increased rapidly. Consequently as a result of the PRC's rapid urbanization process and the strong investment appetite in real estate, the total investment in the PRC property market has been increased from approximately RMB10,258.0 billion in 2016 to RMB14,760.2 billion in 2021, representing a compound annual growth rate ("CAGR") of approximately 7.55%, as stated in the website of the National Bureau of Statistic of China. Meanwhile, the investment in residential properties in the PRC property market has been increased from approximately RMB6,870.0 billion in 2016 to RMB11,117.3 billion in 2021, representing a CAGR of approximately 10.11%.

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Set out below is the table showing the relevant data relating to the property market in the PRC for the periods indicated under a statistics entitled “Investment Completed by Enterprise for Real Estate Development by Use” published by National Bureau of Statistics of China:

	2016	2017	2018	2019	2020	2021
	<i>RMB billion</i>					
Total real estate investment	10,258.1	10,979.9	12,016.5	13,219.4	14,144.3	14,760.2
Investment in residential properties	6,870.0	7,514.8	8,512.4	9,707.1	10,444.6	11,117.3
Investment in commercial properties	1,583.8	1,564.0	1,416.7	1,322.6	1,307.6	1,244.5

As noted from the statistics above, there is a growing trend in total real estate investment for the 5 years from 2016 to 2021 and in light of such growing trend, we consider that the growing economy of the PRC had, to a certain extent, driven the investment activities in real estates in the PRC.

(ii) Overview of the real estate market in Shanghai

As set out in the Letter From the Board, the Shanghai Lands are located in Shanghai, the PRC. In recent years, Shanghai is witnessing strong market demands for commercial and residential properties. In order to assess the growth potential of commercial and residential properties in Shanghai in the coming years, we have conducted research from public domains in relation to the real estate development in Shanghai region.

Based on the latest available data as at the Latest Practicable Date of Shanghai Statistical Yearbook (上海統計年鑒) for the period from 2015 to 2020, available on the official website of the Shanghai Municipal Bureau of Statistics (上海市統計局), we note that the total real estate investment in Shanghai has been increased from approximately RMB346.89 billion in 2015 to approximately RMB469.88 billion in 2020, representing a CAGR of approximately 6.26%. In view of the above growing trend, we concluded that the real estate development market in Shanghai has maintained a steady growth.

After considering the above research results, we conclude that there is a growing trend in the development of commercial and residential properties in Shanghai showing a potential investment return to the Group upon completion of the Acquisition.

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Conclusion

Having considered the results of the above research and the development plans of the Shanghai Lands, we are of the view that the transactions contemplated under the Fujian Zhaorun Equity Transfer agreements is in line with the Group's long-term development strategy and it will provide the Group with a good investment opportunity to enhance long-term values of the Company and therefore is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Fujian Zhaorun Equity Transfer Agreements

On 6 December 2022, Yi Yue and Xiamen Zhaoyirong, both of which are indirect wholly owned subsidiaries of the Company, entered into the Fujian Zhaorun Equity Transfer Agreements.

4.1 The Fujian Zhaorun Equity Transfer Agreements

The principal terms of the Fujian Zhaorun Equity Transfer Agreements are summarized as follows:

Date:	6 December 2022
Parties:	(i) C&D Real Estate and Xiamen Liyuan as vendors; and (ii) Yi Yue and Xiamen Zhaoyirong as purchasers.
Interests to be acquired:	C&D Real Estate and Xiamen Liyuan agreed to sell, and Yi Yue and Xiamen Zhaoyirong agreed to acquire, 95% and 5% equity interests in Fujian Zhaorun, respectively.
Consideration:	Pursuant to the Fujian Zhaorun Equity Transfer Agreements, the total consideration is RMB1,562,190,045.55 (subject to adjustment of the shareholder's loan (principal and interests) advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun (the " Shareholder's Loan ")), which consist of (i) cash consideration for the acquisition of Fujian Zhaorun (RMB10,062,849.77); and (ii) repayment of the Shareholder's Loan with an outstanding amount (including principal amount and accrued interest) of RMB1,552,127,195.78 as at the agreement execution date (subject to adjustment for any actual amount incurred up to the date of completion of the Equity Transfer Agreements).

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The Shareholder's Loan shall be repaid by Yi Yue and Xiamen Zhaoyirong in accordance with each of its equity interests in Fujian Zhaorun immediately after completion of the Acquisition.

As at the Latest Practicable Date, the total consideration under the Equity Transfer Agreements is RMB47,370,320.77 which consist of repayment of the Loan with an outstanding amount of RMB37,307,471 as at the Latest Practicable Date (subject to adjustment for any actual amount incurred subsequent to Latest Practicable Date and up to the date of completion of the Equity Transfer Agreements).

From 6 December 2022 to the Latest Practicable Date, the outstanding shareholder's loan (principal and interests) has decreased to approximately RMB37,307,471 as the Project Companies had been continuously repaying the shareholder's loan using the proceeds from pre-sale since entering into the Fujian Zhaorun Equity Transfer Agreements. The Board believed that the amount of the shareholder's loan will continue to decrease from the Latest Practicable Date to the completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements because the Project Companies will continue to repay the shareholder's loan using the proceeds from presale (subject to the actual pre-sale results).

4.1.1 Basis of determination of the cash consideration under the Fujian Zhaorun Equity Transfer Agreements

As set out in the Letter from the Board, the aggregate consideration for the acquisition of Fujian Zhaorun is approximately RMB47,370,320.77 (subject to adjustment), which consists of cash consideration for the acquisition of Fujian Zhaorun (RMB10,062,849.77) and the repayment of the shareholder's loan (principal and interests) advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun (approximately RMB37,307,471 as at the Latest Practicable Date and subject to adjustment). The cash consideration under the Fujian Zhaorun Equity Transfer Agreements was determined based on arm's length negotiation among Yi Yue, Xiamen Zhaoyirong, Xiamen Liyuan and C&D Real Estate with reference to the valuation of the total assets and liabilities of Fujian Zhaorun conducted by Xiamen Dacheng Fanghua Assets Valuation Co., Ltd.* (廈門大成方華資產估值有限公司) ("**Xiamen Dacheng**"), third parties independent from the Group, its connected persons, Xiamen Liyuan and C&D Real Estate.

According to the valuation report prepared by Xiamen Dacheng ("**Dacheng Valuation Report**"), as at 20 September 2022, the total assets of Fujian Zhaorun was valued at approximately RMB1,701.243 million, consisting of (i) net assets of

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RMB10.063 million and (ii) total liabilities of approximately RMB1,691.180 million. The total liabilities constitute the shareholder's loan (principal and interests) which is based on the total amount of shareholder's loan (principal and interests) previously advanced by Xiamen Liyuan and C&D Real Estate to Fujian Zhaorun according to the audited accounts of Fujian Zhaorun prepared by Fujian Puhe as at 20 September 2022 and subject to adjustment for any actual amount incurred for the period after 20 September 2022 to the completion date of the transaction contemplated under the Fujian Zhaorun Equity Transfer Agreements.

4.1.2 Evaluation on the basis of consideration

Dacheng Valuation Report

In assessing the fairness and reasonableness of the cash consideration for the acquisition of Fujian Zhaorun, we have reviewed the Dacheng Valuation Report and discussed with Xiamen Dacheng regarding the methodology and the principal basis and assumptions adopted in arriving at the Dacheng Appraised Value. We noted that Xiamen Dacheng has adopted the asset-based approach in arriving at the Dacheng Appraised Value and assuming that Fujian Zhaorun will continue to operate and the assets and liabilities of Fujian Zhaorun will be specific assessment method corresponding to such assets and liabilities. Based on our enquiries with Xiamen Dacheng, we understand that the asset-based approach is one of the commonly adopted approaches for valuing companies of similar nature and is also in line with normal market practice. In addition, Xiamen Dacheng has complied with the valuation standard, including but not limited to, the Asset Appraisal Law of the PRC* (中華人民共和國資產評估法), the Fundamental Standards for Asset Appraisal* (No. Cai Zi (2017) 43) (資產評估基本準則(財資(2017)43號)), and other relevant laws, rules, standards and regulations in the PRC. During the course of our discussion with Xiamen Dacheng, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology and the principal basis and assumptions adopted in arriving at the Dacheng Appraised Value. For our due diligence purpose, as aforementioned, we have reviewed and enquired into the qualifications and experience of Xiamen Dacheng in relation to the preparation of the Dacheng Valuation Report. We noted that the key personnels of Xiamen Dacheng responsible for signing the Dacheng Valuation Report have obtained the professional qualification certificates for asset appraisal issued by China Appraisal Society. We have also reviewed the terms of the engagement of Dacheng by the Company as well as due diligence exercises taken by Xiamen Dacheng in conducting the Dacheng Valuation Report and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Dacheng Valuation Report. As aforementioned, Dacheng has confirmed that it is independent from the Group, C&D Real Estate, Xiamen Liyuan and their

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respective associates. Thus, based on the engagement letter and our due diligence, we are satisfied with the terms of engagement of Xiamen Dacheng as well as its qualifications and experience for the Dacheng Valuation Report.

As stated in the Letter from the Board, we noted that the original purpose for Fujian Puhe Certified Public Accountants Company Limited* (福建普和會計師事務所有限公司) (“**Fujian Puhe**”), which is independent to the Company, and Xiamen Dacheng to prepare the valuation report of Fujian Zhaorun dated 13 October 2022 was to fulfil the regulatory requirement of C&D Real Estate and Xiamen Liyuan in respect of the transaction contemplated under the Fujian Zhaorun Equity Transfer Agreements and to determine the cash consideration of the acquisition of 100% equity interests in Fujian Zhaorun as stipulated under the Equity Transfer Agreements. As the purpose of acquisition of Fujian Zhaorun was to acquire the Shanghai Lands, the audited report of Fujian Zhaorun as at 20 September 2022 conducted by Fujian Puhe did not present the fair value of the Shanghai Lands. The total assets of Fujian Zhaorun as at 20 September 2022 consisted of amount due to C&D Real Estate and Xiamen Liyuan, which were used to settle the part consideration of the Shanghai Lands. As more shareholder’s loan would be granted to Fujian Zhaorun by C&D Real Estate and Xiamen Liyuan after 20 September 2022, the valuation report of Fujian Zhaorun dated 13 October 2022 did not reveal the complete and accurate nature of the transaction contemplated under the Fujian Zhaorun Equity Transfer Agreements.

C&W Valuation Report

As such, the Company has also engaged C&W as an independent valuer to perform independent valuation on the Land. According to the valuation report prepared by C&W (the “**C&W Valuation Report**”) as set out in Appendix I to the Circular, the appraised value of the Shanghai Lands as at 30 November 2022 was RMB4,274 million (the “**C&W Appraised Value**”). Based on our review of the C&W Valuation Report and our discussion with C&W on the methodology and the principal basis and assumptions adopted in arriving at the C&W Appraised Value, we noted that C&W adopted the Market Comparison Approach by assuming sale with benefit of vacant possession and making reference to comparable sales evidences as available in the locality, which have similar characteristics as the subject land, such as nature, use, site area and land size. The selected comparables are lands located close to the Shanghai Lands, which have transacted during the period from 2021 to 2022. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparables and the Shanghai Lands to arrive at an assumed unit rate. After reviewing the comparables by checking the information of such comparables including but not limited to location, land use term, land size and site area. Appropriate adjustments and analysis are considered given differences in location, accessibility and other characters between the comparable properties and the subject properties. We understand from C&W that the Market Comparison Approach is one of the commonly

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adopted approaches for valuation of properties and is also consistent with normal market practice. Further, as confirmed by C&W, it has inspected the exterior and, wherever possible, the interior of the Shanghai Land in December 2022 and has been provided with a legal opinion dated 17 January 2023 issued by the Company's legal adviser, Tenet & Partners (天衡聯合律師事務所) on the title to the Shanghai Lands which mainly contains, inter alia, the following information, to arrive at the valuation:

- (i) The Land Use Rights Grant Contracts complies with Chinese law and are legal and valid; and
- (ii) Shanghai Pufeng is the sole legal land user of the First Shanghai Land; and
- (iii) Shanghai Pufeng has obtained relevant approval for development of the First Shanghai Land; and
- (iv) Shanghai Puxiao is the sole legal land user of the Second Shanghai Land; and
- (v) Shanghai Puxiao has obtained relevant approval for development of the Second Shanghai Land.

We also noted that the C&W Valuation Report has been prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules and HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors. During the course of our discussion with C&W, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology and the principal basis and assumptions adopted in arriving at the C&W Appraised Value.

For our due diligence purpose, as aforementioned, we have reviewed and enquired the qualifications and experience of C&W in relation to the preparation of the C&W Valuation Report. We noted that the key personnel of C&W responsible for signing the C&W Valuation Report has obtained the relevant professional qualifications, such as for the valuation of the land and has over 29 years of experience in the valuation of properties in the PRC. We have also reviewed the terms of the engagement of C&W by the Company as well as due diligence exercises taken by C&W in conducting the C&W Valuation Report and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the C&W Valuation Report. As aforementioned, C&W has confirmed that it is independent from the Group, C&D Real Estate, Xiamen Liyuan and their respective associates. Thus, based on the engagement letter and our due diligence, we are satisfied with the terms of engagement of C&W as well as its qualifications and experience for the C&W Valuation Report.

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Since (i) the major asset held by Fujian Zhaorun and its Project Companies is the Shanghai Lands; (ii) the valuation report of the Shanghai Lands was conducted by C&W more recently; and (iii) the more recent valuation of the Shanghai Lands by C&W may be readily used to assess against the consideration contemplated under the Fujian Zhaorun Equity Transfer Agreements as (a) the purpose of the transaction contemplated under the Fujian Zhaorun Equity Transfer Agreements was to acquire the Shanghai Lands; (b) Fujian Zhaorun has no other material assets other than the Shanghai Lands; and (c) the valuation of the Shanghai Lands is covered by the valuation conducted by C&W, but not by the valuation conducted by Fujian Puhe and Xiamen Dacheng, we concur with the Directors that it is sufficient and more appropriate to include the valuation report prepared by C&W in Appendix I to this circular.

Having considered that (i) the net valuation surplus of the Shanghai Lands of approximately RMB76.25 million (being the difference between the appraised value of the Shanghai Lands as at 30 November 2022 of RMB4,274 million minus the aggregate amount of RMB4,197.75 of the carrying amount of the Shanghai Lands as at 30 November 2022 (unaudited); (ii) the Shanghai Lands is at a premium location with high development potential; (iii) the appraised value of the Shanghai Lands has increased approximately 8.16% when compared to the acquisition cost of the Shanghai Lands; (iv) the valuation conducted by Fujian Puhe and Xiamen Dacheng was only relevant to determine the structure and the cash consideration of the transaction contemplated under the Fujian Zhaorun Equity Transfer Agreements; and (v) from our discussions with C&W and Xiamen Dacheng and review on their respective valuation reports, we noted that both the said valuers have adopted valuation methodology, principal basis and assumptions which are consistent with the normal market practice and their respective valuation reports are prepared in compliance with the relevant industry professional standards, laws, rules and regulations, we concur with the Directors' view that the aggregate consideration under the Fujian Zhaorun Equity Transfer Agreement is fair and reasonable and in the interest of the Company and Shareholders as a whole.

4.1.3 Review on the outstanding amount of the Shareholder's Loan

We understand that the outstanding balance of the Shareholder's Loan as at the Latest Practicable Date is RMB37,307,471. As set out in the Fujian Zhaorun Equity Transfer Agreements, such amount is subject to adjustment for any actual amount incurred subsequent to the Latest Practicable Date and up to the date of completion of the Fujian Zhaorun Equity Transfer Agreements.

According to the unaudited financial statements of Fujian Zhaorun, the outstanding balance of the Shareholder's Loan as at the Latest Practicable Date is approximately RMB37,307,471. As advised by the Directors, the Shareholder's Loan is unsecured, repayable on demand, with (i) effective interest rate of 8.0% per annum for the portion advanced by C&D Real Estate to Project Companies; and (ii) interest-free for the portion advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun while the whole amount was utilised for payment of the acquisition cost and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

construction cost of the Shanghai Lands. Having checked to the breakdown of the outstanding balance of the Shareholder's Loan and the underlying documents, we considered that the determination of the Shareholder's Loan is fair and reasonable.

Besides, we understand that the Company entered into an agreement (as amended on 1 April 2020) with C&D Real Estate in relation to the grant of the shareholder loan of not exceeding RMB40,000,000,000 by C&D Real Estate and the annual interest rate of such loan is 4.81% (the "C&D Loan"). It is advised by the Directors that the terms of the C&D Loan (as amended from time to time) are more favourable than the terms for the same type of unsecured loan offered to the Group by independent third party financial institutions in Hong Kong and the PRC. Based on this, we have (i) compared the annual interest rate under the C&D Loan with that of the Shareholder's Loan; (ii) reviewed the terms of the Group's existing bank loans; and (iii) made enquiry with the Management regarding the consideration of any alternatives method, we noted that

- (i) the average interest rate of 3.4% as at 6 December 2022 offered under the Shareholder's Loan is less than that of the C&D Loan. The average interest rate is the weighted average of interest rate of 8% with Shareholder's Loan of RMB658,809,042 and interest rate of 0% (interest free) with Shareholder's Loan of RMB893,318,154 as at 6 December 2022;
- (ii) the finance cost of the Group's bank loan as stated in Annual Report 2021, which bearing an interest of effective interest rates ranging from 3.8% to 11.5% per annum, are either (a) secured by legal charges over the Group's property, plant and equipment, properties under development and investment properties; or (b) guaranteed by C&D Real Estate or subsidiaries of the Company;
- (iii) the Management has approached several banks in the PRC regarding the possibility and feasibility of granting new credit line or loan to the Group, however, given (a) the loan amount is substantial; (b) no guarantees/or pledged assets could be offered; and (c) the high gearing ratio of the Group as stated in the Group's 2021 Annual Results, the interest rates offered would be higher than that offered under the Shareholder's Loan (i.e. average interest rate of 3.4% per annum as at 6 December 2022).

Based on the above, we concluded that the consideration of the Shareholder's Loan adopted by the Management is justifiable and the terms of which are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

4.1.4 Conclusion on the evaluation of the basis of consideration

Apart from reviewing the Valuation and the Land Valuation, we have also reviewed the unaudited financial statements of Fujian Zhaorun as at 30 November 2022 as provided by the Management. Based on such review, we noted that the fair value of the Shanghai Lands as at 30 November 2022 (i.e. RMB4,274 million)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

represents a revaluation surplus of approximately RMB76.25 million as compared to the aggregate amount of RMB4,197.75 million of the carrying amount of the Shanghai Lands as at 30 November 2022 (unaudited).

Based on the above, despite the total consideration under the Fujian Zhaorun Equity Transfer Agreements was determined based on the Dacheng Valuation Report and the Shareholder's Loan, which did not take into account (i) the financial position of Fujian Zhaorun as at 30 November 2022; and (ii) the fair value of the Shanghai Lands, we understand that the Directors had considered (i) the fair value of the Shanghai Lands as appraised by the Property Valuer where there is fair value surplus; and (ii) the reasons and benefits as described in the sub-section headed "Reasons and benefits of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements" of this letter, we concur with the Directors that the determination of the consideration under the Fujian Zhaorun Equity Transfer Agreements is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons as set out in this letter, we are of the opinion that (i) the terms of the Fujian Zhaorun Equity Transfer Agreements and the transaction contemplated thereunder are fair and reasonable; (ii) the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the issue of the Consideration Shares as the settlement of the consideration for the Acquisition at the EGM.

Yours faithfully,
For and on behalf of
Draco Capital Limited
Kevin Choi **Ivan Chan**
Managing Director *Director*

Mr. Kevin Choi and Mr. Ivan Chan are licensed persons under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Draco Capital Limited. Mr. Kevin Choi and Mr. Ivan Chan have over 11 and 6 years of experience in corporate finance industry, respectively.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Shanghai Lands in the PRC as at 30 November 2022.



27/F One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

17 January 2023

The Directors

C&D International Investment Group Limited

Office No. 3517, 35th Floor

Wu Chung House

213 Queen's Road East

Wanchai

Hong Kong

Dear Sirs,

- Re:**
- 1. The First Shanghai Land held by Shanghai Pufeng Real Estate Development Co., Ltd.* (上海浦鋒房地產開發有限公司) located at No.18-01, Unit MHP0-1302, Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 61,300 sq.m. and an estimated plot ratio floor area of not more than approximately 73,600 sq.m. for residential use.**
 - 2. The Second Shanghai Land held by Shanghai Puxiao Real Estate Development Co., Ltd.* (上海浦驍房地產開發有限公司) located at No.15-01, Unit MHP0-1302, Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 19,700 sq.m. and an estimated plot ratio floor area of not more than approximately 23,600 sq.m. for residential use.**

Instructions, Purpose & Valuation Date

In accordance with the instructions from C&D International Investment Group Limited (the "**Company**") for us to prepare market valuation of the First Shanghai Land held by Shanghai Pufeng Real Estate Development Co., Ltd.* (上海浦鋒房地產開發有限公司) ("**Shanghai Pufeng**"); the Second Shanghai Land held by Shanghai Puxiao Real Estate Development Co., Ltd.* (上海浦驍房地產開發有限公司) ("**Shanghai Puxiao**") in the People's Republic of China (the "**PRC**"), (Shanghai Pufeng and Shanghai Puxiao refer to as the "**Project Companies**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of

* For identification only

providing you with our opinion of the market value in existing state of the First Shanghai Land and Second Shanghai Land (the “**Shanghai Lands**”) in existing state as at 30 November 2022 (the “**valuation date**”).

Definition of Market Value

Our valuation of the Shanghai Lands represents its Market Value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis & Assumptions

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value available only to a specific owner or purchaser.

In the course of our valuation of the Shanghai Lands situated in the PRC, with reference to the PRC legal opinion dated 17 January 2023 of the Company’s legal adviser, Tenet & Partners (天衡聯合律師事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Shanghai Lands for its specific term at nominal annual land use fees have been granted and that any premium payable have already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion, regarding the title to the Shanghai Lands and the interest in the Shanghai Lands. In valuing the Shanghai Lands, we have prepared our valuation on the basis that the owners have enforceable title to the Shanghai Lands and have free and uninterrupted rights to use, occupy or assign the Shanghai Lands for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Shanghai Lands nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Shanghai Lands are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

We have valued the whole interest in the Shanghai Lands.

Method of Valuation

In valuing the Shanghai Lands, which are held by the Project Companies under development in the PRC, we have adopted Market Comparison Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidences as available on the market, and where applicable, we have also taken into account the expended construction cost as advised by the Company.

Market Comparison Approach is a commonly used valuation approach for land, there are relevant comparable land sales evidence for reference to arrive at the market value. This approach rests on the wide acceptance of the market evidence as the best indicator that can be extrapolated to similar land, subject to allowances for variable factors. We consider the market value arrived at by Market Comparison Approach is reliable. Such approach is in line with the market practice.

In valuing the Shanghai Lands, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020.

Source of Information

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Shanghai Lands, development scheme, construction cost, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies of documents in relation to the current title to the Shanghai Lands. However, we have not been able to conduct searches to verify the ownership of the Shanghai Lands; we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Shanghai Lands in the PRC and we have therefore relied on the advice given by the PRC Legal adviser and the Company.

Site Inspection

Our Shanghai office valuer, Mr. Mark Zhu (a China Real Estate Appraiser with 12-year experience in the PRC) has inspected the exterior and, wherever possible, the interior of the Shanghai Lands on 8 December 2022. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Shanghai Lands and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary amounts indicated herein our valuation are in Renminbi (RMB) which is the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Shanghai Lands or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We attach herewith summary of valuations and the valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 30 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Shanghai Lands	Market value in existing state as at 30 November 2022 RMB
The Shanghai Lands held by the Project Companies under development in the PRC	
1. The First Shanghai Land held by Shanghai Pufeng located at No.18-01, Unit MHP0-1302, Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 61,300 sq.m. and an estimated plot ratio floor area of not more than approximately 73,600 sq.m. for residential use.	3,246,000,000
2. The Second Shanghai Land held by Shanghai Puxiao located at No.15-01, Unit MHP0-1302, Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 19,700 sq.m. and an estimated plot ratio floor area of not more than approximately 23,600 sq.m. for residential use.	1,028,000,000
Total:	<hr/> <u><u>4,274,000,000</u></u>

VALUATION REPORT

The Shanghai Lands held by the Project Companies under development in the PRC

Shanghai Lands	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
1. The First Shanghai Land held by Shanghai Pufeng located at No.18-01, Unit MHP0-1302, Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 61,300 sq.m. and an estimated plot ratio floor area of not more than approximately 73,600 sq.m. for residential use.	<p>The First Shanghai Land comprises a residential land with a site area of approximately 61,326.30 sq.m. and an estimated plot ratio floor area of not more than approximately 73,591.56 sq.m. for residential use.</p> <p>The First Shanghai Land is located at the east of Pujin Road (浦錦路), the south of Jiangliu Road (江柳路), the west of Puxiu Road (浦秀路), the north of Jianghua Road (江樺路), Minhang District (閔行區). The Third High School Affiliated to Shanghai Normal University (上海師範大學附屬第三中學) and Third Primary School affiliated to Shanghai Normal University (上海師範大學附屬第三小學) are close to the First Shanghai Land.</p> <p>According to the Company, the First Shanghai Land is planned for residential use. There is no environmental issues and litigation dispute; there is no plan to change the use of the First Shanghai Land.</p> <p>The land use rights of the First Shanghai Land have been granted for a term of 70 years due to expire on 11 August 2092 for residential use.</p>	<p>As at the valuation date, the First Shanghai Land was under development and scheduled to be completed on or before December 2024.</p>	<p>RMB3,246,000,000 (RENMINBI THREE BILLION TWO HUNDRED FORTY SIX MILLION)</p>

Notes:

- (1) According to Land Use Rights Grant Contract No. 202201208000012 dated 6 June 2022 and its Supplementary Agreement No. 202201207001927 dated 14 July 2022, the land use rights of the First Shanghai Land is granted as below:

Grantee:	Shanghai Pufeng
Site Area:	61,326.30 sq.m.
Land Use Term:	70 years for residential
Land Premium:	RMB2,986,400,000
Plot Ratio:	Not more than 1.2
Building Covenant:	Construction to commence before 26 September 2023 Construction to complete before 26 September 2026

- (2) According to Real Estate Title Certificate No. (2022)026125 dated 6 September 2022, the land use rights of the First Shanghai Land with a site area of 61,326.30 sq.m. have been vested in Shanghai Pufeng for a term due to expired on 11 August 2092 for residential use.
- (3) According to Planning Permit for Construction Use of Land No. (2022) EA310112202200487 dated 15 August 2022, the construction site of the First Shanghai Land with a site area of 61,326.30 sq.m. is in compliance with the requirements of urban planning requirement.
- (4) According to 2 Planning Permit for Construction Works, the construction works of the First Shanghai Land with a total construction scale gross floor area of approximately 115,244.93 sq.m. are in compliance with the requirement of urban planning and have been permitted with key details as follows:

No.	Issue Date	Project Name	Location	Construction Scale (sq.m.)
2022FA3101 12202200663	8 Sep 2022	Commodity Housing Project of land parcel No. 18-01, Unit MHP0-1302, Pujin Street, Minhang District (Block No. 4#, 14#, 21#)	East of Pujin Road, south of Jiangliu Road, West of Puxiu Road, North of Jianghua Road, Pujin Street, Minhang District	7,918.43
2022FA3101 12202200694	20 Sep 2022	Commodity Housing Project of land parcel No. 18-01, Unit MHP0-1302, Pujin Street, Minhang District (Main body)	East of Pujin Road, south of Jiangliu Road, West of Puxiu Road, North of Jianghua Road, Pujin Street, Minhang District	107,326.50
			Total	<u><u>115,244.93</u></u>

- (5) According to 2 Permits for Commencement of Construction Works, the construction works for a total construction scale gross floor area of 115,244.93 sq.m. are in compliance with the requirement for works commencement and have been permitted with details as follows:

No.	Issue Date	Project Name	Location	Construction Scale (sq.m.)
31011220220 9090301	9 Sep 2022	Commodity Housing Project of land parcel No. 18-01, Unit MHP0-1302, Pujin Street, Minhang District (Block No. 4#, 14#, 21#)	East of Pujin Road, south of Jiangliu Road, West of Puxiu Road, North of Jianghua Road, Pujin Street, Minhang District	7,918.43
31011220220 9210201	21 Sep 2022	Commodity Housing Project of land parcel No. 18-01, Unit MHP0-1302, Pujin Street, Minhang District (Main body)	East of Pujin Road, south of Jiangliu Road, West of Puxiu Road, North of Jianghua Road, Pujin Street, Minhang District	107,326.50
			Total	<u>115,244.93</u>

- (6) According to Business Licence No.12000000202206220550 dated 22 June 2022, Shanghai Pufeng was established on 22 June 2022 as a limited liability company with a registered capital of RMB2,986,400,000.
- (7) As advised by the Company, as at the valuation date, various residential units of the First Shanghai Land with a total gross floor area of 64,412.00 sq.m. have been committed for sale at a total consideration of RMB4,413,000,000. We have included such portions and taken into account the consideration in our valuation.
- (8) As advised by the Company, the construction cost incurred (excluding the land cost) as at the valuation date was RMB96,000,000. The estimated outstanding construction cost to complete the development was RMB1,188,000,000. We have taken into account such costs in the course of our valuation.
- (9) The Market Value as if completed of the First Shanghai Land as at the valuation date was RMB5,202,000,000.
- (10) According to Co-operation Development Agreement, Party A and Party B established Shanghai Pufeng to develop the First Shanghai Land:

Party A:	Shanghai Huafa Chuangsheng Real Estate Co., Ltd.* (上海鑄發創盛置業有限公司)
Party B:	Fujian Zhaorun Real Estate Co., Ltd.* (福建兆潤房地產有限公司)
The First Shanghai Land: Project Company	No.18-01, Unit MHP0-1302, Pujin Street, Minhang District Shanghai Pufeng
Registered Capital:	RMB2,986,400,000
Capital Contribution:	Party A: 51% RMB1,523,064,000 Party B: 49% RMB1,463,336,000
Profit Sharing:	Party A: 51% Party B: 49%

- (11) According to the PRC legal opinion:
- (i) The Land Use Rights Grant Contract complies with Chinese law and is legal and valid;
 - (ii) Shanghai Pufeng has fully paid the land premium and has obtained the Real Estate Title Certificate of the First Shanghai Land. Shanghai Pufeng has obtained the rights to use the First Shanghai Land; and
 - (iii) Shanghai Pufeng is a limited liability company incorporated and validly existing under the laws of China. Shanghai Huafa Chuangsheng Real Estate Co., Ltd. legally holds 51% equity of Shanghai Pufeng; Fujian Zhaorun Real Estate Co., Ltd. legally holds 49% equity of Shanghai Pufeng.
- (12) The status of the title and grant of major approvals and licence in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Real Estate Title Certificate	Yes
Land Use Rights Grant Contract and Supplemental Agreement	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Business Licence	Yes
Co-operation Development Agreement	Yes

VALUATION REPORT

The Shanghai Lands held by the Project Companies under development in the PRC

Shanghai Lands	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
2.	<p>The Second Shanghai Land held by Shanghai Puxiao located at No.15-01, Unit MHP0-1302, Pujin Street, Minhang District, Shanghai, the PRC, with a site area of approximately 19,700 sq.m. and an estimated plot ratio floor area of not more than approximately 23,600 sq.m. for residential use.</p> <p>The Second Shanghai Land is located at the east of Pujin Road (浦錦路), the south of Jianghua Road (江樺路), the west of Puxiu Road (浦秀路), the north of Nanjiangju Road (南江樺路), Minhang District (閔行區). The Third High School Affiliated to Shanghai Normal University (上海師範大學附屬第三中學) and the Third Primary School affiliated to Shanghai Normal University (上海師範大學附屬第三小學) are close to the Second Shanghai Land.</p> <p>According to the Company, the Second Shanghai Land is planned for residential use. There is no environmental issues and litigation dispute; there is no plan to change the use of the Second Shanghai Land.</p> <p>The land use rights of the Shanghai Land have been granted for a term of 70 years due to expire on 16 October 2092 for residential use.</p>	<p>As at the valuation date, the Second Shanghai Land was under development and scheduled to be completed on or before September 2024.</p>	<p>RMB1,028,000,000 (RENMINBI ONE BILLION TWENTY EIGHT MILLION)</p>

Notes:

- (1) According to Land Use Rights Grant Contract No. 20201208000385 dated 28 July 2022 and its Supplementary Agreement No. 202201207003005 dated 20 September 2022, the land use rights of the Second Shanghai Land is granted as below:

Grantee:	Shanghai Puxiao
Site Area:	19,673.60 sq.m.
Land Use Term:	70 years for residential
Land Premium:	RMB965,000,000
Plot Ratio:	Not more than 1.2
Building Covenant:	Construction to commence before 16 November 2023 Construction to complete before 16 November 2026

- (2) According to Real Estate Title Certificate No. (2022) 037139 dated 15 November 2022, the land use rights of the Second Shanghai Land with a site area of 19,673.60 sq.m. have been vested in Shanghai Puxiao for a term due to expired on 16 October 2092 for residential use.
- (3) According to Planning Permit for Construction Use of Land No. (2022) EA310112202200664 dated 14 October 2022, the construction site of the Second Shanghai Land with a site area of 19,673.60 sq.m. is in compliance with the requirements of urban planning requirement.
- (4) According to Planning Permit for Construction Works No. 2022FA310112202200945, the construction works of the Second Shanghai Land with a construction scale gross floor area of approximately 37,841.94 sq.m. are in compliance with the requirement of urban planning and have been permitted.
- (5) According to Permits for Commencement of Construction Works No. 310112202211110201, the construction works for a construction scale gross floor area of 37,841.94 sq.m. are in compliance with the requirement for works commencement and have been permitted.
- (6) According to Business Licence No.12000000202209050447 dated 5 September 2022, Shanghai Puxiao was established on 5 September 2022 as a limited liability company with a registered capital of RMB965,000,000.
- (7) As advised by the Company, the construction cost incurred (excluding the land cost) as at the valuation date was RMB0. The estimated outstanding construction cost to complete the development was RMB446,000,000. We have taken into account such costs in the course of our valuation.
- (8) The Market Value as if completed of the Second Shanghai Land as at the valuation date was RMB1,562,000,000.
- (9) According to Co-operation Development Agreement, Party A and Party B established Shanghai Puxiao to develop the Second Shanghai Land:

Party A:	Shanghai Huafa Chuangsheng Real Estate Co., Ltd.* (上海鑄發創盛置業有限公司)
Party B:	Fujian Zhaorun Real Estate Co., Ltd.* (福建兆潤房地產有限公司)
The Second Shanghai Land:	No.15-01, Unit MHP0-1302, Pujin Street, Minhang District
Project Company	Shanghai Puxiao
Registered Capital:	RMB965,000,000
Capital Contribution:	Party A: 51% RMB492,150,000 Party B: 49% RMB472,850,000
Profit Sharing:	Party A: 51% Party B: 49%

- (10) According to the PRC legal opinion:
- (i) The Land Use Rights Grant Contract complies with Chinese law and is legal and valid;
 - (ii) Shanghai Puxiao has fully paid the land premium and has obtained the Real Estate Title Certificate of the Second Shanghai Land. Shanghai Puxiao has obtained the rights to use the Second Shanghai Land; and
 - (iii) Shanghai Puxiao is a limited liability company incorporated and validly existing under the laws of China. Shanghai Huafa Chuangsheng Real Estate Co., Ltd. legally holds 51% equity of Shanghai Puxiao; Fujian Zhaorun Real Estate Co., Ltd. legally holds 49% equity of Shanghai Puxiao.
- (11) The status of the title and grant of major approvals and licence in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Real Estate Title Certificate	Yes
Land Use Rights Grant Contract and Supplemental Agreement	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Business Licence	Yes
Co-operation Development Agreement	Yes

The following is a summary of the Valuation Report on the value of the entire shareholders' equity interest of Fujian Zhaorun issued by Xiamen Dacheng Fanghua Assets Appraisal Land Real Estate Appraisal Company Limited (廈門大成方華資產評估土地房地產估價有限公司).*

Xiamen Dacheng Fanghua Assets Appraisal Land Real Estate Appraisal Company Limited* (廈門大成方華資產評估土地房地產估價有限公司) was engaged by C&D Real Estate Corporation Limited and Xiamen Liyuan Investment Company Limited to assess the value of the total shareholder equity interest of Fujian Zhaorun Real Estate Co., Ltd. involved in the proposed equity transfer (or matter) as at Valuation Benchmark Date by adopting the cost approach (asset-based approach). The asset valuation is summarised as follows:

I. Valuation purpose: According to the “Resolution of the Board” (C&D Real Estate Dong [2022] No. 15), C&D Real Estate Corporation Limited and Xiamen Liyuan Investment Company Limited proposed to transfer the equity interests in Fujian Zhaorun Real Estate Co., Ltd., a valuation of assets is required for this purpose. This valuation provides a reference of value for the relevant economic activity of C&D Real Estate Corporation Limited and Xiamen Liyuan Investment Company Limited.

II. Valuation object: The entire shareholders' equity of Fujian Zhaorun Real Estate Co., Ltd.

III. Scope of valuation: The reported assets and liabilities of Fujian Zhaorun Real Estate Co., Ltd.

IV. Valuation Benchmark Date: 20 September 2022.

V. Type of Value: Market value.

VI. Valuation Methodology: The asset-based approach.

VII. Valuation Conclusion: After valuation, under the premise of open market and continuous use, the premise of ongoing concern of the appraised entity, the relevant assumptions of this report, the notes on special matters and use restrictions of this report, based on the market value calculation and the implemented valuation procedures and approaches describes in this report, as of the valuation benchmark date being 20 September 2022, the appraised amount of total assets of the total shareholder equity interest of Fujian Zhaorun Real Estate Co., Ltd. included in the scope of valuation is RMB10,062,849.77. Details are as follows:

Item	Amount in RMB yuan			
	Carrying value	Appraised value	Value added	Appreciation rate%
I. Total current assets	237,778,850.63	237,778,850.63	—	—
Monetary funds	1,319,563.85	1,319,563.85	—	—
Prepayments	34,020.65	34,020.65	—	—
Other receivables	236,425,000.00	236,425,000.00	—	—
Other current assets	266.13	266.13	—	—
II. Total non-current assets	1,463,401,522.92	1,463,464,372.69	62,849.77	—
Long-term equity investments	1,463,336,000.00	1,463,198,496.68	-137,503.32	-0.01
Fixed assets	65,522.92	265,876.01	200,353.09	305.78
III. Total assets	1,701,180,373.55	1,701,243,223.32	62,849.77	—
IV. Total current liabilities	1,688,823,304.95	1,688,823,304.95	—	—
Accounts payable	9,161,144.87	9,161,144.87	—	—
Taxes payable	2,828,394.46	2,828,394.46	—	—
Other payables	1,676,833,765.62	1,676,833,765.62	—	—
V. Total non-current liabilities	2,357,068.60	2,357,068.60	—	—
Projected liabilities	2,357,068.60	2,357,068.60	—	—
VI. Total liabilities	1,691,180,373.55	1,691,180,373.55	—	—
VII. Net assets (owners' equity)	10,000,000.00	10,062,849.77	62,849.77	0.63

Users of this valuation report should fully consider and judge the impact on the valuation results of the assumptions, qualifications, notes on special matters and material subsequent events set out in the valuation report when applying the results of this valuation.

According to the relevant laws and regulations on asset valuation, asset valuation reports involving statutory appraisal business shall be used after the client has fulfilled the asset valuation supervision and management procedures in accordance with the requirements of the laws and regulations. The use of valuation results is valid for one year, i.e. from the valuation benchmark date.

The above content is extracted from the asset valuation report and the full text of the asset valuation report should be read carefully for detailed information on this valuation item and a reasonable understanding of the valuation conclusions.

Xiamen Dacheng Fanghua Assets Appraisal Land Real Estate Appraisal Company Limited

13 October 2022

The summary of the Valuation Report on the value of the entire shareholders' equity interest of Fujian Zhaorun issued by Dacheng Fanghua was prepared in Chinese, and the English summary is translated from the Chinese version. In the event of any inconsistency, the Chinese version shall prevail.

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 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 OF DIRECTORS AND CHIEF EXECUTIVE

(i) Long positions in shares and Underlying shares of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (i) 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 have taken or deemed to have under such provisions of the SFO); (ii) pursuant to Section 352 of the SFO, to be entered in the register of members of the Company; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the shares of the Company

Name of Director	Capacity/Nature of interest	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Ms. Zhao Chengmin	Founder of a discretionary trust	49,263,506 (Note 2)	2.83%
	Beneficiary of a trust (other than a discretionary interest)	980,000 (Note 3)	0.06%
Mr. Lin Weiguo	Interest of controlled corporation (Note 2)	49,263,506 (Note 2)	2.83%
	Beneficiary of a trust (other than a discretionary interest)	890,000 (Note 3)	0.05%

Name of Director	Capacity/Nature of interest	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Mr. Tian Meitan	Beneficiary of a trust (other than a discretionary interest)	482,832 (Note 2)	0.03%
	Beneficiary of a trust (other than a discretionary interest)	810,000 (Note 3)	0.05%

Notes:

- (1) The percentage of shareholding was calculated based on the Company's total issued share capital of 1,738,020,891 Shares as at the Latest Practicable Date.
- (2) These Shares were registered in the name of Diamond Firetail Limited ("**Diamond Firetail**"), a company incorporated in the British Virgin Islands. Diamond Firetail is a wholly-owned subsidiary of Tricor Equity Trustee Limited (formerly known as Equity Trustee Limited) ("**Tricor Equity Trustee**"). Tricor Equity Trustee is a trustee of a discretionary trust and Ms. Zhao Chengmin is one of the founders of the said discretionary trust and Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Therefore, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. Mr. Tian is interested in 482,832 Shares in his capacity as a beneficiary of the said discretionary trust.
- (3) The 2021 restricted share incentive scheme and 2022 restricted share incentive scheme (the "**Incentive Schemes**") were approved by the Shareholders and 35,300,000 Shares and 100,000,000 Shares were allotted and issued to the trustee of the Incentive Schemes, respectively, who held the Shares on behalf of the incentive recipients of the Incentive Schemes. Being the incentive recipients of the Incentive Schemes, each of Ms. Zhao Chengmin, Mr. Lin Weiguo and Mr. Tian Meitan is interested in 980,000 Shares, 890,000 Shares and 810,000 Shares held on trust by the trustee under the Incentive Schemes, respectively, which are subject to vesting.

Long positions in the shares of the Company's associated corporations

Name of Director	Name of our associated corporation	Capacity/Nature of interest	Number of issued shares/ underlying shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Ms. Zhao Chengmin	C&D Property	Founder of a discretionary trust	52,412,000 (Note 2)	3.92%
Mr. Lin Weiguo	C&D Property	Interest of controlled corporation	52,412,000 (Note 2)	3.92%

Notes:

1. The percentage of shareholding was calculated based on C&D Property's total number of 1,336,261,106 ordinary shares in issue as at the Latest Practicable Date.
2. These ordinary shares of C&D Property were registered in the name of Diamond Firetail, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and Ms. Zhao Chengmin is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Therefore, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the ordinary shares of C&D Property held by Diamond Firetail by virtue of the SFO.

(ii) Directors' positions in substantial Shareholders

As at the Latest Practicable Date, the following Directors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Shareholder	Position held
Ms. Zhao Chengmin	Xiamen C&D C&D Real Estate	Director Chairperson and vice secretary of the party committee
	Well Honour International Limited	Director
	Well Land International Limited	Director

Name of Director	Name of Shareholder	Position held
Mr. Lin Weiguo	C&D Real Estate	Director, general manager and member of the party committee
Mr. Tian Meitan	C&D Real Estate	Chairman of the board for Eastern China Corps (華東集群)
Mr. Huang Wenzhou	Xiamen C&D Xiamen C&D Inc.	Chairman of the board Vice chairman of the board
	C&D Real Estate	Director
Ms. Ye Yanliu	Xiamen C&D	Vice general manager
	Xiamen C&D Inc.	Director
	C&D Real Estate	Director
Mr. Wang Wenhui	Xiamen C&D	Vice general manager and member of the party committee
	C&D Real Estate	Director

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company:

- (a) 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; or
- (b) had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which were required (i) 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 have taken or were deemed to have under such provisions of the SFO); (ii) pursuant to Section 352 of the SFO, to be entered in the register of members of the Company; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

3 DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either the executive Director or the Company may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the executive Directors is entitled to a director's emolument of RMB3,000,000 per annum (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the non-executive Directors has entered into a service agreement/letter of appointment with the Company for a term of three years, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either the non-executive Director or the Company may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the non-executive Directors does not receive any director's emolument but he/she may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either the independent non-executive Directors or the Company may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the independent non-executive Directors is entitled to a director's emolument of HK\$200,000 per annum.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4 EXPERTS' QUALIFICATIONS AND CONSENTS

The followings are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Cushman & Wakefield Limited	independent property valuer
Draco Capital Limited	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
Xiamen Dacheng Fanghua Assets Appraisal Land Real Estate Appraisal Company Limited (廈門大成方華資產評估土地 房地產估價有限公司)	independent valuer
Tenet & Partners (天衡聯合律師事務所)	PRC legal adviser

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with its respective letter included or references to its name in the form and context in which it is included.

As at Latest Practicable Date, the above experts 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 Latest Practicable Date, the above experts had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to any member of the Group.

5 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there were not any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6 DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

7 DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8 GENERAL

- (a) The company secretary of the Company is Ms. Kam Mei Ha Wendy. Ms. Kam is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.
- (b) The registered office of the Company is at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.
- (c) The head office and principal place of business in Hong Kong of the Company is at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.
- (d) The address of the Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9 DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cndintl.com>) from the date of this circular up to 14 days (inclusive) thereafter:

- (a) the Fujian Zhaorun Equity Transfer Agreements;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page IBC-1 of this circular;
- (c) the letter issued by the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-23 of this circular;
- (d) the valuation report on the Shanghai Lands issued by the Independent Property Valuer, the text of which is set out in Appendix I to this circular;
- (e) the summary of the valuation report of Fujian Zhaorun prepared by Dacheng Fanghua, the text of which is set out in Appendix II to this circular; and
- (f) the written consents referred to in the section headed “Experts’ qualifications and consents” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING

C&D INTERNATIONAL INVESTMENT GROUP LIMITED
建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of C&D International Investment Group Limited (the “**Company**”) will be held at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong on Friday, 10 February 2023 at 11 a.m., to consider, if thought fit, transact the following resolution of the Company by way of ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (1) (a) (i) the equity transfer agreement dated 6 December 2022 entered into between Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) (“**Yi Yue**”) and C&D Real Estate Corporation Limited* (建發房地產集團有限公司) (“**C&D Real Estate**”); (ii) the equity transfer agreement dated 6 December 2022 entered into between Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司) (“**Xiamen Liyuan**”) and Yi Yue, and (iii) the equity transfer agreement dated 6 December 2022 entered into between Xiamen Liyuan and Xiamen Zhaoyirong Property Development Company Limited* (廈門兆翊蓉房地產開發有限公司) (“**Xiamen Zhaoyirong**”) (collectively, the “**Fujian Zhaorun Equity Transfer Agreements**”), pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Fujian Zhaorun Real Estate Co., Ltd.* (福建兆潤房地產有限公司), respectively (a copy of which has been produced to the Meeting and initialed by the chairman of the Meeting for identification purpose), the transactions contemplated thereunder and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any director(s) of the Company (the “**Director(s)**”) may consider necessary, desirable or appropriate; and
- (b) any Director(s) be and are hereby authorised for and on behalf of the Company to, amongst others, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and deeds, to do or authorise

NOTICE OF EXTRAORDINARY GENERAL MEETING

doing all such acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the Fujian Zhaorun Equity Transfer Agreements and any ancillary documentation and transactions thereof.”

Yours faithfully
By Order of the Board
C&D International Investment Group Limited
建發國際投資集團有限公司
Lin Weiguo
Executive Director and Chief Executive Officer

Hong Kong, 17 January 2023

Registered office:

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

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

Office No. 3517, 35th Floor
Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares in the Company (the “**Shares**”) may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.
2. In the case of joint holders of Shares, 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 are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must 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 seal, or under the hand of an officer or attorney duly authorized, and must be deposited with the Hong Kong branch share registrar and transfer office (the “**Branch Share Registrar**”) of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (or any adjournment thereof).
4. The register of members of the Company will be closed from Tuesday, 7 February 2023 to Friday, 10 February 2023 (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for attending the Meeting or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Branch Share Registrar at the above address by no later than 4:30 p.m. on Monday, 6 February 2023.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. Due to the recent development of the epidemic COVID-19, the Company will implement additional precautionary measures at the Meeting including, without limitation:
 - compulsory body temperature screening;
 - mandatory use of surgical face masks;
 - anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the Meeting (“**recent travel history**”), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the Meeting; and
 - anyone attending the Meeting is reminded to observe good personal hygiene at all times.
7. The Company reminds all shareholders that physical attendance in person at the Meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the Meeting as their proxy to vote on the relevant resolution at the Meeting instead of attending the Meeting in person, by completing and return the form of proxy.
8. If any shareholder chooses not to attend the Meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to the head office and principal place of business in Hong Kong of the Company or by fax at (852) 2525 7890. If any shareholder has any question relating to the Meeting, please contact Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar as follows:

Tricor Investor Services Limited
Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185
9. Shareholders are advised to read the “PRECAUTIONARY MEASURES FOR THE EGM” section in the circular for further detail and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.
10. In view of the travelling restrictions imposed by various jurisdictions to prevent the spread of COVID-19, certain director(s) of the Company may attend the Meeting through video conference or similar electronic means.

As at the date of this notice, the Directors are:

Executive Directors

Ms. Zhao Chengmin (趙呈閩) (*Chairperson*)
Mr. Lin Weiguo (林偉國) (*Chief Executive Officer*)
Mr. Tian Meitan (田美坦)

Non-executive Directors

Mr. Huang Wenzhou (黃文洲)
Ms. Ye Yanliu (葉衍榴)
Mr. Wang Wenhui (王文懷)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent non-executive Directors

Mr. Wong Chi Wai (黃馳維)

Mr. Wong Tat Yan, Paul (黃達仁)

Mr. Chan Chun Yee (陳振宜)

This notice is prepared in both English and Chinese. In the event of inconsistency, the English text of the notice shall prevail over the Chinese text.

PRECAUTIONARY MEASURES FOR THE EGM

Due to the recent development of the epidemic COVID-19, the Company will implement additional precautionary measures at the EGM in the interests of the health and safety of our Shareholders, investors, Directors, staffs and other participants of the EGM which include without limitation:

- (1) All attendees will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the EGM. Attendees are advised to maintain appropriate social distance with each other at all times when attending the EGM.
- (2) There will be compulsory body temperature screening for all persons before entering the EGM venue. Any person with a body temperature of 37.8 degrees Celsius or above will not be given access to the EGM venue. Denied entry to the EGM venue also means the person will not be allowed to attend the EGM.
- (3) Attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the EGM (“**recent travel history**”); (ii) he/she is subject to any Hong Kong government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the EGM venue or be required to promptly leave the EGM venue.
- (4) Anyone attending the EGM is always reminded to observe good personal hygiene.
- (5) Shareholders who prefer not to attend or are restricted from attending the EGM, may still vote by proxy or appoint the chairman of the EGM as their proxy to vote on the relevant resolution and are advised to take note of the last date and time for the lodgement of the form of proxy.
- (6) The Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM instead of attending the EGM in person, by completing and return the form of proxy attached to the notice of EGM.
- (7) If any Shareholders choose not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to the head office and principal place of business in Hong Kong of the Company or by fax

PRECAUTIONARY MEASURES FOR THE EGM

at (852) 2525 7890. If any Shareholder has any question relating to the EGM, please contact Tricor Investor Services Limited, the Company's Branch Share Registrar as follows:

Tricor Investor Services Limited
Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

- (8) Shareholders are advised to read this section carefully and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.
- (9) In view of the travelling restrictions imposed by various jurisdictions to prevent the spread of COVID-19, certain Director(s) may attend the EGM through video conference or similar electronic means.