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C&D Property Management Group Co., Ltd

建發物業管理集團有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2156)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF INVENTORY PROPERTY UNDERWRITING AGREEMENT

Reference is made to the announcement of the Company dated 4 October 2021 in relation to, among others, the Inventory Property Underwriting Agreement for the provision of inventory property sales agency services by the Group to the CDI Group.

RENEWAL OF INVENTORY PROPERTY UNDERWRITING AGREEMENT

Since the Inventory Property Underwriting Agreement will be due to expire on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions thereafter, on 16 November 2023 (after trading hours), the Company and CDI entered into the Renewed Inventory Property Underwriting Agreement, pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for first-hand residential properties and/or parking spaces developed by the CDI Group. The Group shall seek prospective purchasers for the Inventory Properties and procure purchasers for such properties at a selling price not less than the price mutually agreed between the Group and the CDI Group (the “**Determined Price**”). Based on the Determined Price, the purchaser(s) will pay the corresponding market value of the Inventory Properties (the “**Determined Market Value**”) to the CDI Group. If the actual transaction price exceeds the Determined Price, the surplus between the actual transaction price and the Determined Price will be retained by the Group. The Group shall prepay to the CDI Group the amount representing the Determined Market Value of the Inventory Properties to buy out the selling right of the Inventory Properties and obtain sole and exclusive rights for providing inventory property sales agency services to the CDI Group for the Inventory Properties. After the Group completes the sale of an Inventory Property to purchaser(s) and the CDI Group receives the Determined Market Value of such property, CDI Group shall refund the corresponding amount of such property prepaid by the Group (including the capital cost tentatively fixed to be 4.8% per annum (subject to adjustment but no less than 4.8% per annum)) to the Group.

LISTING RULES IMPLICATIONS

As CDI is a controlling shareholder of the Company, it is a connected person of the Company, and the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Renewed Inventory Property Underwriting Agreement are expected to be more than 5%, the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. An EGM will be held to seek approval from the Independent Shareholders for the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder.

Each of Well Land (which directly held 308,106,030 issued Shares (representing approximately 22.47% of the issued share capital), and entrusted CDI to exercise voting rights of 219,945,505 Shares directly held by it (representing approximately 16.04% of the issued share capital) and CDI (which directly held 521,211,364 issued Shares (representing approximately 38.02% of the issued share capital), and was entrusted by Well Land to exercise voting rights of 219,945,505 Shares directly held by it), shall abstain from voting on the proposed ordinary resolution to approve the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder 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 date of this announcement, no other Shareholder is interested in the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder.

An Independent Board Committee consisting of all the independent non-executive Directors will be established to consider and advise the Independent Shareholders on the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder are fair and reasonable, 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.

GENERAL

The Company will despatch a circular to the Shareholders on or before 15 December 2023, which is more than 15 business days after publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

Reference is made to the announcement of the Company dated 4 October 2021 in relation to, among others, the Inventory Property Underwriting Agreement for the provision of inventory property sales agency services by the Group to the CDI Group.

RENEWAL OF INVENTORY PROPERTY UNDERWRITING AGREEMENT

Since the Inventory Property Underwriting Agreement will be due to expire on 31 December 2023 and it is expected that the Group will continue to enter into similar transactions thereafter, on 16 November 2023 (after trading hours), the Company and CDI entered into the Renewed Inventory Property Underwriting Agreement, pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for first-hand residential properties and/or parking spaces developed by the CDI Group. The major terms of the Renewed Inventory Property Underwriting Agreement are as follows:

Date

16 November 2023 (after trading hours)

Parties

- (1) The Company; and
- (2) CDI

Term

From 1 January 2024 to 31 December 2026.

Scope

The Group shall provide inventory property sales agency services to the CDI Group in relation to sales of the first-hand inventory residential properties and/or parking spaces developed by the CDI Group, and shall seek prospective purchasers for such inventory properties and procure purchasers for the Inventory Properties at a selling price not less than the Determined Price. Based on the Determined Price, the purchaser(s) will pay the corresponding Determined Market Value of the property to the CDI Group. If the actual transaction price is higher than the Determined Price, the surplus between the actual transaction price and the Determined Price will be retained by the Group.

The inventory properties under the Renewed Inventory Property Underwriting Agreement shall be unsold residential properties and/or parking spaces developed by the CDI Group. The parties shall review and adjust the scope of the properties under the Renewed Inventory Property Underwriting Agreement every six months. Details of such properties such as scope and amount will be provided by the CDI Group and included in the scope of cooperation of the Renewed Inventory Property Underwriting Agreement after mutual confirmation by the parties. After the parties confirmed such details in writing, the Group shall prepay an amount equal to 100% of the Determined Market Value of the Inventory Properties to the CDI Group using its internal resources within 10 working days.

After the Group completes the sale of an Inventory Property to purchaser(s) and the CDI Group receives the Determined Market Value of such property, CDI Group shall refund the corresponding amount of that property prepaid by the Group (including the corresponding capital cost tentatively fixed to be 4.8% per annum (subject to adjustment but no less than 4.8% per annum)) to the Group within 10 working days or the expiration of the Renewed Inventory Property Underwriting Agreement (whichever is earlier). The subsidiaries of both parties shall enter into individual agreements under the Renewed Inventory Property Underwriting Agreement.

Conditions precedent

Transactions contemplated under the Renewed Inventory Property Underwriting Agreement will take effect upon, among other things, obtaining all necessary approval(s) required under applicable laws and regulations and the Listing Rules, including the approval by the Independent Shareholders.

Historical transaction amounts

The historical amount of fee received by the Group under the Inventory Property Underwriting Agreement (i.e. the capital cost) for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 were nil, RMB46,166,000, and RMB34,315,000 respectively.

Note: The ordinary resolution approving the Inventory Property Underwriting Agreement was passed by the independent Shareholders on 30 December 2021.

Proposed annual caps

Pursuant to the Renewed Inventory Property Underwriting Agreement, the maximum Determined Market Value of the unsold Inventory Properties for underwriting entrusted by the CDI Group to the Group for sales per year shall not exceed RMB1.5 billion. Within such cap, the exact Determined Market Value of the inventory properties will depend on the scope of the Inventory Properties and the Determined Price (to be reviewed and adjusted every six months) mutually agreed between the CDI Group and the Group. The Group shall prepay to the CDI Group the amount representing the Determined Market Value of the Inventory Properties to buy out the selling right of the Inventory Properties and obtain sole and exclusive rights for providing inventory property sales agency services. After the Group completes the sale of an Inventory Property to purchaser(s) and the CDI Group receives the Determined Market Value of such property, the corresponding amount of such Inventory Property prepaid by the Group (including the corresponding capital cost tentatively fixed to be 4.8% per annum (subject to adjustment but no less than 4.8% per annum)) shall be refunded to the Group by the CDI Group. As such, assuming that the maximum capital costs to be received by the Group annually being RMB72 million, the proposed annual cap is RMB1.572 billion for each of the three years ending 31 December 2026.

In determining the proposed annual caps, the following factors have been taken into consideration:

- (i) the historical transaction amounts paid to the Group under the Inventory Property Underwriting Agreement;
- (ii) the estimated progress of project development and sales for the real estate development business of the CDI Group;
- (iii) the potential growth in size of the inventory properties in real estate projects and the estimated selling price expected by the CDI Group; and
- (iv) the expected sales capacity of the Group.

INFORMATION ABOUT THE PARTIES

CDI is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1908). The CDI 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 at the date of this announcement, Well Land held 1,053,371,743 issued shares of CDI, representing approximately 57.07% of the issued share capital of CDI.

REASONS FOR AND BENEFIT OF THE ENTERING INTO OF THE INVENTORY PROPERTY UNDERWRITING AGREEMENT

The Group is principally engaged in property management services, community value-added and synergy services, value-added services to non-property owners and commercial property operation and management services in the PRC.

Since (i) the Group shall continue to extend and enrich the content of its community value-added and synergy services by providing inventory property sales agency services; (ii) the Group may benefit financially from the revenues generated from inventory property sales agency services provided to the CDI Group; (iii) the Group may further build up good relationship with the property owners and residents by providing inventory property sales agency services, the Directors (excluding the independent non-executive Directors, who will express their views after considering the advice from the independent financial adviser) consider that the terms of the Renewed Inventory Property Underwriting Agreement are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As CDI is a controlling shareholder of the Company, it is a connected person of the Company and the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Renewed Inventory Property Underwriting Agreement are expected to be more than 5% on an annual basis, the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. An EGM will be held to seek approval from the Independent Shareholders for the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder.

Each of Well Land (which directly held 308,106,030 issued Shares (representing approximately 22.47% of the issued share capital), and entrusted CDI to exercise voting rights of 219,945,505 Shares directly held by it (representing approximately 16.04% of the issued share capital) and CDI (which directly held 521,211,364 issued Shares (representing approximately 38.02% of the issued share capital), and was entrusted by Well Land to exercise voting rights of 219,945,505 Shares directly held by it), shall abstain from voting on the proposed resolution to approve the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder 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 date of this announcement, no other Shareholder is interested in the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder.

An Independent Board Committee consisting of all the independent non-executive Directors will be established to consider and advise the Independent Shareholders on the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder are fair and reasonable, 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.

GENERAL

The Company will despatch a circular to the Shareholders on or before 15 December 2023, which is more than 15 business days after publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CDI”	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 (Stock Code: 1908) and a controlling shareholder of the Company
“CDI Group”	CDI and its subsidiaries and, where the context so requires, includes its associates and joint ventures (excluding the Group)
“Company”	C&D Property Management Group Co., Ltd 建發物業管理集團有限公司, a BVI business company incorporated in the BVI 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
“EGM”	an extraordinary general meeting to be held by the Company to approve, among other things, the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder
“Group”	the Company, its subsidiaries and joint ventures
“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 Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders who, under the Listing Rules, are not required to abstain from voting for the resolution approving the Renewed Inventory Property Underwriting Agreement and the transactions contemplated thereunder

“Inventory Property Underwriting Agreement”	the inventory property underwriting agreement entered into between the Company and CDI dated 4 October 2021 (after trading hours), pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for properties and/or parking spaces developed by the CDI Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which only for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renewed Inventory Property Underwriting Agreement”	the inventory property underwriting agreement entered into between the Company and CDI dated 16 November 2023 (after trading hours), pursuant to which the Group shall provide inventory property sales agency services to the CDI Group for properties and/or parking spaces developed by the CDI Group
“Share(s)”	the ordinary share(s) with a par value of HK\$0.01 each of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Well Land”	Well Land International Limited (益能國際有限公司), a BVI business company incorporated in the BVI with limited liability and a controlling shareholder of the Company
“%”	per cent.

For and on behalf of
C&D Property Management Group Co., Ltd
建發物業管理集團有限公司
Lin Weiguo
Chairman and Non-executive Director

Hong Kong, 16 November 2023

As at the date of this announcement, the executive directors are Ms. Qiao Haixia (Chief Executive Officer) and Mr. Huang Danghui; the non-executive directors are Mr. Lin Weiguo (Chairman) and Mr. Xu Yixuan; and independent non-executive directors are Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai.