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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 CHENGDU ZHAORONGSHENG AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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

ALTUS 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, 12 January 2024 at 11 a.m. is set out on pages N-1 to N-3 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.

21 December 2023

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DEFINITIONS

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

“Aggregated Transactions”	collectively, the Previous Transactions and the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“C&D Real Estate”	C&D Real Estate Corporation Limited (建發房地產集團有限公司), a company established with limited liability in the PRC and a controlling shareholder of the Company
“C&D Real Estate Chengdu”	C&D Real Estate Group Chengdu Co., Ltd.* (建發房地產集團成都有限公司), a company established in the PRC with limited liability, and a wholly-owned subsidiary of C&D Real Estate
“C&D Shenggao”	Shanghai C&D Shenggao Enterprise Development Co., Ltd.* (上海建發盛高企業發展有限公司), a company established with limited liability in the PRC and an indirect wholly-owned subsidiary of the Company
“Chengdu Zhaorongsheng”	Chengdu Zhaorongsheng Real Estate Development Company Limited* (成都兆蓉晟房地產開發有限公司), a company established with limited liability in the PRC on 23 August 2023
“Chengdu Zhaorongsheng Equity Transfer Agreement”	the equity transfer agreement entered into by C&D Real Estate Chengdu with Chengdu Zhaoxinlin dated 6 November 2023, pursuant to which C&D Real Estate Chengdu agreed to sell and Chengdu Zhaoxinlin agreed to purchase 100% equity interests in Chengdu Zhaorongsheng
“Chengdu Zhaoxinlin”	Chengdu Zhaoxinlin Real Estate Development Company Limited* (成都兆欣麟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
“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

DEFINITIONS

“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, 12 January 2024 at 11 a.m. or any adjournment thereof (as the case may be), to approve, among other things, the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement
“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 agreements dated 6 December 2022 between Yi Yue and C&D Real Estate, between Yi Yue and Xiamen Liyuan, and between Xiamen Zhaoyirong and Xiamen Liyuan, respectively, 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 Chengdu Zhaorongsheng Equity Transfer Agreement
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities 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 Chengdu Zhaorongsheng Equity Transfer Agreement
“Independent Property Valuer”	Cushman & Wakefield Limited, an independent property valuer

DEFINITIONS

“Independent Shareholders”	Shareholders who, under the Listing Rules, are not required to abstain from voting for the resolution approving the Chengdu Zhaorongsheng Equity Transfer Agreement and the transactions contemplated thereunder
“Land”	a plot (Land number: QY02(251): 2023-020) at Huayan Community Groups 6 and 7, Hongnian Community Group 6, Caiqiao Street, Qingyang District, Chengdu, Sichuan Province, the PRC, with a site area of approximately 71,367.87 sq.m. and an estimated plot ratio floor area of not more than approximately 164,146.1 sq.m. for residential use
“Land Use Rights Grant Contract”	the State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) dated 29 August 2023 entered into by Chengdu Zhaorongsheng with Chengdu Planning and Natural Resources Bureau (成都市規劃和自然資源局) regarding the acquisition of the Land
“Latest Practicable Date”	13 December 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 only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Transactions”	the transactions under the Fujian Zhaorun Equity Transfer Agreements and the Xiamen Jianyaoyue Equity Transfer Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“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 Jianyaoyue”	Xiamen Jianyaoyue Real Estate Development Co., Ltd.* (廈門建壹悅房地產開發有限公司), a company established with limited liability in the PRC on 8 June 2021
“Xiamen Jianyaoyue Equity Transfer Agreements”	the equity transfer agreements dated 26 September 2023 entered into by C&D Real Estate with C&D Shenggao and Xiamen Zhaoyirong, respectively, pursuant to which, C&D Real Estate agreed to sell, and C&D Shenggao and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Xiamen Jianyaoyue, respectively
“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)
Mr. Peng Yong (彭勇)

Registered office:

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

Non-executive Directors:

Mr. Huang Wenzhou (黃文洲)
Ms. Ye Yanliu (葉衍榴)
Mr. Zheng Yongda (鄭永達)

*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

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)
Mr. Dai Yiyi (戴亦一)

21 December 2023

To the Shareholders

Dear Sir or Madam,

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

Reference is made to the announcement of the Company dated 6 November 2023. The purpose of this circular is (i) to provide the Shareholders with further information on the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement; (ii) to set out the recommendations from the Independent Board Committee in relation to the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement; (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

On 6 November 2023, it was announced that Chengdu Zhaoxinlin, an indirect wholly-owned subsidiary of the Company, entered into the Chengdu Zhaorongsheng Equity Transfer Agreement with C&D Real Estate Chengdu, pursuant to which C&D Real Estate Chengdu agreed to sell and Chengdu Zhaoxinlin agreed to purchase 100% equity interests in Chengdu Zhaorongsheng.

CHENGDU ZHAORONGSHENG EQUITY TRANSFER AGREEMENT

Date

6 November 2023

Parties

Vendor: C&D Real Estate Chengdu

Purchaser: Chengdu Zhaoxinlin

Interests to be acquired

C&D Real Estate Chengdu agreed to sell and Chengdu Zhaoxinlin agreed to purchase 100% equity interests in Chengdu Zhaorongsheng.

Consideration

The aggregate cash consideration shall be nil. Chengdu Zhaoxinlin shall also repay the shareholder's loan (principal and interest) in the amount of approximately RMB2,293,000,000 (with reference to the Latest Practicable Date and subject to adjustment) previously advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng. The shareholder's loan provided to Chengdu Zhaorongsheng was mainly for the acquisition of the Land. Chengdu Zhaoxinlin shall repay C&D Real Estate Chengdu the shareholder's loan on the date of completion after the conditions precedent under the Chengdu Zhaorongsheng Equity Transfer Agreement were satisfied.

The cash consideration was determined based on arm's length negotiation with reference to the valuation of the total assets and liabilities of Chengdu Zhaorongsheng as at 31 August 2023 (the "**Previous Valuation**") conducted by Xiamen Qianyuan Asset Valuation and Property Valuation Company Limited* (廈門乾元資產評估與房地產估價有限責任公司) ("**Xiamen Qianyuan**"), a third party independent of the Company and its connected persons. Pursuant to the Previous Valuation, as at 31 August 2023, the net assets of Chengdu Zhaorongsheng was valued at RMB0, consisting of (i) total assets of RMB591,700,000 and (ii) total liabilities of RMB591,700,000. A summary of the valuation report prepared by Xiamen Qianyuan is set out in Appendix II to this circular.

LETTER FROM THE BOARD

The shareholder's loan of approximately RMB2,293,000,000 to be repaid by Chengdu Zhaoxinlin was determined based on the total amount of shareholder's loan (principal and interests) advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng as at the Latest Practicable Date and subject to adjustment for any changes in the loan amount for the period from the Latest Practicable Date to the completion of the transactions contemplated under Chengdu Zhaorongsheng Equity Transfer Agreement.

Previous Valuation

In preparing the Previous Valuation, Xiamen Qianyuan determined the appraised value of Chengdu Zhaorongsheng as follow:

1. Current assets

The current assets of Chengdu Zhaorongsheng include monetary funds, prepayments and other current assets.

(1) Monetary funds

For monetary funds denominated in RMB, the verified book value is equivalent to the appraised value as no adjustment is required to be made to the appraised value.

(2) Prepayments

By verifying the books of accounts and original documents, Xiamen Qianyuan analyzed whether the prepayments can form corresponding assets or interests on the basis of economic content and ageing analysis, and determined the appraised value as the verified book value, and no adjustments shall be made.

(3) Other current assets

Other current assets were mainly capitalised finance costs, which are recorded on the balance sheet as an asset at their historical cost and Xiamen Qianyuan inspected the original entry vouchers to verify their authenticity, and verified that the amount was consistent with the declaration of Chengdu Zhaorongsheng. Therefore, the verified book value is equivalent to the appraised value, and no adjustments shall be made.

2. Current liabilities

The current liabilities of Chengdu Zhaorongsheng were other payables which mainly comprised of outstanding shareholder's loan. Xiamen Qianyuan reviewed and verified its liabilities and, on the basis of such verification, took the amount of liabilities that Chengdu Zhaorongsheng was required to assume as at the benchmark date (i.e. the book value) as the appraised value, and no adjustments shall be made.

LETTER FROM THE BOARD

As stated in Appendix II, as at 31 August 2023, the total carrying value of Chengdu Zhaorongsheng's owners' equity amounted to RMB0 and the appraised value amounted to RMB0 which represents the book value of the entire shareholders' equity (net assets) of RMB0, and there is no difference between the book value and the appraised value. The value of the Land was not considered when preparing the Previous Valuation as the land use rights of the Land has not been transferred to Chengdu Zhaorongsheng as at 31 August 2023, and interest in the Land was recognised as property under development on 15 September 2023 when the land handover confirmation was entered into.

The Previous Valuation was prepared based on the asset-based approach, and assuming that Chengdu Zhaorongsheng will continue to operate and the assets and liabilities of Chengdu Zhaorongsheng will be evaluated by specific assessment method corresponding to such assets and liabilities. The appraised value of the equity interests of Chengdu Zhaorongsheng was determined based on the difference between the appraised value of the total assets and total liabilities. Given that the asset-based approach is a commonly adopted approach for the valuation of comparable companies of Chengdu Zhaorongsheng (based on a review of previous valuation reports issued by Xiamen Qianyuan for unlisted companies, such as C&D Real Estate Group Nanjing Co., Ltd.* (建發房地產集團南京有限公司) and Zhuzhou Yuefa Real Estate Company Limited* (株洲悅發房地產有限公司), which are comparable to Chengdu Zhaorongsheng as they are all engaged in property development and operation) and is in line with market practice; and having reviewed the assumptions and conditions in the Previous Valuation, the Board considers that the assumptions, method of valuation chosen 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)), Measures for the Supervision and Administration of State-owned Assets Transactions of Enterprises (Ministry of Finance Order No. 32 of the State-owned Assets Supervision and Administration Commission of the State Council) (《企業國有資產交易監督管理辦法》(國務院國資委財政部令第32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.

The purpose of the Previous Valuation was to fulfil the abovementioned regulatory requirement in respect of the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement and to determine the cash consideration for the acquisition of Chengdu Zhaorongsheng stipulated in the Chengdu Zhaorongsheng Equity Transfer Agreement. The Previous Valuation appraised the value of 100% equity interests of Chengdu Zhaorongsheng by referring to the net assets of Chengdu Zhaorongsheng, therefore the Previous Valuation was not made with reference to the value of the Land and did not reveal the complete and accurate nature of the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement which was to acquire 100% interest in the Land.

LETTER FROM THE BOARD

C&W Valuation

In order to provide the Shareholders with more meaningful information of the main purpose of the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement, the Company engaged C&W, a third party independent of the Company and its connected persons, to assess the appraised value of the Land as at 31 October 2023. As at 31 October 2023, the appraised value of the Land was RMB3,250,000,000. Since (i) the major asset held by Chengdu Zhaorongsheng is the Land; (ii) the valuation report of the Land was conducted by C&W more recently and may be readily used to assess against the consideration contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement, 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. Having considered the current situation of the city, location and local real estate market in which the Land is located, and reviewed assumptions and rationale for choosing the method of valuation (including those adopted by companies engaged in property development and operation), the Board considers that the valuation on the Land prepared by C&W (including assumptions and methodology adopted) is fair and reasonable.

As at the Latest Practicable Date, the aggregate consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement (subject to adjustment) was approximately RMB2,293,000,000. When determining the aggregate consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement, the Company mainly considered the capital contributed by C&D Real Estate Chengdu for the acquisition of the Land. The Company also considered that: (i) the net valuation surplus of the Land of approximately RMB25,000,000 (being the difference between the appraised value of the Land as at 31 October 2023 of RMB3,250,000,000 and the net book value of the Land as at 31 October 2023 of RMB3,225,092,408); (ii) the Land is at a premium location with high development potential; and (iii) the appraised value of the Land as at 31 October 2023 of RMB3,250,000,000 has increased by approximately 2.06% when compared to the acquisition cost of the Land of RMB3,184,434,340, the Directors believed that the aggregate consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement did not represent a premium over the value of the Land. 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 Chengdu Zhaorongsheng as at 31 August 2023, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shareholder's loan

C&D Real Estate Chengdu agreed to grant a shareholder's loan to Chengdu Zhaorongsheng on 14 August 2023, and various drawdowns were made by Chengdu Zhaorongsheng based on its capital needs, which was primarily to settle the consideration for the Land. The total principal amount as at the Latest Practicable Date was approximately RMB2,273,000,000.

LETTER FROM THE BOARD

The shareholder's loan bears an interest rate of 4.53% per annum, and shall be unsecured and repayable upon demand by C&D Real Estate Chengdu. As at 30 June 2023, interest-bearing borrowings of the Group denominated in RMB bore an interest rate ranging from 1.40% to 6.50% per annum, hence the Board considers that the terms of the shareholder's loan provided to Chengdu Zhaorongsheng is fair and reasonable.

As at 6 November 2023 (i.e. the date when the Chengdu Zhaorongsheng Equity Transfer Agreement was entered into), the outstanding shareholder's loan (principal and interests) advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng was RMB1,640,051,618.46, and increased to approximately RMB2,293,000,000 as at the Latest Practicable Date mainly due to the facts that interests were accrued and the second instalment of consideration for the Land of RMB636,886,868 was paid on 29 November 2023. The Board believes that the amount of the shareholder's loan will continue to increase from the Latest Practicable Date to the date of completion of the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement because interests will continue to accrue (assuming completion takes place on or before 31 January 2024).

If completion takes place after the payment for final instalment of consideration for the Land (which shall be paid on or before 29 February 2024), the total principal amount of the shareholder's loan will further increase by RMB955,330,302 (being the amount of final instalment of land consideration) and the total principal amount of the shareholder's loan is expected to increase to approximately RMB3,228 million (i.e. the maximum principal amount of the shareholder's loan, which was determined with reference to the acquisition cost of the Land and preliminary expenses).

Conditions precedent

The valuation of the entire equity interest in Chengdu Zhaorongsheng as at the benchmark date is subject to the completion of the filing or approval procedures for the valuation of state-owned assets in accordance with the relevant regulations on state-owned asset transactions. As at the Latest Practicable Date, the valuation result of the entire equity interest in Chengdu Zhaorongsheng by Xiamen Qianyuan has been filed by Xiamen C&D Corporation Limited (under the authorization of State-owned Assets Supervision and Administration Commission of Xiamen Municipal Government (廈門市人民政府國有資產監督管理委員會)).

The transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement are subject to the granting of all the necessary approval(s) required under the Listing Rules, including the approval by the Independent Shareholders.

None of the conditions precedent are waivable by any of the parties, and as at the Latest Practicable Date, the approval of Independent Shareholders is expected to be obtained on the date of EGM. The parties shall use all reasonable endeavours to procure the above conditions precedent be fulfilled on or before 31 January 2024 (or such later date agreed between the parties which is not expected to be extended unless there are material adverse changes).

LETTER FROM THE BOARD

COMPLETION

Upon completion of the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement, Chengdu Zhaoxinlin will hold 100% equity interests in Chengdu Zhaorongsheng. As such, Chengdu Zhaorongsheng will become an indirect subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

CAPITAL COMMITMENT

Chengdu Zhaoxinlin will finance the total consideration in the sum of approximately RMB2,293,000,000 (with reference to the Latest Practicable Date and subject to adjustment) under the Chengdu Zhaorongsheng Equity Transfer Agreement by internal resources of the Group.

INFORMATION ABOUT CHENGDU ZHAORONGSHENG

Chengdu Zhaorongsheng Real Estate Development Company Limited* (成都兆蓉晟房地產開發有限公司) is a company established with limited liability in the PRC on 23 August 2023, and is principally engaged in property development and operation.

Set out below is a summary of the financial performance of Chengdu Zhaorongsheng for the period from 23 August 2023 to 31 August 2023 and the financial position of Chengdu Zhaorongsheng as at 31 August 2023:

	As at 31 August 2023
	<i>RMB'000</i>
Total assets	591,700
Net assets	0
	From 23 August 2023 to
	31 August 2023
	<i>RMB'000</i>
Net profit before taxation	0
Net profit after taxation	0

INFORMATION ABOUT THE LAND

On 15 August 2023, C&D Real Estate Chengdu successfully won the bid for the auction for the land use rights of the Land, and Chengdu Zhaorongsheng entered into the Land Use Rights Grant Contract with Chengdu Planning and Natural Resources Bureau (成都市規劃和自然資源局) on 29 August 2023, pursuant to which Chengdu Zhaorongsheng acquired the land use rights of the Land at the consideration of RMB3,184,434,340. As at the Latest Practicable Date, Chengdu Zhaorongsheng paid the first two instalments of consideration of

LETTER FROM THE BOARD

RMB2,229,104,038 in aggregate for the acquisition of the Land, and the balance of the consideration shall be settled by 29 February 2024. The Land is the major asset held by Chengdu Zhaorongsheng.

The Land is located at Huayan Community Groups 6 and 7, Hongnian Community Group 6, Caiqiao Street, Qingyang District, Chengdu, Sichuan Province, the PRC (Land Number: QY02(251): 2023-020), which located in the primary urban area of Chengdu, adjacent to high-quality educational resources, surrounded by subway, shopping malls, hospitals and complete supporting facilities, with a large potential for development. The Land has a site area of approximately 71,367.87 sq.m. and an estimated plot ratio floor area of not more than approximately 164,146.1 sq.m. for residential use. The term of the land use rights of the Land for residential use is 70 years.

The Land will be a two-phase residential development project, with construction work for the first phase expected to commence no later than March 2024, pre-sale campaigns expected to commence no later than July 2024, and construction work expected to be completed no later than July 2026, and the construction work for the second phase expected to commence no later than July 2024, pre-sale campaigns expected to commence no later than May 2025, and construction work expected to be completed no later than February 2027. The actual schedule for the construction works, pre-sale campaign and completion of the residential development project may be subject to change based on actual circumstances.

INFORMATION ABOUT THE PARTIES TO THE CHENGDU ZHAORONGSHENG EQUITY TRANSFER AGREEMENT

Chengdu Zhaoxinlin 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.

C&D Real Estate Chengdu is a company established with limited liability in the PRC, a wholly-owned subsidiary of C&D Real Estate and is principally engaged in the property development and operation businesses.

C&D Real Estate is a company established with limited liability in the PRC, and is a controlling shareholder of the Company. It is principally engaged in the businesses of real estate development, commercial operation, property management, 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 54.85% and 45.15%, 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, industrial investment, etc.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE CHENGDU ZHAORONGSHENG EQUITY TRANSFER AGREEMENT

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.

Given that (1) the Land is well located with outstanding educational resources and superior comprehensive quality, possessing great development potential; (2) the acquisition of the Land can further expand the scale of the Group's land reserve and enhance the Group's brand influence in both Chengdu and the PRC market, the Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) are of the view that the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement will benefit the expansion of the Group's real estate development business, and the terms of the Chengdu Zhaorongsheng Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

C&D Real Estate is a controlling shareholder of the Company and C&D Real Estate Chengdu is a wholly-owned subsidiary of C&D Real Estate, C&D Real Estate Chengdu is therefore a connected person of the Company. The transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement 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 Chengdu Zhaorongsheng Equity Transfer Agreement are required to be aggregated with the Previous Transactions. 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 under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

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 Chengdu Zhaorongsheng Equity Transfer Agreement, hence none of them were required to abstain from voting on the Board resolution approving the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement.

LETTER FROM THE BOARD

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, 12 January 2024 at 11 a.m., to consider and if thought fit, to approve, among other things, the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement. A form of proxy for use at the EGM is enclosed with this circular.

As at the Latest Practicable Date, C&D Real Estate through Well Land International Limited (its wholly owned subsidiary) was interested in 1,056,470,743 issued Shares (representing approximately 57.24% of the issued share capital of the Company). Therefore, C&D Real Estate and Well Land International Limited shall abstain from voting on the proposed resolution to approve the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement 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-3 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, 9 January 2024 to Friday, 12 January 2024 (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, 8 January 2024. The holders of the Shares whose names appear on the register of members of the Company on Friday, 12 January 2024 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 Chengdu Zhaorongsheng Equity Transfer Agreement. Altus Capital Limited, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on

LETTER FROM THE BOARD

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-22 of this circular.

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 Chengdu Zhaorongsheng Equity Transfer Agreement 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 Chengdu Zhaorongsheng Equity Transfer Agreement 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)

21 December 2023

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 100% EQUITY INTERESTS
IN CHENGDU ZHAORONGSHENG 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 Chengdu Zhaorongsheng Equity Transfer Agreement, the details of which are set out in the circular issued by the Company to the Shareholders dated 21 December 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. Altus 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-22 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 Chengdu Zhaorongsheng Equity Transfer Agreement” 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 Chengdu Zhaorongsheng Equity Transfer Agreement 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 Chengdu Zhaorongsheng Equity Transfer Agreement.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement, which has been prepared for the purpose of incorporation in the Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

21 December 2023

To the Independent Board Committee and the Independent Shareholders

C&D International Investment Group Limited

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

Dear Sirs and Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTERESTS IN CHENGDU ZHAORONGSHENG

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement. Details of the proposed acquisition are set out in the "Letter from the Board" contained in the circular of the Company dated 21 December 2023 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 6 November 2023, Chengdu Zhaoxinlin, an indirect wholly-owned subsidiary of the Company, entered into the Chengdu Zhaorongsheng Equity Transfer Agreement with C&D Real Estate Chengdu, pursuant to which C&D Real Estate Chengdu agreed to sell and Chengdu Zhaoxinlin agreed to purchase 100% equity interests in Chengdu Zhaorongsheng. The aggregate cash consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement shall be nil. However, Chengdu Zhaoxinlin shall also repay the shareholder's loan (principal and interest) in the amount of approximately RMB2,293,000,000 (with reference to the outstanding sum as at the Latest Practicable Date and subject to adjustment) previously advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng (the "**Shareholder's Loan**"). The total consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement shall be financed by internal resources of the Group.

LISTING RULES IMPLICATIONS

C&D Real Estate is a controlling shareholder of the Company and C&D Real Estate Chengdu is a wholly-owned subsidiary of C&D Real Estate, C&D Real Estate Chengdu is therefore a connected person of the Company. The transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement are required to be aggregated with the Previous Transactions. 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 under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

As at the Latest Practicable Date, C&D Real Estate through Well Land International Limited (its wholly owned subsidiary) was interested in 1,056,470,743 issued Shares (representing approximately 57.24% of the issued share capital of the Company. Therefore, C&D Real Estate and Well Land International Limited shall abstain from voting on the proposed resolution to approve the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement 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 Shareholders are required to abstain from voting on the relevant resolution to be considered at the EGM as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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, Mr. Chan Chun Yee and Mr. Dai Yiyi has been formed to advise the Independent Shareholders as to whether (i) the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Chengdu Zhaorongsheng Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the proposed resolution at the EGM to approve the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement, taking into account the recommendation from the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Chengdu Zhaorongsheng Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the proposed resolution at the EGM to approve the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement.

We acted as the independent financial adviser for the Company with regards to (i) the continuing connected transaction in relation to the inventory property underwriting agreement; (ii) the discloseable and connected transaction in relation to the acquisition of shares in the target company involving issue of consideration shares under specific mandate and entrusted voting arrangement in the target company; (iii) the major and connected transaction in relation to the acquisition of 100% equity interest in C&D Real Estate Group Nanjing Co., Ltd.; and (iv) the connected transaction in relation to the proposed issue of new Shares under the 2022 restricted share incentive scheme, details of which were set out in the circulars of the Company dated 8 December 2021, 27 April 2022, 22 June 2022 and 6 December 2022 respectively. Save for the aforesaid transactions, we have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Chengdu Zhaorongsheng Equity Transfer Agreement; (ii) the terms and breakdown of the outstanding balance of the Shareholder's Loan; (iii) the valuation report of Chengdu Zhaorongsheng conducted by Xiamen Qianyuan Asset Valuation and Property Valuation Company Limited ("**Xiamen Qianyuan**" and the "**Qianyuan Valuation Report**"); (iv) the valuation report of the Land conducted by the Independent Property Valuer as set out in Appendix I to the Circular (the "**C&W Valuation Report**"); (v) the PRC legal opinion issued by the Company's legal adviser in relation to the Land; (vi) the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**"); (vii) the interim report of the Company for the six months ended 30 June 2023 (the "**2023 Interim Report**"); and (viii) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the EGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards 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 facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group, the purchaser, the vendor and Chengdu Zhaorongsheng

1.1 Principal businesses of the Group and the purchaser

The Group

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. According to the 2022 Annual Report and the 2023 Interim Report, sales of properties contributed over 97% and 93% of the Group's revenue for the year ended 31 December 2022 and the six months ended 30 June 2023 respectively.

Chengdu Zhaoxinlin

Chengdu Zhaoxinlin 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.

1.2 Financial information of the Group

Set out below is a table summarising certain key financial information of the Group extracted from the 2022 Annual Report and the 2023 Interim Report.

Extract of consolidated statement of profit or loss and other comprehensive income

	For the year ended		For the six months ended	
	31 December		30 June	
	2021^(Note)	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	54,564,878	99,635,501	16,949,699	24,359,190
Gross profit	9,078,755	15,219,414	2,551,573	3,714,443
Profit for the year/period	4,149,083	5,561,903	1,278,552	1,421,853

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Extract of consolidated statement of financial position

	As at 31 December		As at
	2021^(Note)	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Total assets	346,086,499	393,463,167	469,741,313
<i>Properties under development</i>	222,892,485	248,861,831	282,411,561
<i>Cash at banks and on hand</i>	48,351,462	50,280,062	60,738,503
Total liabilities	281,819,642	314,042,679	379,319,327
<i>Contract liabilities</i>	148,905,438	177,604,681	236,084,441
Net assets	64,266,857	79,420,488	90,421,986

Capital adequacy ratio

	As at 31 December		As at
	2021^(Note)	2022	30 June
Gearing ratio	133.60%	115.90%	99.18%

Note: According to the 2022 Annual Report, upon completion of the transactions contemplated under the share sale and purchase agreement dated 29 March 2022 entered into between the Company and Well Land International Limited (“**Well Land**”), and the voting rights entrustment agreement dated 29 March 2022 entered into between the Company and Well Land becoming effective on 23 May 2022, revenue from property management services generated by C&D Property Management Group Co., Ltd and its subsidiaries are being included in the consolidated financial statements of the Group. Accordingly, the related comparative figures in 2021 have been restated. For further details, please refer to the 2022 Annual Report.

Year ended 31 December 2021 compared to year ended 31 December 2022

The Group recorded revenue of approximately RMB99.6 billion in 2022, representing a significant increase of approximately 82.6% from approximately RMB54.6 billion during the previous year. The significant increase was mainly attributable to the increase in revenue generated from sales of properties, where the gross floor area (“**GFA**”) of delivered properties increased by approximately 1.1648 million sq.m. or approximately 33.5% from approximately 3.4814 million sq.m. in 2021 to approximately 4.6462 million sq.m. in 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The gross profit of the Group increased by a lesser extent of approximately 67.6% than that of the foresaid revenue from approximately RMB9.1 billion in 2021 to approximately RMB15.2 billion in 2022, representing gross profit margins of approximately 16.6% and 15.3% respectively. The slight decrease in gross profit margin was mainly due to the lower gross profit margin level of projects delivered during 2022 as compared with the previous year.

The Group recorded net profit of approximately RMB5.6 billion in 2022, representing an increase of approximately 34.1% from approximately RMB4.1 billion in 2021. Such increase was mainly attributable to the increase in revenue and gross profit as discussed above.

The Group's total assets increased from approximately RMB346.1 billion as at 31 December 2021 to approximately RMB393.5 billion as at 31 December 2022, mainly due to the increase in properties under development from approximately RMB222.9 billion as at 31 December 2021 to approximately RMB248.9 billion as at 31 December 2022, which was in line with the Group's business growth; while the cash at banks and on hand balance increased from approximately RMB48.4 billion as at 31 December 2021 to approximately RMB50.3 billion as at 31 December 2022. The Group's total liabilities increased from approximately RMB281.8 billion as at 31 December 2021 to approximately RMB314.0 billion as at 31 December 2022, mainly due to the increase in contract liabilities (representing primarily the payments received in advance from customers as a result of the Group's pre-sale of properties) from approximately RMB148.9 billion as at 31 December 2021 to approximately RMB177.6 billion as at 31 December 2022. Net assets of the Group improved from approximately RMB64.3 billion as at 31 December 2021 to approximately RMB79.4 billion as at 31 December 2022. Gearing ratio (total borrowings divided by total equity) of the Group also improved from approximately 133.60% as at 31 December 2021 to approximately 115.90% as at 31 December 2022. Such improvement in the overall financial structure of the Group was generally in line with the Group's business growth and profitability recorded.

Six months ended 30 June 2022 compared to six months ended 30 June 2023

The Group continued to deliver improvement in financial results in the first half of 2023. The Group's revenue amounted to approximately RMB24.4 billion during the six months ended 30 June 2023, representing an increase of approximately 43.7% from approximately RMB16.9 billion during the same period in 2022. The increase was mainly attributable to the increase in revenue generated from sales of properties, where the GFA of delivered properties increased by approximately 1.06 million sq.m. or approximately 143.2% from approximately 0.74 million sq.m. in the first half of 2022 to approximately 1.80 million sq.m. in the first half of 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The gross profit of the Group increased by approximately 45.6% from approximately RMB2.6 billion in the first half of 2022 to approximately RMB3.7 billion in the first half of 2023, representing gross profit margins of approximately 15.1% and 15.2% respectively. The slight increase in gross profit margin was mainly due to the higher gross profit margin level of projects delivered during the six months ended 30 June 2023 as compared with those during the same period in 2022.

The Group recorded net profit of approximately RMB1.4 billion in the first half of 2023, representing an increase of approximately 11.2% from approximately RMB1.3 billion in the first half of 2022. Such increase was mainly attributable to the increase in revenue and gross profit as discussed above.

The Group's total assets increased from approximately RMB393.5 billion as at 31 December 2022 to approximately RMB469.7 billion as at 30 June 2023, mainly due to the increase in properties under development from approximately RMB248.9 billion as at 31 December 2022 to approximately RMB282.4 billion as at 30 June 2023, which was in line with the Group's business growth; while the cash at banks and on hand balance increased from approximately RMB50.3 billion as at 31 December 2022 to approximately RMB60.7 billion as at 30 June 2023. The Group's total liabilities increased from approximately RMB314.0 billion as at 31 December 2022 to approximately RMB379.3 billion as at 30 June 2023, mainly due to the increase in contract liabilities from approximately RMB177.6 billion as at 31 December 2022 to approximately RMB236.1 billion as at 30 June 2023. Net assets of the Group improved from approximately RMB79.4 billion as at 31 December 2022 to approximately RMB90.4 billion as at 30 June 2023. Gearing ratio of the Group also improved from approximately 115.90% as at 31 December 2022 to approximately 99.18% as at 30 June 2023. Such improvement in the overall financial structure of the Group was generally in line with the Group's business growth and profitability recorded.

1.3 Outlook of the Group

As noted in the 2023 Interim Report, the PRC real estate market has experienced significant changes since the beginning of the year, including policy regulations such as continuous reserve requirement ratio cuts and interest rate cuts, increasing customers' requirements for living quality and demand for better housing, as well as large-scale and nationalised central government-owned enterprises and local state-owned enterprises becoming major players in terms of land acquisition in the first half of 2023. Amid the backdrop of ever-changing industry environment, the Group will continue to leverage on its status as a state-owned enterprise and its market-oriented operational mechanism to improve its adaptability to market. In particular, the Group will continue to (i) conduct in-depth and thorough urban and customer research so as to be more precise in land acquisition; (ii) launch products that are more in line with the needs and expectations of customers; and (iii) further improve management efficiency and empower the frontline to realise value creation.

1.4 Principal businesses of the vendor

C&D Real Estate Chengdu

C&D Real Estate Chengdu is a company established with limited liability in the PRC, a wholly-owned subsidiary of C&D Real Estate and is principally engaged in the property development and operation businesses.

C&D Real Estate is a company established with limited liability in the PRC, and is a controlling shareholder of the Company. It is principally engaged in the businesses of real estate development, commercial operation, property management, investment etc.

1.5 Information about Chengdu Zhaorongsheng and the Land

Principal business of Chengdu Zhaorongsheng

Chengdu Zhaorongsheng is a company established with limited liability in the PRC on 23 August 2023, and is principally engaged in property development and operation. As at the Latest Practicable Date, C&D Real Estate Chengdu held the entire equity interests in Chengdu Zhaorongsheng. The Land is the major asset held by Chengdu Zhaorongsheng.

On 15 August 2023, C&D Real Estate Chengdu successfully won the bid for the auction for the land use rights of the Land, and Chengdu Zhaorongsheng entered into the Land Use Rights Grant Contract with Chengdu Planning and Natural Resources Bureau (成都市規劃和自然資源局) on 29 August 2023, pursuant to which Chengdu Zhaorongsheng acquired the land use rights of the Land at the consideration of RMB3,184,434,340. As at the Latest Practicable Date, Chengdu Zhaorongsheng paid the first two instalments of land consideration of RMB2,229,104,038 for the Land, and the balance of the consideration shall be settled by 29 February 2024.

Information about the Land

The Land is located at Huayan Community Groups 6 and 7, Hongnian Community Group 6, Caiqiao Street, Qingyang District, Chengdu, Sichuan Province, the PRC (Land Number: QY02(251): 2023-020), which is located in the primary urban area of Chengdu, adjacent to high-quality educational resources, surrounded by subway, shopping malls, hospitals and complete supporting facilities, with a large potential for development. The Land has a site area of approximately 71,367.87 sq.m. and an estimated plot ratio floor area of not more than approximately 164,146.1 sq.m. for residential use. The term of the land use rights of the Land for residential use is 70 years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Land will be a two-phase residential development project, with construction work for the first phase expected to commence no later than March 2024, pre-sale campaigns expected to commence no later than July 2024, and construction work expected to be completed no later than July 2026, and the construction work for the second phase expected to commence no later than July 2024, pre-sale campaigns expected to commence no later than May 2025, and construction work for the second phase expected to be completed no later than February 2027. For further details about the Land, please refer to the paragraph headed “Information about the Land” in the “Letter from the Board” of the Circular.

Financial information of Chengdu Zhaorongsheng

Set out below is a table summarising certain key financial information of Chengdu Zhaorongsheng provided by the Management.

Extract of statement of profit or loss

	For the period from 23 August 2023 to 31 October 2023 <i>RMB'000</i> (unaudited)
Revenue	0
Net loss	(53)

Extract of balance sheet

	As at 31 October 2023 <i>RMB'000</i> (unaudited)
Total assets	3,225,772
— <i>Properties under development</i>	3,225,092
— <i>Cash and bank balance</i>	393
Total liabilities	3,225,825
— <i>Other liabilities</i>	1,628,640
— <i>Payables</i>	1,592,217
Equity attributable to equity holder of Chengdu Zhaorongsheng	(53)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Management, since the incorporation of Chengdu Zhaorongsheng on 23 August 2023 and up till 31 October 2023, the Land was in pre-construction phase. Therefore, no revenue was generated during the said period. The loss of approximately RMB53,000 was mainly related to staff costs incurred during the period between 23 August 2023 and 31 October 2023.

Total assets of Chengdu Zhaorongsheng as at 31 October 2023 amounted to approximately RMB3,225.77 million, among which, properties under development (being the net book value of the Land) of approximately RMB3,225.09 million represented approximately 99.98% of total assets of Chengdu Zhaorongsheng as at 31 October 2023. Cash and bank balance of Chengdu Zhaorongsheng amounted to approximately RMB0.4 million as at 31 October 2023.

Total liabilities of Chengdu Zhaorongsheng as at 31 October 2023 amounted to approximately RMB3,225.83 million, which mainly consisted of other liabilities and payables. Other liabilities represented the amount advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng (i.e. the Shareholder's Loan), which amounted to approximately RMB1,628.64 million as at 31 October 2023; while payables represented the remaining land consideration payable by Chengdu Zhaorongsheng for the Land, which amounted to approximately RMB1,592.22 million as at 31 October 2023.

As a result of the above, equity attributable to equity holder of Chengdu Zhaorongsheng as at 31 October 2023 amounted to approximately negative RMB53,000.

2. Reasons for and benefits of entering into the Chengdu Zhaorongsheng Equity Transfer Agreement

As set out in the paragraph headed "Reasons for and benefits of the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement" in the "Letter from the Board" of the Circular, considering the Land is well located with outstanding resources and superior comprehensive quality and possess great development potential, and the acquisition of the Land can further expand the scale of the Group's land reserve and enhance the Group's brand influence in both Chengdu and the PRC market, the Management believes that the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement will benefit the expansion of the Group's real estate development business.

In this regard, we noted that the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement, which in essence is to acquire the Land and to engage in the corresponding property development project, is in line with the Group's strategy of continuing to conduct land acquisition and to launch products to meet the needs and expectations of customers in accordance with the 2023 Interim Report as further elaborated in the paragraph headed "1.3 Outlook of the Group" above and is in the ordinary and usual course of business of the Group.

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Overall, we concur with the Management's view that the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement is in line with the strategy of the Group and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Chengdu Zhaorongsheng Equity Transfer Agreement

On 6 November 2023, Chengdu Zhaoxinlin, an indirect wholly-owned subsidiary of the Company, entered into the Chengdu Zhaorongsheng Equity Transfer Agreement with C&D Real Estate Chengdu.

The principal terms of the Chengdu Zhaorongsheng Equity Transfer Agreement are summarised as follows:

Date:	6 November 2023
Parties:	Vendor: C&D Real Estate Chengdu Purchaser: Chengdu Zhaoxinlin
Interests to be acquired:	C&D Real Estate Chengdu agreed to sell and Chengdu Zhaoxinlin agreed to purchase 100% equity interests in Chengdu Zhaorongsheng.
Consideration:	The aggregate cash consideration shall be nil. Chengdu Zhaoxinlin shall also repay the Shareholder's Loan (principal and interest) in the amount of approximately RMB2,293,000,000 (with reference to the outstanding amount as at the Latest Practicable Date and subject to adjustment) previously advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng. The Shareholder's Loan provided to Chengdu Zhaorongsheng was mainly for the acquisition of the Land. Chengdu Zhaoxinlin shall repay C&D Real Estate Chengdu the Shareholder's Loan on the date of completion after the conditions precedent under the Chengdu Zhaorongsheng Equity Transfer Agreement were satisfied.

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As at the Latest Practicable Date, the Shareholder's Loan previously advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng was approximately RMB2,293,000,000, which increased from RMB1,640,051,618.46 as at 6 November 2023 (i.e. the date when the Chengdu Zhaorongsheng Equity Transfer Agreement was entered into) mainly due to the facts that interests were accrued and the second instalment of consideration for the Land of RMB636,886,868 was paid on 29 November 2023. The Management believed that the amount of the Shareholder's Loan will continue to increase from the Latest Practicable Date to the date of completion of the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement because interests will continue to accrue (assuming completion takes place on or before 31 January 2024). If completion takes place after the payment for final instalment of consideration for the Land (which shall be paid on or before 29 February 2024), the total principal amount of the Shareholder's Loan will further increase by RMB955,330,302 (being the amount of final instalment of land consideration) and the total principal amount of the Shareholder's Loan is expected to increase to approximately RMB3,228 million (i.e. the maximum principal amount of the Shareholder's Loan, which was determined with reference to the acquisition cost of the Land and preliminary expenses).

As advised by the Management, if completion takes place before the payment date for final instalment of consideration for the Land (i.e. 29 February 2024), such amount is expected to be funded by internal resources of the Group.

The parties shall use all reasonable endeavours to procure the conditions precedent to the Chengdu Zhaorongsheng Equity Transfer Agreement as detailed in the paragraph headed "Conditions precedent" in the "Letter from the Board" of the Circular be fulfilled on or before 31 January 2024 (or such later date agreed between the parties which is not expected to be extended unless there are material adverse changes).

3.1. Basis and determination of the cash consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement

As set out in the "Letter from the Board" of the Circular, the aggregate cash consideration for the acquisition of 100% equity interests in Chengdu Zhaorongsheng is nil. However, Chengdu Zhaoxinlin shall also repay the Shareholder's Loan (principal and

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interest) in the amount of approximately RMB2,293,000,000 (with reference to the outstanding amount as at the Latest Practicable Date and subject to adjustment) previously advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng.

According to the Qianyuan Valuation Report, the appraised value of Chengdu Zhaorongsheng as at 31 August 2023 was RMB0 (the “**Qianyuan Appraised Value**”), which is equivalent to the net assets of Chengdu Zhaorongsheng valued by Xiamen Qianyuan and consisted of (i) total assets of RMB591,700,000; and (ii) total liabilities of RMB591,700,000 as at 31 August 2023 valued by Xiamen Qianyuan. On the other hand, the Shareholder’s Loan of approximately RMB2,293,000,000 to be paid by Chengdu Zhaorongsheng was determined based on the total amount of outstanding Shareholder’s Loan advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng 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 transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement.

3.2. Evaluation on the basis of consideration

3.2.1. Qianyuan Valuation Report

In assessing the fairness and reasonableness of the aggregate cash consideration for the acquisition of equity interests in Chengdu Zhaorongsheng, we have reviewed the Qianyuan Valuation Report and discussed with Xiamen Qianyuan regarding the methodology and the principal basis and assumptions adopted in arriving at the Qianyuan Appraised Value. We noted that Xiamen Qianyuan has adopted the asset-based approach in arriving at the Qianyuan Appraised Value and assuming that Chengdu Zhaorongsheng will continue to operate and the assets and liabilities of Chengdu Zhaorongsheng will be evaluated by specific assessment method corresponding to such assets and liabilities. Based on our discussion with Xiamen Qianyuan, we understand that the asset-based approach is one of the commonly adopted approaches for valuing companies of similar natures and is also in line with normal market practices; we also noted that the valuation assumptions adopted in the Qianyuan Valuation Report are commonly adopted in valuation reports for equity interests. In this regard, we have conducted desktop search on recent circulars published by companies listed on the Stock Exchange in November 2023 (being the most recent month preceding to the despatch of Circular which reflects the latest market practice) in relation to acquisition or disposal of equity interests involving valuation conducted by independent valuers as follows. It is an exhaustive list based on these criteria.

	Date of circular	Company name	Stock code	Subject of valuation	Valuation approach
1	9 November 2023	Asia Resources Holdings Limited	899	100% equity interests of ZhenYuan County JiuYuan Mining Co., Ltd.	Income approach

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	Date of circular	Company name	Stock code	Subject of valuation	Valuation approach
2	10 November 2023	Tianjin Development Holdings Limited	882	Entire shareholders' interests in Tianjin Pharmaceutical Group Finance Co., Ltd.	Asset-based approach
3	15 November 2023	GCL New Energy Holdings Limited	451	100% equity interest in 36 Solar Power Plants	Market approach
4	15 November 2023	Shandong Hi-Speed New Energy Group Limited	1250	All shareholders' interests in Tianjin Clean Energy Investment Company Limited	Asset-based approach
5	17 November 2023	Sinohope Technology Holdings Limited	1611	(i) 100% equity interest in New Huo Solutions Limited; (ii) 80% equity interest in HBTPower Limited; and (iii) 80% equity interest in HBTPower Inc.	Cost approach
6	22 November 2023	Cornerstone Technologies Holdings Limited	8391	100% equity interest in Elegance Printing Holding Limited and Elegance Printing Services Holding Limited	Market approach
7	27 November 2023	Integrated Waste Solutions Group Holdings Limited	923	13.16% equity interest in An Jie Supply Chain Management Co., Ltd.	Market approach
8	28 November 2023	Minshang Creative Technology Holdings Limited	1632	100% equity interest of Prosperity One Limited	Market approach
9	30 November 2023	China Youzan Limited	8083	48.1% of the entire issued share capital of the Youzan Technology Inc.	Market approach
10	30 November 2023	Dongyue Group Limited	189	(i) 23.12% equity interest in Shandong Dongyue Polymers Co., Ltd.; (ii) 13.35% equity interest in Shandong Dongyue Organosilicon Materials Co., Ltd.; and (iii) 2.32% equity interest in Shandong Dongyue Future Hydrogen Energy Materials Co., Ltd.	Market approach

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According to the table above, we noted that two out of ten transactions involved the adoption of asset-based approach and the corresponding valuation assumptions as disclosed in the respective circulars are similar to that as adopted by Xiamen Qianyuan. We considered that the valuation conducted by Xiamen Qianyuan is comparable to the valuations conducted for the aforementioned transactions as both involving valuation of equity interests. Whilst we noted from the above table that there are six transactions adopted the market approach, we have discussed with Xiamen Qianyuan and understand that market approach is considered not appropriate for valuing Chengdu Zhaorongsheng since it was only established on 23 August 2023 and has yet to commence operation as at 31 August 2023 (i.e. date of valuation in the Qianyuan Valuation Report). As such, there are no comparable companies with similar operating scales and business stages etc. for which the operation and financial information can be publicly accessed. In addition, Xiamen Qianyuan 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 Qianyuan, 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 Qianyuan Appraised Value. For our due diligence purpose, we have reviewed and enquired into the qualifications and experience of Xiamen Qianyuan in relation to the preparation of the Qianyuan Valuation Report. We noted that the key personnel of Xiamen Qianyuan responsible for signing the Qianyuan Valuation Report have obtained the professional qualification certificates for asset appraisal issued by China Appraisal Society. We also noted that Xiamen Qianyuan has been appointed as valuer by a number of state-owned enterprises in the PRC as well as listed companies and had completed over 3,000 valuation projects (including valuation of lands, properties and assets) in 2022. We have also reviewed the terms of the engagement of Xiamen Qianyuan as well as due diligence exercise conducted by Xiamen Qianyuan in preparing the Qianyuan 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 Qianyuan Valuation Report. Xiamen Qianyuan has confirmed that it is independent from the Group, C&D Real Estate Chengdu, and their respective associates. Based on the above, we are satisfied with the terms of engagement of Xiamen Qianyuan as well as its qualifications and experience for the Qianyuan Valuation Report.

As stated in the “Letter from the Board” of the Circular, we noted that the original purpose for Xiamen Qianyuan to prepare the valuation report of Chengdu Zhaorongsheng as at 31 August 2023 was to fulfil the regulatory requirement of C&D Real Estate Chengdu in respect of the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement and to determine the cash consideration for the acquisition of 100% equity interests in Chengdu Zhaorongsheng as stipulated under the Chengdu Zhaorongsheng Equity Transfer Agreement.

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However, as further elaborated in the paragraph headed “Consideration” in the “Letter from the Board” of the Circular, the Qianyuan Valuation Report was not made with reference to the value of the Land and did not reveal the complete and accurate nature of the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement, which was to acquire the Land.

3.2.2. C&W Valuation Report

As such, the Company has also engaged Cushman & Wakefield Limited as the Independent Property Valuer to perform independent valuation on the Land. According to the C&W Valuation Report as set out in Appendix I to the Circular, the appraised value of the Land as at 31 October 2023 was RMB3,250,000,000 (the “**C&W Appraised Value**”). Based on our review of the C&W Valuation Report and our discussion with the Independent Property Valuer on the methodology and the principal basis and assumptions adopted in arriving at the C&W Appraised Value, we noted that the Independent Property Valuer has adopted the market 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, the Independent Property Valuer has also taken into account the expended construction cost as advised by the Company. We noted that the Independent Property Valuer has considered a number of criteria when selecting land comparables for conducting valuation of the Land, such as (i) recent transactions in the past 12 months; (ii) similar accessibility located in Chengdu; and (iii) comparable land size, plot ratio, land use and remaining land use term as the Land. We considered that the selection criteria adopted are fair and reasonable as they capture recent transacted lands with similar characteristics as the Land. Based on the above criteria, we noted that three comparables have been selected which are lands located in close proximity (within 25 kilometers) to the Land and have been transacted during the period from second to third quarter of 2023 (for details of the comparables, please refer to the C&W Valuation Report as set out in Appendix I to the Circular). We have obtained and reviewed details of the three comparables identified by the Independent Property Valuer and considered that they are comparable to the Land. We further understand that the Independent Property Valuer has considered the differences between the comparables and the Land in terms of various factors and accordingly, made due adjustments. These factors include but not limited to, transaction time, location and environment, transport and accessibility, land use, size, plot ratio and development constraints. In general, if the Land is better than the comparables in terms of the abovementioned factor(s), an upward adjustment is being applied, and vice versa. We considered that such adjustments are fair and reasonable as they take into account the differences between the Land and the comparables. We understand from the Independent Property Valuer that the market approach is one of the commonly adopted approaches for valuation of lands and is also consistent with normal market practice. In this regard, we have conducted desktop search on recent circulars published by companies listed on the Stock Exchange in November 2023 (being the most recent month preceding to the despatch of Circular which reflects the latest market practice) in relation to acquisition or disposal of property assets (including

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lands) involving valuation conducted by independent valuers as follows. It is an exhaustive list based on these criteria.

	Date of circular	Company name	Stock code	Subject of valuation	Valuation approach(es)
1	6 November 2023	Overseas Chinese Town (Asia) Holdings Limited	3366	Properties involving hotel, commercial and car parking spaces	Market approach, income approach and discounted cash flow approach
2	7 November 2023	Keck Seng Investments (Hong Kong) Limited	184	Hotel	Discounted cash flow approach and market approach
3	10 November 2023	Diwang Industrial Holdings Limited	1950	Office units	Market approach
4	22 November 2023	Silver Grant International Holdings Group Limited	171	Real estate properties including residential units and car parking space	Market approach
5	23 November 2023	Kasen International Holdings Limited	496	Land	Market approach
6	28 November 2023	Kato (Hong Kong) Holdings Limited	2189	Commercial units	Market approach

According to the table above, we noted that all of the six transactions involved the adoption of market approach. We considered that the valuation conducted by the Independent Property Valuer is comparable to the valuations conducted for the aforementioned transactions as both involving valuation of property assets (including land). We also concur with the Independent Property Valuer that the market approach is appropriate for valuation of the Land since there are relevant comparable land sales evidence as discussed above for reference to arrive at its market value. Further, as confirmed by the Independent Property Valuer, it has inspected the Land in November 2023 and has been provided with a PRC legal opinion dated 13 December 2023 issued by the Company's legal adviser, Tenet & Partners (天衡聯合律師事務所) on the title to the Land which mainly contains, inter alia, the following information, to arrive at the valuation:

- (i) the Land Use Rights Grant Contract complies with the Chinese law and is legal and valid;
- (ii) Chengdu Zhaorongsheng has paid the initial payment of the land premium amounting to RMB1,592,217,170 and the second payment of the land premium amounting to RMB636,886,868;

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- (iii) the deadline for the third instalment of RMB955,330,302 of the land premium as stipulated in the Land Use Rights Grant Contract is yet to expire and yet to be paid; and
- (iv) after Chengdu Zhaorongsheng has fully paid the land premium in accordance with the Land Use Rights Grant Contract, Chengdu Zhaorongsheng can apply for real estate title certificate of the Land. After obtaining real estate title certificate of the Land, Chengdu Zhaorongsheng shall be the owner of the 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 the Independent Property Valuer, 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 the Independent Property Valuer in relation to the preparation of the C&W Valuation Report. We noted that the key personnel of the Independent Property Valuer responsible for signing the C&W Valuation Report has obtained the relevant professional qualifications and has over 30 years of experience in the valuation of properties in the PRC and various overseas countries. We have also reviewed the terms of the engagement of the Independent Property Valuer as well as the due diligence exercises taken by the Independent Property Valuer 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. The Independent Property Valuer has confirmed that it is independent from the Group, C&D Real Estate Chengdu, and their respective associates. Based on the above, we are satisfied with the terms of engagement of the Independent Property Valuer as well as its qualifications and experience for the C&W Valuation Report.

Since (i) the major asset held by Chengdu Zhaorongsheng is the Land; (ii) the valuation report of the Land was conducted by the Independent Property Valuer more recently; and (iii) the more recent valuation of the Land conducted by the Independent Property Valuer may be readily used to assess against the consideration contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement as (a) the purpose of the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement was to acquire the Land; (b) Chengdu Zhaorongsheng has no other material assets other than the Land; and (c) the valuation of the Land is covered by the valuation conducted by the Independent Property Valuer, but not by the valuation conducted by Xiamen Qianyuan, we concur with the Management that it is sufficient and more appropriate to take into account the information set out in the C&W Valuation Report in Appendix I to the Circular.

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3.2.3. *Conclusion on the evaluation of the basis of consideration*

In assessing the fairness and reasonableness of the aggregate cash consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement, we have considered, amongst others,

- (i) the reassessed equity attributable to equity holder of Chengdu Zhaorongsheng as at 31 October 2023 as calculated below,

	<i>RMB</i>
C&W Appraised Value	3,250,000,000
<i>Less:</i> Net book value of the Land as at 31 October 2023	<u>3,225,092,408</u>
Net valuation surplus	24,907,592
<i>Add:</i> Equity attributable to equity holder of Chengdu Zhaorongsheng as at 31 October 2023	<u>(53,000)</u>
Reassessed equity attributable to equity holder of Chengdu Zhaorongsheng as at 31 October 2023	<u><u>24,854,592</u></u>

exceeds the aggregate cash consideration of nil;

- (ii) the Land is well located with high development potential;
- (iii) the C&W Appraised Value as at 31 October 2023 of RMB3,250,000,000 has increased by approximately 2.06% when compared to the acquisition cost of the Land of RMB3,184,434,340;
- (iv) the valuation conducted by Xiamen Qianyuan was only relevant to determine the structure and the cash consideration of the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement; and
- (v) from our discussions with the Independent Property Valuer and Xiamen Qianyuan 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.

Based on the above, we considered that the cash consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

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3.2.4. 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 was approximately RMB2,293,000,000. As set out in the Chengdu Zhaorongsheng Equity Transfer Agreement, 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 Chengdu Zhaorongsheng Equity Transfer Agreement. As advised by the Management, for illustrative purpose, assuming completion takes place on or before 31 January 2024, the amount expected to be incurred subsequent to the Latest Practicable Date and up to the date of completion of the Chengdu Zhaorongsheng Equity Transfer Agreement would mainly be interests accrued; however, in the scenario where completion takes place after February 2024, the amount expected to be incurred subsequent to the Latest Practicable Date and up to completion would be the sum of (i) the final instalment of consideration for the Land of RMB955,330,302 as Chengdu Zhaorongsheng would have to pay on or before 29 February 2024 as discussed above; and (ii) the interests accrued. We considered that such adjustment to be reasonable as it takes into account the actual amount of Shareholder's Loan to be incurred up to the time of completion.

As advised by the Management, the Shareholder's Loan is unsecured, repayable on demand, with effective interest rate of 4.53% per annum; while the Shareholder's Loan was mainly utilised for payment of the acquisition of the Land. Having checked the breakdown of the outstanding balance of the Shareholder's Loan and the underlying document, which set out, amongst others, the timing and amount of principal of the Shareholder's Loan advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng, and the calculation of interests thereof, we noted that the interests are being calculated based on the interest rate of 4.53% per annum for the period commencing from the drawdown of Shareholder's Loan up to the Latest Practicable Date. We also noted from the 2023 Interim Report that the finance cost of the Group's bank loans, which are either (i) secured by legal charges over the Group's property, plant and equipment, properties under development and investment properties; or (ii) guaranteed by C&D Real Estate or subsidiaries of the Company, bear interest of effective interest rates ranging from 1.40% to 6.50% per annum. The effective interest rate of the unsecured Shareholder's Loan, being 4.53% per annum, falls within the aforesaid range. Considering the above and the repayment of Shareholder's Loan (including the adjustment for actual amount to be incurred as described above) is on a dollar-for-dollar basis, we are of the view that the determination of the Shareholder's Loan is fair and reasonable.

Based on the above, we considered 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 interests of the Shareholders and the Company as a whole.

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4. Potential financial effects as a result of the acquisition

Upon completion of the transaction contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement, Chengdu Zhaorongsheng will become an indirect wholly-owned subsidiary of the Group. As a result, the financial results of Chengdu Zhaorongsheng will be consolidated into the financial statements of the Group.

As the total consideration of approximately RMB2,293,000,000 (with reference to the outstanding amount as at the Latest Practicable Date and subject to adjustment) under the Chengdu Zhaorongsheng Equity Transfer Agreement shall be financed by internal resources of the Group, the Group's cash at banks and on hand is expected to decrease by the same amount as a result of the acquisition. In this regard, we noted that the Group has cash at banks and on hand of approximately RMB60,738,503,000 as at 30 June 2023, of which according to the 2023 Interim Report that approximately RMB57,461,748,000 were not subject to the restricted bank deposits for construction of pre-sale properties in accordance with the relevant PRC government requirements.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the view that (i) the entering into the Chengdu Zhaorongsheng Equity Transfer Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Chengdu Zhaorongsheng Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the proposed resolution at the EGM to approve the entering into of the Chengdu Zhaorongsheng Equity Transfer Agreement.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Jeanny Leung
Responsible Officer

Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.

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 Chengdu Land in the PRC as at 31 October 2023.



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

21 December 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: The land located at Huayan Community Groups 6 and 7, Hongnian Community Group 6, Caiqiao Street, Qingyang District, Chengdu, the PRC

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 property intended to be acquired by Chengdu Zhaoxinlin Real Estate Development Co., Ltd.* (成都兆欣麟房地產開發有限公司) (“**Chengdu Zhaoxinlin**”) (collectively the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value of the land in existing state as at 31 October 2023 (the “**valuation date**”).

* For identification only

DEFINITION OF MARKET VALUE

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (the “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”.

In valuing the property, 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.

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 property situated in the PRC, we have made reference to the PRC legal opinion issued by the Company’s legal adviser, Tenet & Partners (天衡聯合律師事務所). Unless otherwise stated, we have prepared our valuation on the basis that transferable land use rights in respect of the property for its specific term at nominal annual land use fees have been granted and that any premium payable has already been paid. We have relied on the information and advice given by the Company and the PRC legal opinion, regarding the title to the property and the interest in the property. In valuing the property, we have prepared our valuation on the basis that the owner has enforceable title to the property and have free and uninterrupted rights to use, occupy or assign the property 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 property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

We have valued the entirety interest in the property.

METHOD OF VALUATION

In valuing the property, which is intended to be acquired by the Group for development in the PRC, we have adopted Market Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available on the market, and where applicable, we have also taken into account the incurred construction cost as advised by the Company.

Market Approach is a commonly used valuation approach for land when 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 Approach is reliable. Such approach is in line with market practice.

In the course of our valuation, we have considered the differences between the subject property and the comparable properties in terms of various factors and accordingly made due adjustments, including but not limited to transaction time, location and environment, transport and accessibility, land use, size, plot ratio, development constraints, etc. If the comparable is similar to the subject property, no adjustment is necessary. However, if the comparable is superior to the subject property, downward adjustment would be made in order to derive the lower unit rate of the subject property. Likewise, if the comparable is inferior to the subject property, upward adjustment would be made.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information all given by the Group and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the land and building, 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 Group 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 Group with copies of documents in relation to the current title to the property. However, we have not been able to conduct searches to verify the ownership of the property; and 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 property in the PRC and we have therefore relied on the advice given by the PRC legal adviser and the Company.

SITE INSPECTION

Our Chengdu office valuer, Ms. Lucy Liang (Associate Director, 6 years' property valuation experience in the PRC) inspected the property on 9 November 2023. 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. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the property 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 undersigned have no pecuniary or other interests that could conflict with the proper valuation of the property 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

We attach herewith the valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Senior Director
Valuation & Advisory Services
Greater China

Notes: Ms. Grace Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property intended to be acquired by the Group for development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2023																
The land located at Huayan Community Groups 6 and 7, Hongnian Community Group 6, Caiqiao Street, Qingyang District, Chengdu, the PRC	<p>The property comprises a residential land with a site area of approximately 71,367.87 sq.m. subject to a plot ratio floor area of not more than approximately 164,146.10 sq.m. for residential use.</p> <p>As advised by the Company, the proposed development has a total planned gross floor area of 228,646.10 sq.m., details are as follows:</p>	As at the valuation date, the property was under development and scheduled to be completed by February 2027.	RMB3,250,000,000 (RENMINBI THREE BILLION TWO HUNDRED FIFTY MILLION)																
	<table border="0"> <thead> <tr> <th>Use</th> <th>Proposed Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Above ground</td> <td></td> </tr> <tr> <td>Residential</td> <td>163,796.10</td> </tr> <tr> <td>Ancillary</td> <td><u>350.00</u></td> </tr> <tr> <td>Sub-total</td> <td>164,146.10</td> </tr> <tr> <td>Below ground</td> <td></td> </tr> <tr> <td>Underground portion</td> <td><u>64,500.00</u></td> </tr> <tr> <td>Total:</td> <td><u>228,646.10</u></td> </tr> </tbody> </table>	Use	Proposed Gross Floor Area (sq.m.)	Above ground		Residential	163,796.10	Ancillary	<u>350.00</u>	Sub-total	164,146.10	Below ground		Underground portion	<u>64,500.00</u>	Total:	<u>228,646.10</u>		
Use	Proposed Gross Floor Area (sq.m.)																		
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Sub-total	164,146.10																		
Below ground																			
Underground portion	<u>64,500.00</u>																		
Total:	<u>228,646.10</u>																		
	<p>The property is located at the east of Guanghuabei 8th Road (光華北八路), the south of Guanghuaxi 2nd Road (光華西二路), the west of Guanghuabei 9th Road (光華北九路), the north of Guanghuaxi 1st Road (光華西一路). The west, north and south are all planned roads. The Hongnian Campus of Chengdu Shishi Union Middle School (成都石室聯合中學紅碾校區), The Tongxin Campus of Chengdu Paotongshu Primary (泡桐樹小學桐欣校區), The Chengdu Jinsha Kindergarten (成都市金沙幼兒園) are in close proximity to the property.</p> <p>According to the Company, the property is planned for residential use. There are no environmental issues and litigation dispute; there is no plan to change the use of the property.</p> <p>The land use rights of the property have been granted for a term of 70 years for residential use.</p>																		

Notes:

- (1) According to Land Use Rights Grant Contract No. 510100–2023-B-020 (青) dated 29 August 2023, the land use rights of the property have been contracted to be granted as below:

Grantee:	Chengdu Zhaorongsheng
Site Area:	71,367.87 sq.m.
Land Use Term:	70 years for residential
Land Premium:	RMB3,184,434,340
Estimated plot ratio floor area:	Not more than 164,146.10 sq.m.
Building Covenant:	Construction to commence before 11 October 2024 Construction to complete within 36 months from the date of first obtaining Permit for Commencement of Construction Works
Sales Restriction:	(i) The maximum average selling price of saleable commodity residential properties (bare shell) is RMB32,000 per sq.m.; and (ii) The percentage of commodity residential properties with decoration required for the land is 100%.

- (2) According to Business Licence No. 91510105MACRWFMN7D dated 23 August 2023, Chengdu Zhaorongsheng was established on 23 August 2023 as a limited liability company with a registered capital of RMB50,000,000.

- (3) As advised by the Company, the cost incurred up to the valuation date was approximately RMB10,000,000. We have taken into account such incurred cost. The Company further advised that the estimated total construction cost (excluding land cost and related expenses) was approximately RMB1,246,000,000.

- (4) According to the PRC legal opinion:

- (i) The Land Use Rights Grant Contract complies with the Chinese law and is legal and valid;
- (ii) Chengdu Zhaorongsheng has paid the initial payment of the land premium amounting to RMB1,592,217,170 and the second payment of the land premium amounting to RMB636,886,868;
- (iii) The deadline for the third instalment of RMB955,330,302 of the land premium as stipulated in the Land Use Rights Grant Contract is yet to expire and yet to be paid; and
- (iv) After Chengdu Zhaorongsheng has fully paid the land premium in accordance with the Land Use Rights Grant Contract, Chengdu Zhaorongsheng can apply for Real Estate Title Certificate of the property. After obtaining Real Estate Title Certificate of the property, Chengdu Zhaorongsheng shall be the owner of the property.

- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Real Estate Title Certificate	No
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Use of Land	No
Planning Permit for Construction Works	No
Permit for Commencement of Construction Works	No
Business Licence	Yes

- (6) In valuing the market value of the property, Market Approach is adopted. We have made reference to relevant land sales comparables which are selected based on criteria of:

- (i) time — comparables transacted in the past 12 months;
- (ii) location — comparables of similar accessibility as the property within radial distance of 1 km from subway station;

- (iii) size — site area of comparables within 21,000 sq.m. to 52,000 sq.m.;
- (iv) plot ratio — comparables of plot ratio within 2.3 to 2.5;
- (v) land use — comparables of residential use; and
- (vi) remaining land use term — comparables of remaining land use term of 70 years.

We have identified three relevant land comparables. The unit site values of the identified comparables range from about RMB18,900/sq.m. to RMB20,200/sq.m. Our concluded unit site value of the property is about RMB19,720/sq.m.. Details of the land comparables considered are listed below:

Land No.	Comparable	Location	Transaction Time	Site Area (sq.m.)	Plot Ratio	Land Use	Remaining Land Use Term	Transacted Site Value (RMB/sq.m.)
1	QY01(251): 2023-003	Qingjiang Community	April 2023	23,645	2.5	Residential	70 years	18,900
2	GX2023- 38(071)	Chengdu Hi-Tech Industrial Development Zone	August 2023	51,949	2.5	Residential	70 years	20,200
3	GX2023- 02(071)	Chengdu Hi-Tech Industrial Development Zone	May 2023	21,872	2.5	Residential	70 years	19,700

The major adjustments made to arrive at our valuation, include but not limited to, are summarised below:

Adjustment	Range
Location and environment	-2% to +2%
Transport and accessibility	-1%
Infrastructure provision	2%
Site configuration	0% to +2%

The general basis of adjustment is that if the subject property is better than the comparable, an upward adjustment is made. Alternatively, if the subject property is inferior to or less desirable than the comparable, a downward adjustment is made.

The selected land comparables represent an exhaustive list based on the above-mentioned selection criteria. Adjustment details are illustrated below:

The location of the subject property is superior to that of Comparable 1, hence, upward adjustment is made. The subject property is in a location inferior to Comparables 2 and 3, hence, downward adjustments are made.

In terms of transport and accessibility, the subject property is inferior to all comparables which are in close proximity to subway stations. Thus downward adjustments are made.

Regarding adequacy of public infrastructure, the subject property belongs to the core area of the city centre, and is well equipped with infrastructure facilities such as schools whereas the comparables are relatively weak in educational resources. Therefore, upward adjustments are made.

The site configuration of Comparable 2 is irregular whilst the subject property's site configuration is regular, hence, upward adjustment is made.

The following is a summary of the Valuation Report on the value of the entire shareholders' equity interest of Chengdu Zhaorongsheng issued by Xiamen Qianyuan Asset Valuation and Property Valuation Company Limited (廈門乾元資產評估與房地產估價有限責任公司) ("Xiamen Qianyuan").*

Xiamen Qianyuan was engaged by C&D Real Estate Group Chengdu Co., Ltd. to assess the market value of the total equity interest of Chengdu Zhaorongsheng Real Estate Development Company Limited involved in the proposed equity transfer of C&D Real Estate Group Chengdu Co., Ltd. as at 31 August 2023 in accordance with the relevant national laws, regulations, asset valuation standards and asset valuation principles. The asset valuation is summarised as follows:

I. Valuation purpose

The purpose of the valuation is to provide a value reference for the entire shareholders' equity of Chengdu Zhaorongsheng Real Estate Development Company Limited involved in the proposed transfer of its equity interest.

II. Valuation object and scope of valuation

The valuation object is the value of the entire shareholders' equity of Chengdu Zhaorongsheng Real Estate Development Company Limited, and the scope of valuation covers all assets and corresponding liabilities filed by Chengdu Zhaorongsheng Real Estate Development Company Limited as at 31 August 2023.

In this valuation, the audited financial data in the unqualified Audit Report No. Min Puhe Shen Zi [2023] 0937 (閩普和審字[2023]0937號) issued by Fujian Puhe Certified Public Accountants Company Limited* (福建普和會計師事務所有限公司) has been used as the book value of the valuation object.

III. Type of Value

Market value.

IV. Valuation Benchmark Date

31 August 2023.

V. Valuation Method

Asset-based approach.

As each of the on-balance sheet and off-balance sheet assets and liabilities of the appraised entity can be identified, and the appraised entity can also provide the information required to satisfy the asset-based approach, the valuers are able to carry out a comprehensive investigation and valuation of the assets and liabilities of the appraised entity, thus possessing the operational conditions for the adoption of the asset-based approach for the purpose of the valuation, therefore, it is capable of adopting the asset-based approach for the purpose of the valuation.

According to the valuers' understanding of the current operating status, business plans and development strategies of Chengdu Zhaorongsheng Real Estate Development Company Limited, as well as the research and analysis of the relevant industries and markets on which it is based, the company has not yet been in actual operation since its establishment and has not obtained any State-owned Land Use Right Certificate, Planning Permit for Construction Use of Land, Planning Permits for Construction Works or Permits for Commencement of Construction Works for the land parcels held by the company. The relevant planning economic indicators, related revenues and costs are not yet determinable and future earnings may not be accurately predicted. It is not appropriate to adopt the income approach for the valuation.

Because the appraised entity is a non-listed company, its business structure, operating model, enterprise size, asset allocation and usage, business stage, growth, operating risk, financial risk and other factors are quite different from those of listed companies in the same industry. Moreover, there were few trading, acquisition and merger cases of comparable enterprises in the same industry in the PRC around the valuation benchmark date, so that it was difficult to obtain reliable operational and financial data of comparable transactions and calculate the appropriate value ratio. As a result, the market method is not applicable to this valuation.

Therefore, based on the purpose of this valuation and the characteristics of the valuation object, as well as the applicable conditions of the valuation method, the asset-based approach was applied for the valuation.

VI. Key Quantitative Inputs

All assets items included in the list and confirmed by Chengdu Zhaorongsheng Real Estate Development Company Limited are within the scope of this valuation, with details as follows:

Items	Appraised value <i>(RMB)</i>	Book value <i>(RMB)</i>
Current assets	591,700,000.00	591,700,000.00
Including: monetary funds	391,569.49	391,569.49
prepayments	591,308,334.87	591,308,334.87
other current assets	95.64	95.64
Non-current assets	—	—
Total assets	<u>591,700,000.00</u>	<u>591,700,000.00</u>
Current liabilities	591,700,000.00	591,700,000.00
Including: other payables	591,700,000.00	591,700,000.00
Non-current liabilities	—	—
Total liabilities	<u>591,700,000.00</u>	<u>591,700,000.00</u>
Net assets	0.00	0.00

In this valuation, the audited financial data in the unqualified Audit Report No. Min Puhe Shen Zi [2023] 0937 (閩普和審字[2023]0937號) issued by Fujian Puhe Certified Public Accountants Company Limited* (福建普和會計師事務所有限公司) has been used as the book value of the valuation object.

VII. Key Assumptions*(I) Basic Assumptions*

1. Transaction assumption

It is assumed that all assets to be appraised are already in the process of transaction, and the appraisers conduct valuation based on the trading conditions of the assets to be appraised in a simulated market.

2. Open market assumption

It is assumed that with respect to the assets traded or intended to be traded in the market, the parties to an asset transaction shall have equal status, and have opportunities and time to access sufficient market information so as to make a rational judgment on the function, purpose and transaction price of the assets.

3. Assumption of continuous use of assets

The appraisal approaches, parameters and data shall be determined on the basis of whether the assets to be appraised will be put in continuous use in a manner consistent with their current use and manner, scale, frequency and environment of use, or whether they will be used on a different basis when appraising.

4. Business going-concern assumption

The appraised entity will remain a going concern using the same operation methods as it currently does.

(II) General Assumptions

1. There will be no significant changes in the social and economic environment where the appraised entity is situated, and there will be no significant changes in the relevant laws, regulations and policies of the country and the region where the appraised entity is situated;
2. The materials provided are true, complete and reliable, and there are no other defects or contingencies which may affect the appraisal conclusions that should have been provided but remain unavailable to the asset appraisal professionals after having fulfilled the requisite appraisal procedures;
3. There will be no irresistible and unpredictable events affecting the operations of the appraised entity following the Valuation Benchmark Date;
4. The management of the appraised entity is capable of assuming its responsibilities, there will be no material changes in future operating periods to the key management personnel and technicians of the appraised entity that would affect its operations with reference to the conditions as at the Valuation Benchmark Date, the management team will be under stable development without any material change to the management system that would affect its operations.

(III) Special assumptions

1. The appraised entity maintains stable development in its business scope, business methods, and management models on the basis of maintaining consistency;
2. The assets and liabilities declared by the appraised entity are not subject to property rights disputes and other economic disputes in addition to those disclosed;
3. The production and operation of the appraised entity and its economic behaviour related to the production and operation are in compliance with national laws and regulations.

VIII. Determination of the Appraised Value*1. Current assets*

The current assets of Chengdu Zhaorongsheng include monetary funds, prepayments and other current assets.

(1) Monetary funds

For monetary funds denominated in RMB, the verified book value is equivalent to the appraised value as no adjustment is required to be made to the appraised value.

(2) Prepayments

By verifying the books of accounts and original vouchers, the valuer analysed whether the prepayments can form corresponding assets or interests on the basis of economic content and ageing analysis, and determined that the appraised value shall be the verified book value, and no adjustments shall be made.

(3) Other current assets

Other current assets were mainly capitalised finance costs, and the amount verified by the valuer by inspecting the original accounting vouchers was consistent with that declared by Chengdu Zhaorongsheng. Therefore, the verified book value is equivalent to the appraised value, and no adjustments shall be made.

2. *Current liabilities*

The current liabilities of Chengdu Zhaorongsheng were mainly other payables. The valuer reviewed and verified its liabilities and, on the basis of such verification, took the amount of liabilities that Chengdu Zhaorongsheng was required to assume as at the Valuation Benchmark Date (i.e. the book value) as the appraised value, and no adjustments shall be made.

IX. Valuation Conclusion

The appraised value of the entire shareholders' equity of Chengdu Zhaorongsheng Real Estate Development Company Limited is **Renminbi Zero (RMB0.00)**, which represents the book value of the entire shareholders' equity (net assets) of RMB0.00, and there is no difference between the book value and the appraised value.

The validity period of this valuation conclusion is one year, i.e. from 31 August 2023 to 30 August 2024.

X. Special Notes

- (1) When using the assessment conclusion of the report, please note the impact of No. XI "Special Notes" in the text of the report on the valuation conclusion; and pay attention to the assessment assumptions and preconditions for the establishment of the valuation conclusion.
- (2) In the valuation of assets within the scope of valuation, we have not considered the expenses and taxes that may be borne by the valuation object for the transfer of equity, and we have not considered any restrictions that may affect the value of an asset, such as the additional price that may be paid by an asset through special transaction methods.

The above content is extracted from the text of the valuation report. For details of this valuation and a proper understanding of the valuation conclusion, please read the full text of the valuation report.

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	33,289,340 (Note 2)	1.80%
	Beneficiary of a trust (other than a discretionary interest)	848,000 (Note 3)	0.05%
	Beneficial owner	132,000	0.01%

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. Lin Weiguo	Interest of controlled corporation (Note 2)	33,289,340 (Note 2)	1.80%
	Beneficiary of a trust (other than a discretionary interest)	774,000 (Note 3)	0.04%
	Beneficial owner	116,000	0.01%
Mr. Peng Yong	Interest of controlled corporation	33,289,340 (Note 2)	1.80%
	Beneficiary of a trust (other than a discretionary interest)	774,000 (Note 3)	0.04%
Mr. Tian Meitan	Beneficiary of a trust	342,115 (Note 2)	0.02%
	Beneficiary of a trust (other than a discretionary interest)	698,000 (Note 3)	0.04%
	Beneficial owner	112,000	0.01%

Notes:

- (1) The percentage of shareholding was calculated based on the Company's total number of 1,845,814,126 shares in issue 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 and a wholly-owned subsidiary of Tricor Equity Trustee Limited ("**Tricor Equity Trustee**"). Tricor Equity Trustee is a trustee of a discretionary trust, while Ms. Zhao Chengmin is one of the founders of the said discretionary trust, each of Mr. Lin Weiguo and Mr. Peng Yong is one of the protectors of the said discretionary trust, and Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust. Therefore, Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO.

- (3) 35,300,000 Shares were allotted and issued to the trustee of the 2021 restricted share incentive scheme (the “**2021 Incentive Scheme**”), who held the Shares on behalf of the incentive recipients of the Incentive Scheme. Being the incentive recipients of the Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan is interested in 198,000 Shares, 174,000 Shares, 174,000 Shares, and 168,000 Shares held on trust by the trustee under the 2021 Incentive Scheme, respectively, which are subject to vesting. 100,000,000 Shares were allotted and issued to the trustee of the 2022 restricted share incentive scheme (the “**2022 Incentive Scheme**”), who held the Shares on behalf of the incentive recipients of the 2022 Incentive Scheme. Being the incentive recipients of the 2022 Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan is interested in 650,000 Shares, 600,000 Shares, 600,000 Shares, and 530,000 Shares held on trust by the trustee under the 2022 Incentive Scheme, respectively, which are subject to vesting.

Long positions in the shares of the Company’s associated corporation

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 Management Group Co., Ltd (“ C&D Property ”)	Founder of a discretionary trust	53,918,090 (Note 2)	3.93%
Mr. Lin Weiguo	C&D Property	Interest of controlled corporation	53,918,090 (Note 2)	3.93%
Mr. Peng Yong	C&D Property	Interest of controlled corporation	53,918,090 (Note 2)	3.93%
Mr. Tian Meitan	C&D Property	Beneficiary of a trust	554,116 (Note 2)	0.04%

Notes:

- The percentage of shareholding was calculated based on C&D Property’s total number of 1,371,034,016 ordinary shares in issue as at the Latest Practicable Date.
- 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, while Ms. Zhao Chengmin is one of the founders of the said discretionary trust, each of Mr. Lin Weiguo and Mr. Peng Yong is one of the protectors of the said discretionary trust, and Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust. Therefore, Ms. Zhao Chengmin, Mr. Lin Weiguo and Mr. Peng Yong 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 and vice general manager Chairperson and secretary of the party committee
	Well Honour International Limited	Director
	Well Land International Limited	Director
Mr. Lin Weiguo	Xiamen C&D C&D Real Estate	Member of the party committee Director, general manager and vice secretary of the party committee
Mr. Tian Meitan	C&D Real Estate	Vice general manager and Chairman of the board for Eastern China Corps (華東集群)
Mr. Peng Yong	C&D Real Estate	Vice general manager and chairman of the board for Haixi Corps (海西集群)
Mr. Huang Wenzhou	Xiamen C&D	Chairman of the board and secretary of the party committee
	Xiamen C&D Inc. C&D Real Estate	Vice chairman of the board Director
Ms. Ye Yanliu	Xiamen C&D	Vice general manager
	Xiamen C&D Inc. C&D Real Estate	Director Director
Mr. Zheng Yongda	Xiamen C&D	Director and general manager and vice secretary of the party committee
	Xiamen C&D Inc.	Chairman of the board and secretary 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 party may terminate the agreement by giving the other party not less than one month's notice in writing. As at the Latest Practicable Date, each of the executive Directors is entitled to a director's emolument of RMB3,000,000 per annum 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 party may terminate the agreement by giving the other party not less than one month's notice in writing. As at the Latest Practicable Date, 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 or three year(s), respectively, 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 party may terminate the agreement by giving the other party not less than three months' notice in writing. As at the Latest Practicable Date, each of the independent non-executive Directors is entitled to a director's emolument of HK\$200,000 per annum.

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
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Cushman & Wakefield Limited	independent property valuer
Xiamen Qianyuan Asset Valuation and Property Valuation Company Limited (廈門乾元資產評估與房地產估價有限責任公司)	independent valuer
Tenet & Partners (福建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 2022 (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 2022, 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 2022, 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 Chengdu Zhaorongsheng Equity Transfer Agreement;
- (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-22 of this circular;
- (d) the valuation report on the Land issued by the Independent Property Valuer, the text of which is set out in Appendix I to this circular;
- (e) the valuation report of Chengdu Zhaorongsheng prepared by Xiamen Qianyuan, 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, 12 January 2024 at 11 a.m., to consider, if thought fit, pass with or without modifications the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the equity transfer agreement dated 6 November 2023 entered into between Chengdu Zhaoxinlin Real Estate Development Company Limited* (成都兆欣麟房地產開發有限公司) (“**Chengdu Zhaoxinlin**”) and C&D Real Estate Corp. Chengdu Co., Ltd. (建發房地產集團成都有限公司) (“**C&D Real Estate Chengdu**”) (the “**Chengdu Zhaorongsheng Equity Transfer Agreement**”), pursuant to which C&D Real Estate Chengdu agreed to sell and Chengdu Zhaoxinlin agreed to purchase 100% equity interests in Chengdu Zhaorongsheng Real Estate Development Company Limited* (成都兆蓉晟房地產開發有限公司) (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 be and is 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 doing all such acts,

NOTICE OF EXTRAORDINARY GENERAL MEETING

matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the Chengdu Zhaorongsheng Equity Transfer Agreement 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, 21 December 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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, 9 January 2024 to Friday, 12 January 2024 (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, 8 January 2024.
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. 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.
7. 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
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

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)
Mr. Peng Yong (彭勇)

Non-executive Directors

Mr. Huang Wenzhou (黃文洲)
Ms. Ye Yanliu (葉衍榴)
Mr. Zheng Yongda (鄭永達)

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)
Mr. Dai Yiyi (戴亦一)

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.