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If you have sold or transferred all your shares in **C&D International Investment Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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
FORMATION OF JOINT VENTURE
IN RELATION TO LAND IN PUTIAN;
DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 100% EQUITY INTERESTS
IN FUZHOU ZHAOZHEN 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, 23 February 2024 at 10 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.

2 February 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	7
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	IBC-1
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	IFA-1
APPENDIX I — VALUATION REPORT ON THE PUTIAN LAND	I-1
APPENDIX II — VALUATION REPORT ON THE FUZHOU LAND	II-1
APPENDIX III — SUMMARY OF THE VALUATION REPORT ON FUZHOU ZHAOZHEN	III-1
APPENDIX IV — GENERAL INFORMATION	IV-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	N-1

DEFINITIONS

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

“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
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Cooperation Agreement”	the cooperation agreement dated 21 December 2023 entered into between Putian Zhaoxi and Putian Lianxintai regarding, among other things, the formation of the Joint Venture and the acquisition of equity interest in the Joint Venture by Putian Zhaoxi
“Director(s)”	the director(s) 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, 23 February 2024 at 10 a.m. or any adjournment thereof (as the case may be), to approve, among other things, the transactions contemplated under the Cooperation Agreement and the Fuzhou Zhaozhen 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
“Fuzhou Land”	a plot granted in Gaogong Community on the east side of Dongshui Road and the north side of Fuxin Road in Gulou District, Fuzhou, Fujian Province, the PRC (Land number: 2023-040), with a site area of approximately 24,660 sq.m. and an estimated plot ratio floor area of not more than approximately 61,650 sq.m.
“Fuzhou Zhaoxing”	Fuzhou Zhaoxing Real Estate Development Co., Ltd.* (福州兆興房地產開發有限公司), a company established with limited liability in the PRC and a wholly-owned subsidiary of C&D Real Estate
“Fuzhou Zhaozhen”	Fuzhou Zhaozhen Real Estate Development Co., Ltd.* (福州兆臻房地產開發有限公司), a company established with limited liability in the PRC on 29 August 2017

DEFINITIONS

“Fuzhou Zhaozhen Equity Transfer Agreement”	the equity transfer agreement entered into by Fuzhou Zhaoxing with Hangzhou Zhaorui dated 9 January 2024, pursuant to which Fuzhou Zhaoxing agreed to sell and Hangzhou Zhaorui agreed to purchase 100% equity interests in Fuzhou Zhaozhen
“Group”	the Company and its subsidiaries and, where the context so requires, includes its associates and joint ventures
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors, formed to advise the Independent Shareholders on the transactions contemplated under the Cooperation Agreement and the Fuzhou Zhaozhen 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 Cooperation Agreement and the Fuzhou Zhaozhen Equity Transfer Agreement
“Independent Property Valuer”	Cushman & Wakefield Limited, an independent property valuer
“Independent Shareholders”	Shareholders who, under the Listing Rules, are not required to abstain from voting for the resolution approving the Cooperation Agreement, the Fuzhou Zhaozhen Equity Transfer Agreement and the transactions contemplated thereunder
“Joint Venture”	Putian Lianzhaorun Real Estate Co., Ltd.* (莆田聯兆潤置業有限公司), a company established in the PRC on 5 December 2023 with limited liability
“Latest Practicable Date”	26 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Lianfa Group”	Lianfa Group Company Limited* (聯發集團有限公司), a company established in the PRC with limited liability and a subsidiary of Xiamen C&D

DEFINITIONS

“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 C&D Real Estate Transactions”	the transactions under (i) the Fujian Zhaorun Equity Transfer Agreements, (ii) the Xiamen Jianyaoyue Equity Transfer Agreements; and (iii) the Chengdu Zhaorongsheng Equity Transfer Agreement
“Previous Lianfa Transactions”	the transactions under (i) the cooperation agreement dated 11 September 2023 entered into between Xiamen Hongyaoyi and Shenzhen Lianyue regarding, among other things, the transfer of equity interest in Dongguan Zhaoxi; and (ii) the cooperation agreement dated 23 June 2023 entered into between Putian Zhaoxi and Putian Lianxintai regarding, among other things, the formation of a joint venture to develop a land in Putian
“Putian Land”	a piece of land located in the unit of regulatory plan in Yuhu Subdistrict, Licheng District, Putian City, PRC, with Baicheng Road to the east, Lihu Road to the south, Planning Road to the west, and Yuhu Road Green Belt to the north (Parcel No.: Putian PS-Pai-2023-12 (莆田市PS拍-2023-12號)), with a total site area of approximately 18,681.13 sq.m. and an estimated gross floor area of not exceeding approximately 74,724.54 sq.m.
“Putian Lianxintai”	Putian Lianxintai Real Estate Co., Ltd.* (莆田聯欣泰置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Lianfa Group
“Putian Zhaoxi”	Putian Zhaoxi Property Company Limited* (莆田兆璽置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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)

DEFINITIONS

“Shenzhen Lianyue”	Shenzhen Lianyue Real Estate Development Co., Ltd.* (深圳聯粵房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Lianfa Group
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Xiamen C&D”	Xiamen C&D Corporation Limited* (廈門建發集團有限公司), a company established in the PRC with limited liability and a controlling shareholder of the Company
“Xiamen Hongyaoyi”	Xiamen Hongyaoyi Real Estate Development Co., Ltd.* (廈門市泓垚翊房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Xiamen Jianyaoyue”	Xiamen Jianyaoyue Real Estate Development Co., Ltd.* (廈門建垚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

DEFINITIONS

“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)

2 February 2024

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE
IN RELATION TO LAND IN PUTIAN;
DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 100% EQUITY INTERESTS
IN FUZHOU ZHAOZHEN AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the announcements of the Company dated 21 December 2023 and 9 January 2024. The purpose of this circular is (i) to provide the Shareholders with further information on the Cooperation Agreement, the Fuzhou Zhaozhen Equity Transfer Agreement and the transactions thereunder; (ii) to set out the recommendations from the Independent Board Committee in relation to the entering into of the Cooperation Agreement and the Fuzhou Zhaozhen Equity Transfer Agreement; (iii) to set out the letter from the Independent Financial

LETTER FROM THE BOARD

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.

COOPERATION AGREEMENT

On 21 December 2023, it was announced that Putian Zhaoxi (a wholly-owned subsidiary of the Company) and Putian Lianxintai entered into the Cooperation Agreement, pursuant to which, among other things, Putian Zhaoxi agreed to acquire 45% of the equity interest in the Joint Venture from Putian Lianxintai to jointly develop the Putian Land through the Joint Venture.

Set out below are the principal terms of the Cooperation Agreement.

Date

21 December 2023

Parties

- (1) Putian Zhaoxi; and
- (2) Putian Lianxintai

Conditions precedent

Completion is conditional upon the Company obtaining all necessary approvals from competent approving authorities for the development of the Putian Land in cooperation with Putian Lianxintai, including the completion of the state-owned asset valuation filing or verification process in accordance with relevant regulations on state-owned asset transactions, as well as Independent Shareholders' approval required by the Listing Rules.

None of the conditions precedent are waivable by any of the parties. The valuation filing of the equity interest in the Joint Venture is expected to be filed by Xiamen C&D (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)) before 29 February 2024 and 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 conditions precedent be fulfilled on or before 29 February 2024.

Formation of the Joint Venture

On 5 December 2023, the Joint Venture was established by Putian Lianxintai as the main entity for the development of the Putian Land with an initial registered capital of RMB530,000,000 which was fully subscribed by Putian Lianxintai. Putian Lianxintai has the right to transfer its equity interest in the Joint Venture to its designated subsidiary within one year after the establishment of the Joint Venture. The Joint Venture entered into the Land Use Rights Grant Contract with the Putian Natural Resources Bureau to acquire the land use rights of the Putian Land on 15 December 2023.

LETTER FROM THE BOARD

Capital commitment in the Joint Venture

As at the Latest Practicable Date, Putian Zhaoxi has paid RMB253,800,000 to Putian Lianxintai being the amount of security deposit Putian Zhaoxi shall bear for the Putian Land, as well as the balance of its capital commitment in the Joint Venture which are used to fund the consideration of the Putian Land and other expenses related to the acquisition of the Putian Land as cooperation intention payment, and a guarantee was provided by Putian Lianxintai's holding company for such amounts. If the Independent Shareholders' approval for the Cooperation Agreement could not be obtained, Putian Zhaoxi has the right to terminate the Cooperation Agreement, and Putian Lianxintai shall refund the cooperation intention payment to Putian Zhaoxi within 5 days from the date of termination of the Cooperation Agreement.

Within 10 working days after the conditions precedent have been fulfilled, Putian Lianxintai shall transfer 45% of its equity interest in the Joint Venture to Putian Zhaoxi at a consideration equivalent to the paid-up registered capital of the 45% interest of the Joint Venture, subject to the appraisal value as approved or filed by the relevant authorities supervising state-owned asset transactions. As at the Latest Practicable Date, the paid-in registered capital of the Joint Venture is nil.

After completing the abovementioned transfer, Putian Zhaoxi and Putian Lianxintai shall own 45% and 55% equity interests in the Joint Venture, respectively, and contribute RMB238,500,000 and RMB291,500,000, respectively, to the Joint Venture's registered capital according to their respective proportion in the equity interest in the Joint Venture. The cooperation intention payment paid by Putian Zhaoxi shall be considered as capital commitment made by it. Putian Zhaoxi and Putian Lianxintai shall complete its contribution to the Joint Venture's registered capital (if any) by 31 March 2024 and Putian Zhaoxi is not required to make further contributions to the Joint Venture's registered capital as at the Latest Practicable Date.

When determining the capital commitment under the Cooperation Agreement, the Company mainly considered the capital contributed by Putian Lianxintai for the acquisition of the Putian Land, as well as interests, taxes and commissions related to acquisition of the Putian Land and the start-off capital needs for preliminary operation that shall be borne by Putian Zhaoxi, being RMB15,300,000. No further capital commitment is expected from the Joint Venture's shareholders as the Joint Venture will self finance if it has future capital needs. Having considered (i) the net valuation surplus of the Putian Land of approximately RMB303,937.5 (being the difference between the appraised value of the Putian Land as at 31 December 2023 of RMB541,000,000 and the net book value of the Putian Land as at 31 December 2023 of RMB540,696,062.5); (ii) the Putian Land is at a premium location with high development potential; and (iii) the appraised value of the Putian Land as at 31 December 2023 of RMB541,000,000 has increased by approximately 2.08% when compared to the acquisition cost of the Putian Land of RMB530,000,000, the Directors believed that the capital commitment under the Cooperation Agreement did not represent a premium over the value of the Putian Land.

LETTER FROM THE BOARD

Having considered (i) the current situation of the city, location and local real estate market in which the Putian Land is located; (ii) the market approach is an appropriate and common approach to determine the market value of the Putian Land (including the approach adopted by the Independent Property Valuer when assessing the value of the lands under the Previous C&D Real Estate Transactions); (iii) the assumptions, market comparables and considerations made by the Independent Property Valuer for the valuation are in line with industry practice; and (iv) the Independent Property Valuer is certified with the relevant professional qualifications required to perform the valuation, and the valuation team is led by Ms. Grace Lam, who is a member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice), and has over 30 years of experience in the industry, the Board is of the view that the valuation of the Putian Land together with its basis, methodology and assumptions adopted by the Independent Property Valuer is fair and reasonable.

The contribution to the Joint Venture's registered capital by Putian Zhaoxi and Putian Lianxintai will be used for the acquisition of the Putian Land. Putian Zhaoxi and Putian Lianxintai agreed that the subsequent development of the Putian Land shall be preferentially self-financed. The total capital commitment payable by Putian Zhaoxi was determined after arm's length negotiation among the parties to the Cooperation Agreement with reference to the consideration and other expenses of the Putian Land. The capital commitment of Putian Zhaoxi will be funded by self-owned funds of the Group.

Management

The board of directors of the Joint Venture consists of five directors, two of whom shall be appointed by Putian Zhaoxi and three of whom shall be appointed by Putian Lianxintai. All matters to be decided by the board of directors of the Joint Venture shall be by majority decision.

The Joint Venture does not have a board of supervisors but has two supervisors instead, and each of Putian Zhaoxi and Putian Lianxintai shall appoint one supervisor.

Shareholders' voting mechanism

At the shareholders' meeting of the Joint Venture, other than specific matters described in the Cooperation Agreement such as change of registered capital, merger, separation, dissolution, liquidation or change of corporate form of the Joint Venture, amendment to the articles of association, which must be passed by at least two-thirds of the voting rights held by the shareholders of the Joint Venture, other matters are to be decided by simple majority of the votes cast by shareholders of the Joint Venture.

Completion

Upon completion of the transactions contemplated under the Cooperation Agreement, Putian Zhaoxi will hold 45% equity interests in the Joint Venture. The Joint Venture will become an associate of the Company and its financial results will be incorporated into the consolidated financial statements of the Company using the equity method.

LETTER FROM THE BOARD

INFORMATION RELATING TO THE PUTIAN LAND

The Putian Land is located in the unit of regulatory plan in Yuhu Subdistrict, Licheng District, Putian City, PRC, with Baicheng Road to the east, Lihu Road to the south, Planning Road to the west, and Yuhu Road Green Belt to the north (Parcel No.: Putian PS-Pai-2023-12 (莆田市PS拍-2023-12號)). The Putian Land is located in the Yuhu development zone of Putian City, with a river view in the south and a lake view in the northeast, and surrounded by schools, shopping malls, hospitals and parks, indicating good overall infrastructure. The Putian Land has a total site area of approximately 18,681.13 sq.m. and an estimated gross floor area of not exceeding approximately 74,724 sq.m.. As at the Latest Practicable Date, the consideration of the Putian Land was fully settled by the Joint Venture using shareholders' loan provided by Putian Lianxintai. The term of the land use rights of the Putian Land for residential and commercial use are 70 and 40 years, respectively.

INFORMATION ABOUT THE PARTIES TO THE COOPERATION AGREEMENT

Putian Zhaoxi is a company established in the PRC with limited liability on 26 October 2018, an indirect wholly-owned subsidiary of the Company and is principally engaged in the property development and operation businesses.

Putian Lianxintai is a company established in the PRC with limited liability on 18 August 2016, an indirect wholly-owned subsidiary of Lianfa Group and is principally engaged in the property development and operation businesses.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION 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.

Entering into the Cooperation Agreement will enable the Group and Lianfa Group to collaborate in the process of developing the Putian Land by leveraging their respective strengths to enhance the efficiency of land development and operation as well as the use of capital, therefore sharing its risks and benefits.

The Directors believe that jointly developing the Putian Land with Lianfa Group will enable more effective cost and quality control over the development of the Putian Land. The Joint Venture will implement cost control, financial management and supplier bidding only after obtaining approvals from both Lianfa Group and the Company. In addition, both Lianfa Group and the Company will leverage their respective local resources to achieve the optimal results for the Joint Venture. Entering into the Cooperation Agreement will contribute to expanding the real estate development business of the Group and enhancing the Group's brand influence in both the Putian and PRC markets. At the same time, jointly developing the Putian Land explores the advantages of brand synergy and further expand the influence of "C&D" as a brand. The Group has an existing foundation of cooperation with Lianfa Group in Putian. This cooperation will be beneficial in further deepening the partnership between both parties and continuing to cultivate their respective brands in the Putian market, thereby expanding the influence of their respective brands.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) consider that the transaction contemplated under the Cooperation Agreement are on normal commercial terms, and the terms as set out in such agreement are fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

FUZHOU ZHAOZHEN EQUITY TRANSFER AGREEMENT

On 9 January 2024, it was announced that Hangzhou Zhaorui, an indirect wholly-owned subsidiary of the Company, entered into the Fuzhou Zhaozhen Equity Transfer Agreement with Fuzhou Zhaoxing, pursuant to which Fuzhou Zhaoxing agreed to sell and Hangzhou Zhaorui agreed to purchase 100% equity interests in Fuzhou Zhaozhen.

Set out below are the principal terms of the Fuzhou Zhaozhen Equity Transfer Agreement.

Date

9 January 2024

Parties

- (1) Fuzhou Zhaoxing, as vendor; and
- (2) Hangzhou Zhaorui, as purchaser

Interests to be acquired

Fuzhou Zhaoxing agreed to sell and Hangzhou Zhaorui agreed to purchase 100% equity interests in Fuzhou Zhaozhen.

Consideration

The cash consideration shall be RMB29,131,248.69. Hangzhou Zhaorui shall also repay the shareholder's loan (principal and interest) in the amount of approximately RMB1,195,787,000 (as at the Latest Practicable Date and subject to adjustment) previously advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen in accordance with the proportion of equity interests in Fuzhou Zhaozhen to be held by Hangzhou Zhaorui. The shareholder's loan provided to Fuzhou Zhaozhen was mainly for the acquisition and preliminary expenses for development of the Fuzhou Land. Hangzhou Zhaorui shall pay the cash consideration and repay the shareholder's loan to Fuzhou Zhaoxing after the satisfaction of the conditions precedent under the Fuzhou Zhaozhen Equity Transfer Agreement.

LETTER FROM THE BOARD

The cash consideration was determined based on arm's length negotiation with reference to the valuation of the total assets and liabilities of Fuzhou Zhaozhen as at 12 December 2023 (the "**Xiamen Dacheng Valuation**") conducted by Xiamen Dacheng Fanghua Assets Appraisal Land Real Estate Assessment Co., Ltd.* (廈門大成方華資產評估土地房地產估價有限公司) ("**Xiamen Dacheng**"), a third party independent of the Company and its connected persons. Pursuant to the Xiamen Dacheng Valuation, as at 12 December 2023, the total assets of Fuzhou Zhaozhen was valued at RMB440,522,405.33, consisting of (i) net assets of RMB29,131,248.69 and (ii) total liabilities of RMB411,391,156.64. A summary of the valuation report prepared by Xiamen Dacheng is set out in Appendix III to this circular.

The shareholder's loan of approximately RMB1,195,787,000 to be repaid by Hangzhou Zhaorui was determined based on the total amount of shareholder's loan (principal and interests) advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen 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 Fuzhou Zhaozhen Equity Transfer Agreement.

Xiamen Dacheng Valuation

As stated in Appendix III, as at 12 December 2023, the total carrying value of Fuzhou Zhaozhen's owners' equity amounted to RMB22,812,327.69 and the appraised value amounted to RMB29,131,248.69 which represents a 27.7% premium of the book value. The value of the Fuzhou Land was not considered when preparing the Xiamen Dacheng Valuation as the land use rights of the Fuzhou Land has not been transferred to Fuzhou Zhaozhen as at 12 December 2023, and interest in the Fuzhou Land will be recognised as property under development when the land handover confirmation was entered into.

The Xiamen Dacheng Valuation was prepared based on the asset-based approach, and assuming that Fuzhou Zhaozhen will continue to operate and the assets and liabilities of Fuzhou Zhaozhen will be evaluated by specific assessment method corresponding to such assets and liabilities. The appraised value of the equity interests of Fuzhou Zhaozhen was determined based on the difference between the appraised value of the total assets and total liabilities. Having reviewed previous valuation reports for private companies which were in the process of acquiring or acquired lands for development, such as Fujian Zhaorun, Xiamen Zhaodinglong Real Estate Development Company Limited* (廈門兆鼎瓏房地產開發有限公司) and Chengdu Zhaorongsheng (the "**Comparables**"), the Board considers they are comparable to Fuzhou Zhaozhen as they are all engaged in property development and operation and they were in the process of acquiring or acquired lands to be developed as their major assets when being appraised, which is similar to Fuzhou Zhaozhen's situation.

LETTER FROM THE BOARD

Since (i) the asset-based approach is a commonly adopted approach for the valuation of comparable companies such as the Comparables and is in line with market practice; (ii) the inputs, assumptions (including the specific assumptions) and conditions in the Xiamen Dacheng Valuation are generally and consistently adopted in other valuation exercises (including valuation reports for the Comparables); and (iii) Xiamen Dacheng is certified with the relevant professional qualification required to perform the Xiamen Dacheng Valuation and conducted its valuation in accordance with relevant laws and standards in the PRC, and the asset appraisers responsible hold valid Professional Qualification Certificate for Asset Appraisers* (資產評估師職業資格證書) issued by the China Appraisal Society, the Board considers that the valuation of Fuzhou Zhaozhen prepared by Xiamen Dacheng is 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 Xiamen Dacheng Valuation was to fulfil the abovementioned regulatory requirement in respect of the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement and to determine the cash consideration for the acquisition of Fuzhou Zhaozhen stipulated in the Fuzhou Zhaozhen Equity Transfer Agreement. The Xiamen Dacheng Valuation appraised the value of Fuzhou Zhaozhen by referring to the net assets of Fuzhou Zhaozhen, therefore the Xiamen Dacheng Valuation was not made with reference to the value of the Fuzhou Land and did not reveal the complete and accurate nature of the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement which was to acquire in the Fuzhou Land.

C&W Valuation

In order to provide the Shareholders with more meaningful information of the main purpose of the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement, the Company engaged the Independent Property Valuer to assess the appraised value of the Fuzhou Land as at 10 January 2024.

LETTER FROM THE BOARD

As at 10 January 2024, the appraised value of the Fuzhou Land was RMB2,390,000,000. Since (i) the major asset held by Fuzhou Zhaozhen was the Fuzhou Land; (ii) the valuation report of the Fuzhou Land was conducted by the Independent Property Valuer more recently and may be readily used to assess against the consideration contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement, the Directors believed that it is sufficient and more appropriate to make reference to the valuation report prepared by the Independent Property Valuer in Appendix II to this circular.

Having considered (i) the current situation of the city, location and local real estate market in which the Fuzhou Land is located; (ii) the market approach is an appropriate and common approach to determine the market value of the Fuzhou Land (including the approach adopted by the Independent Property Valuer when assessing the value of the lands under the Previous C&D Real Estate Transactions); (iii) the assumptions, market comparables and considerations made by the Independent Property Valuer for the valuation are in line with industry practice, and (iv) the Independent Property Valuer is certified with the relevant professional qualifications required to perform the valuation, and the valuation team is led by Ms. Grace Lam, who is a member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice), and has over 30 years of experience in the industry, the Board considers that the valuation of the Fuzhou Land together with the basis, methodology and assumptions adopted by the Independent Property Valuer is fair and reasonable.

As at the Latest Practicable Date, the total consideration under the Fuzhou Zhaozhen Equity Transfer Agreement (subject to adjustment) was approximately RMB1,224,918,248.69. When determining the total consideration under the Fuzhou Zhaozhen Equity Transfer Agreement, the Company mainly considered the capital contributed by Fuzhou Zhaoxing of RMB1,187,500,000 for the acquisition of the Fuzhou Land. The Company also considered that: (i) the net valuation surplus of the Fuzhou Land of approximately RMB15,000,000 (being the difference between the appraised value of the Fuzhou Land as at 10 January 2024 of RMB2,390,000,000 and the net book value of the Fuzhou Land as at 10 January 2024 of RMB2,375,000,000); (ii) the Fuzhou Land is at a premium location with high development potential; and (iii) the appraised value of the Fuzhou Land as at 10 January 2024 of RMB2,390,000,000 has increased by approximately 0.63% when compared to the acquisition cost of the Fuzhou Land of RMB2,375,000,000. Therefore, the Directors believed that the aggregate consideration under the Fuzhou Zhaozhen Equity Transfer Agreement did not represent a premium over the value of the Fuzhou 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 appraised net asset value of Fuzhou Zhaozhen as at 12 December 2023, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shareholder's loan

Fuzhou Zhaoxing agreed to grant a shareholder's loan to Fuzhou Zhaozhen on 17 November 2023, and various drawdowns were made by Fuzhou Zhaozhen based on its capital needs, which was primarily used to settle the consideration for the Fuzhou Land. The total principal amount of the shareholder's loan as at the Latest Practicable Date was approximately RMB1,188,004,000.

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 Fuzhou Zhaoxing. 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 Fuzhou Zhaozhen is fair and reasonable.

As at 9 January 2024 (i.e. the date of the Fuzhou Zhaozhen Equity Transfer Agreement), the outstanding shareholder's loan (principal and interests) advanced by Hangzhou Zhaorui to Fuzhou Zhaozhen was RMB1,192,742,292 and increased to approximately RMB1,195,787,000 as at the Latest Practicable Date mainly due to interests accrued and preliminary expenses incurred. 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 Fuzhou Zhaozhen Equity Transfer Agreement because interests will continue to accrue.

If completion takes place after the payment for final instalment of consideration for the Fuzhou Land of RMB1,187,500,000 (which shall be paid on or before 26 May 2024), the total principal amount of the shareholder's loan will further increase and the total principal amount of the shareholder's loan is expected to increase to approximately RMB2,375,504,000 (i.e. the maximum principal amount of the shareholder's loan, which was determined with reference to the acquisition cost of the Fuzhou Land and preliminary expenses).

Conditions precedent

The valuation of the entire equity interest in Fuzhou Zhaozhen 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 Fuzhou Zhaozhen by Xiamen Dacheng is expected to be filed by Xiamen C&D (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)) before 29 February 2024.

The transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement are subject to the Independent Shareholders' approval required under the Listing Rules.

None of the conditions precedent are waivable by any of the parties, and 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 29 February 2024.

Completion

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

LETTER FROM THE BOARD

CAPITAL COMMITMENT

Hangzhou Zhaorui will finance the total consideration in the sum of approximately RMB1,224,918,248.69 (with reference to the Latest Practicable Date and subject to adjustment) under the Fuzhou Zhaozhen Equity Transfer Agreement by internal resources of the Group.

INFORMATION OF FUZHOU ZHAOZHEN

Fuzhou Zhaozhen is a company established with limited liability in the PRC on 29 August 2017, and is principally engaged in real estate development and operation. Fuzhou Zhaozhen has a registered capital of RMB660,000,000. As at the Latest Practicable Date, the registered capital of Fuzhou Zhaozhen subscribed and paid-in by Fuzhou Zhaoxing was RMB660,000,000 and RMB660,000,000, respectively; and Fuzhou Zhaoxing holds Fuzhou Zhaozhen's entire equity interests. The Fuzhou Land is the major asset held by Fuzhou Zhaozhen. Fuzhou Zhaozhen also holds certain unsold car parking spaces at another property development project in Fuzhou developed by it, which was completed in November 2020 (the “**Previous Fuzhou Project**”).

Set out below is certain financial information of Fuzhou Zhaozhen:

	As at 31 December 2021 RMB'000	As at 31 December 2022 RMB'000	As at 12 December 2023 RMB'000
Total assets	1,059,537	99,779	434,203
Net assets	(642,744)	(613,540)	22,812
	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the period from 1 January 2023 to 12 December 2023 RMB'000
Net profit before taxation	150,931	29,205	14,162
Net profit after taxation	129,277	29,205	56,352*

* Due to over provision of income tax in respect of prior years

LETTER FROM THE BOARD

The net profit of Fuzhou Zhaozhen was primarily attributable to the sales of residential units and car parking spaces at the Previous Fuzhou Project that were fully completed on 12 December 2023. The net profit experienced a year-on-year decrease as the recognised profit was the highest in 2021 as it recognised substantial amount of revenue shortly after the Previous Fuzhou Project was completed. The total assets of Fuzhou Zhaozhen as at 12 December 2023 primarily consisted of the security deposit of RMB385.2 million paid for the Fuzhou Land.

INFORMATION ABOUT THE FUZHOU LAND

On 18 November 2023, Fuzhou Zhaozhen successfully won the bid for the auction for the land use rights of the Fuzhou Land, and Fuzhou Zhaozhen entered into the Fuzhou Land Use Rights Grant Contract on 28 November 2023, pursuant to which Fuzhou Zhaozhen acquired the land use rights of the Fuzhou Land at the consideration of RMB2,375,000,000. On 17 November 2023, Fuzhou Zhaozhen paid a security deposit of RMB385,200,000 in order to participate in the auction of the Fuzhou Land and the first instalment of land consideration of RMB802,300,000 for the Fuzhou Land on 15 December 2023. As at the Latest Practicable Date, the consideration for the acquisition of the land use rights of the Fuzhou Land was not fully settled.

The Fuzhou Land is located at a plot granted in Gaogong Community on the east side of Dongshui Road and the north side of Fuxin Road in Gulou District, Fuzhou, Fujian Province, the PRC (Land Number: 2023-40). It is situated in the prime location of the main urban area of Fuzhou City, with excellent amenities, close proximity to high-quality schools and medical resources and great development potential. The Fuzhou Land has a site area of approximately 24,660 sq.m. and an estimated plot ratio floor area of not more than approximately 61,650 sq.m. for residential and commercial uses. The term of the land use rights of the Fuzhou Land for residential and commercial uses are 70 years and 40 years, respectively.

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

INFORMATION ABOUT THE PARTIES TO THE FUZHOU ZHAOZHEN EQUITY TRANSFER AGREEMENT

Hangzhou Zhaorui 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 development and operation businesses.

Fuzhou Zhaoxing 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.

LETTER FROM THE BOARD

C&D Real Estate is a company established with limited liability in the PRC, and is a controlling shareholder of the Company holding 1,061,712,743 Shares, representing approximately 56.01% of the issued share capital of the Company as at the Latest Practicable Date. It is principally engaged in the businesses of real estate development, commercial operation, property management, 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 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.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE FUZHOU ZHAOZHEN EQUITY TRANSFER AGREEMENT

Given that (i) the Fuzhou Land is located in a prime area in Gulon District of Fuzhou City with excellent educational and medical resources and great development potential; (ii) land supply was scarce in recent years in the core area where the Fuzhou Land is located, hence the property development to be constructed on the Fuzhou Land is expected to be well-received by the market and attract high-end customers; and (iii) acquisition of the Fuzhou Land will allow the Group to further increase its land reserves and enhance its brand influence in the Fuzhou and PRC markets through successfully developing the Fuzhou Land, the Directors (including the independent non-executive Directors having considered the advice from the Independent Financial Adviser) are of the view that the entering into of the Fuzhou Zhaozhen Equity Transfer Agreement will benefit the expansion of the Group's real estate development business, and the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement are entered into on normal commercial terms in the ordinary and usual course of business of the Group, and the terms as contained thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Cooperation Agreement

Xiamen C&D is a controlling shareholder of the Company and Lianfa Group is a subsidiary of Xiamen C&D and Putian Lianxintai is a wholly-owned subsidiary of Lianfa Group, therefore each of Lianfa Group and Putian Lianxintai is a connected person of the Company. As such, the transactions contemplated under the Cooperation Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the transactions under the Cooperation Agreement and the Previous Lianfa Transactions are of similar nature and have been entered into or completed with the parties connected with one another within a 12-month period, the Cooperation Agreement is required to be aggregated with the Previous Lianfa Transactions as a series of transactions.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement and the Previous Lianfa Transactions (as aggregated) exceeds 5% but is less than 25%, the transactions contemplated under the Cooperation Agreement, when aggregated with the Previous Lianfa Transactions, is subject to the reporting, announcement requirements and the independent shareholders' approval requirement.

Fuzhou Zhaozhen Equity Transfer Agreement

C&D Real Estate is a controlling shareholder of the Company and Fuzhou Zhaoxing is a wholly-owned subsidiary of C&D Real Estate, Fuzhou Zhaoxing is therefore a connected person of the Company. The transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the transactions under the Fuzhou Zhaozhen Equity Transfer Agreement and the Previous C&D Real Estate Transactions are of similar nature and have been entered into or completed with the parties connected with one another within a 12-month period, the Fuzhou Zhaozhen Equity Transfer Agreement is required to be aggregated with the Previous C&D Real Estate Transactions as a series of transactions.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement and the Previous C&D Real Estate Transactions (as aggregated) exceeds 5% but is less than 25%, the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement, when aggregated with the Previous C&D Real Estate Transactions, is subject to the reporting, announcement requirements and the independent shareholders' approval requirement.

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 Cooperation Agreement and the Fuzhou Zhaozhen Equity Transfer Agreement, hence none of them were required to abstain from voting on the Board resolutions approving the transactions contemplated under the Cooperation Agreement and the Fuzhou Zhaozhen 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, 23 February 2024 at 10 a.m., to consider and if thought fit, to approve, among other things, the entering into of the Cooperation Agreement and the Fuzhou Zhaozhen Equity Transfer Agreement. A form of proxy for use at the EGM is enclosed with this circular.

As at the Latest Practicable Date, each of Xiamen C&D and C&D Real Estate through Well Land International Limited was interested in 1,061,712,743 issued Shares, representing approximately 56.01% of the issued share capital. Therefore, Xiamen C&D, C&D Real Estate and Well Land International Limited shall abstain from voting on the proposed resolution(s) to approve the transactions contemplated under the Cooperation Agreement and the Fuzhou Zhaozhen 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 resolutions 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, 20 February 2024 to Friday, 23 February 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, 19 February 2024.

You are urged to complete and return the form of proxy 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 adjournments thereof) should you wish to do so.

LETTER FROM THE BOARD

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 Cooperation Agreement and the Fuzhou Zhaozhen 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 the above issues. The text of the letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 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-30 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 Cooperation Agreement and the Fuzhou Zhaozhen 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 resolutions 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 Cooperation Agreement and the Fuzhou Zhaozhen 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)

2 February 2024

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE
IN RELATION TO LAND IN PUTIAN; AND
DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 100% EQUITY INTERESTS
IN FUZHOU ZHAOZHEN**

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 Cooperation Agreement and the Fuzhou Zhaozhen Equity Transfer Agreement, the details of which are set out in the circular issued by the Company to the Shareholders dated 2 February 2024 (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-30 of the Circular.

Having taken into account (i) the reasons as disclosed in the paragraph headed “Reasons for and benefits of entering into the Cooperation Agreement” and “Reasons for and benefits of the transactions contemplated under the Fuzhou Zhaozhen 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 Cooperation Agreement and the Fuzhou Zhaozhen 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Cooperation Agreement and the Fuzhou Zhaozhen Equity Transfer Agreement and the transactions contemplated thereunder.

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 transactions contemplated under the Cooperation Agreement and the Fuzhou Zhaozhen 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

2 February 2024

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,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE
IN RELATION TO LAND IN PUTIAN;
AND
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 100% EQUITY INTERESTS
IN FUZHOU ZHAOZHEN**

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 transactions contemplated under (i) the Cooperation Agreement; and (ii) the Fuzhou Zhaozhen Equity Transfer Agreement. Details of (i) the formation of the Joint Venture; and (ii) the proposed acquisition are set out in the “Letter from the Board” contained in the circular of the Company dated 2 February 2024 (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

Cooperation Agreement

Putian Lianxintai successfully won the bid on 17 November 2023 for the auction for the Putian Land (details as described below) for a total consideration of RMB530,000,000.

On 5 December 2023, the Joint Venture was established by Putian Lianxintai as the main entity for the development of the Putian Land with an initial registered capital of RMB530,000,000 which was fully subscribed by Putian Lianxintai. Putian Lianxintai has the right to transfer its equity interest in the Joint Venture to its designated subsidiary within one year after the establishment of the Joint Venture. The Joint Venture entered into the Land Use Rights Grant Contract with Putian Natural Resources Bureau to acquire the land use rights of the Putian Land on 15 December 2023. As at the Latest Practicable Date, the Joint Venture had fully settled the consideration of the Putian Land of RMB530,000,000 using shareholders' loan provided by Putian Lianxintai.

On 21 December 2023, Putian Zhaoxi (a wholly-owned subsidiary of the Company) and Putian Lianxintai entered into the Cooperation Agreement, pursuant to which, among other things, Putian Zhaoxi agreed to acquire 45% of the equity interest in the Joint Venture from Putian Lianxintai to jointly develop the Putian Land through the Joint Venture.

Fuzhou Zhaozhen Equity Transfer Agreement

On 9 January 2024, Hangzhou Zhaorui, an indirect wholly-owned subsidiary of the Company, entered into the Fuzhou Zhaozhen Equity Transfer Agreement with Fuzhou Zhaoxing, pursuant to which Fuzhou Zhaoxing agreed to sell and Hangzhou Zhaorui agreed to purchase 100% equity interests in Fuzhou Zhaozhen. The cash consideration under the Fuzhou Zhaozhen Equity Transfer Agreement shall be RMB29,131,248.69. Hangzhou Zhaorui shall also repay the shareholder's loan (principal and interest) in the amount of approximately RMB1,195,787,000 (with reference to the outstanding sum as at the Latest Practicable Date and subject to adjustment) previously advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen (the "Shareholder's Loan"). The total consideration under the Fuzhou Zhaozhen Equity Transfer Agreement shall be financed by internal resources of the Group.

LISTING RULES IMPLICATIONS

Cooperation Agreement

Xiamen C&D is a controlling shareholder of the Company and Lianfa Group is a subsidiary of Xiamen C&D, and Putian Lianxintai is a wholly-owned subsidiary of Lianfa Group, therefore each of Lianfa Group and Putian Lianxintai is a connected person of the Company. As such, the transaction contemplated under the Cooperation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the transactions under the Cooperation Agreement and the Previous Lianfa Transactions are of similar nature and have been entered into or completed with the parties connected with one another within a 12-month period, the Cooperation Agreement is required to be aggregated with the Previous Lianfa Transactions as a series of transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement and the Previous Lianfa Transactions (as aggregated) exceeds 5% but is less than 25%, the transaction contemplated under the Cooperation Agreement, when aggregated with the Previous Lianfa Transactions, is subject to the reporting, announcement requirements and the independent shareholders' approval requirement.

Fuzhou Zhaozhen Equity Transfer Agreement

C&D Real Estate is a controlling shareholder of the Company and Fuzhou Zhaoxing is a wholly-owned subsidiary of C&D Real Estate, Fuzhou Zhaoxing is therefore a connected person of the Company. The transaction contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the transactions under the Fuzhou Zhaozhen Equity Transfer Agreement and the Previous C&D Real Estate Transactions are of similar nature and have been entered into or completed with the parties connected with one another within a 12-month period, the Fuzhou Zhaozhen Equity Transfer Agreement is required to be aggregated with the Previous C&D Real Estate Transactions as a series of transactions.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement and the Previous C&D Real Estate Transactions (as aggregated) exceeds 5% but less than 25%, the transaction contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement, when aggregated with the Previous C&D Real Estate Transactions, is subject to the reporting, announcement requirements and the independent shareholders' approval requirement.

As at the Latest Practicable Date, each of Xiamen C&D and C&D Real Estate through Well Land International Limited was interested in 1,061,712,743 issued Shares, representing approximately 56.01% of the issued share capital of the Company. Therefore, Xiamen C&D, C&D Real Estate and Well Land International Limited shall abstain from voting on the proposed resolutions to approve the transactions contemplated under the Cooperation Agreement and the Fuzhou Zhaozhen 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 resolutions to be considered at the EGM.

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 each of (a) the Cooperation Agreement; and (b) the Fuzhou Zhaozhen 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 each of (a) the Cooperation Agreement; and (b) the Fuzhou Zhaozhen Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 resolutions at the EGM to approve the entering into of each of (a) the Cooperation Agreement; and (b) the Fuzhou Zhaozhen Equity Transfer Agreement, taking into account the recommendations 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 each of (a) the Cooperation Agreement; and (b) the Fuzhou Zhaozhen 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 each of (a) the Cooperation Agreement; and (b) the Fuzhou Zhaozhen Equity Transfer Agreement and the transactions 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 resolutions at the EGM to approve the entering into of each of (a) the Cooperation Agreement; and (b) the Fuzhou Zhaozhen Equity Transfer Agreement.

We acted as the independent financial adviser for the Company with regards to (i) 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; (ii) the major and connected transaction in relation to the acquisition of 100% equity interest in C&D Real Estate Group Nanjing Co., Ltd.; (iii) the connected transaction in relation to the proposed issue of new shares of the Company under the 2022 restricted share incentive scheme; and (iv) the discloseable and connected transaction in relation to the acquisition of 100% equity interests in Chengdu Zhaorongsheng Real Estate Development Company, details of which were set out in the circulars of the Company dated 27 April 2022, 22 June 2022, 6 December 2022 and 21 December 2023 respectively (the “**Previous Services**”). 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. We were the independent financial adviser in relation to the Previous Services as we were independent when none of the circumstances set out in Rule 13.84 of the Listing Rules exist as at the respective time of making the declaration required by Rule 13.85(1) of the Listing Rules. We act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under (i) the Cooperation Agreement; and (ii) the Fuzhou Zhaozhen Equity Transfer Agreement since we are independent when none of the circumstances set out in Rule 13.84 of the Listing Rules exist as at the time of making the declaration required by Rule 13.85(1) of the Listing Rules. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the transactions contemplated under the Cooperation Agreement and the Fuzhou Zhaozhen Equity Transfer Agreement is at market level and not conditional upon successful passing of the resolutions, 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 Cooperation Agreement; (ii) the Fuzhou Zhaozhen Equity Transfer Agreement; (iii) the terms and breakdown of the outstanding balance of the Shareholder's Loan; (iv) the valuation report of the Putian Land conducted by the Independent Property Valuer as set out in Appendix I to the Circular (the "**C&W Putian Land Valuation Report**"); (v) the PRC legal opinion issued by the Company's legal adviser in relation to the Putian Land; (vi) the valuation report of Fuzhou Zhaozhen conducted by Xiamen Dacheng Fanghua Assets Appraisal Land Real Estate Assessment Co., Ltd. ("**Xiamen Dacheng**" and the "**Dacheng Valuation Report**"); (vii) the valuation report of the Fuzhou Land conducted by the Independent Property Valuer as set out in Appendix II to the Circular (the "**C&W Fuzhou Land Valuation Report**"); (viii) the PRC legal opinion issued by the Company's legal adviser in relation to the Fuzhou Land; (ix) the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**"); (x) the interim report of the Company for the six months ended 30 June 2023 (the "**2023 Interim Report**"); and (xi) 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

A. COOPERATION AGREEMENT

1. Background information of the parties to the Cooperation Agreement

1.1 Principal businesses of the Group

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

Extract of consolidated statement of financial position

	As at		As at
	31 December		30 June
	2021^(Note)	2022	2023
	<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		As at
	31 December		30 June
	2021^(Note)	2022	2023
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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

The gross profit of the Group increased by a lesser extent of approximately 67.6% 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

In this regard, we noted that subsequent to the publication of the 2023 Interim Report, the Group continued to adhere to its development strategies and has, among others, entered into the Xiamen Jianyaoyue Equity Transfer Agreements on 26 September 2023 and the Chengdu Zhaorongsheng Equity Transfer Agreement on 6 November 2023 to engage in the relevant property development projects.

1.4 Principal business of Putian Zhaoxi

Putian Zhaoxi is a company established in the PRC with limited liability on 26 October 2018, an indirect wholly-owned subsidiary of the Company and is principally engaged in the property development and operation businesses.

1.5 Information about Putian Lianxintai, the Joint Venture and the Putian Land

Principal business of Putian Lianxintai

Putian Lianxintai is a company established in the PRC with limited liability on 18 August 2016, an indirect wholly-owned subsidiary of Lianfa Group and is principally engaged in the property development and operation businesses.

Principal business of the Joint Venture

On 5 December 2023, Putian Lianzhaorun Real Estate Co., Ltd.* (莆田聯兆潤置業有限公司), being a company established in the PRC with limited liability, was established by Putian Lianxintai as the main entity for the development of the Putian Land with an initial registered capital of RMB530,000,000. As at the Latest Practicable Date, it was wholly-owned by Putian Lianxintai.

Information relating to the Putian Land

The Putian Land is located in the unit of regulatory plan in Yuhu Subdistrict, Licheng District, Putian City, PRC, with Baicheng Road to the east, Lihu Road to the south, Planning Road to the west, and Yuhu Road Green Belt to the north (Parcel No.: Putian PS-Pai-2023-12 (莆田市PS拍-2023-12號)). The Putian Land is located in the Yuhu development zone of Putian City, with a river view in the south and a lake view in the northeast, and surrounded by schools, shopping malls, hospitals and parks, indicating good overall infrastructure.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Putian Land has a total site area of approximately 18,681.13 sq.m. and an estimated gross floor area of not exceeding approximately 74,724 sq.m.. The term of the land use rights of the Putian Land for residential and commercial use are 70 and 40 years respectively.

As at the Latest Practicable Date, the consideration of the Putian Land, being RMB530,000,000, was fully settled by the Joint Venture using shareholders' loan provided by Putian Lianxintai.

For further details about the Putian Land, please refer to the section headed "Information relating to the Putian Land" in the "Letter from the Board" of the Circular.

2. Reasons for and benefits of entering into the Cooperation Agreement

As set out in the section headed "Reasons for and benefits of entering into the Cooperation Agreement" in the "Letter from the Board" of the Circular, considering that the entering into of the Cooperation Agreement will enable the Group and Lianfa Group to collaborate in the process of developing the Putian Land by leveraging their respective strengths, this may in turn enable more effective cost and quality control over the development of the Putian Land as well as explore the advantages of brand synergy and further expand the influence of "C&D" as a brand.

In this regard, we noted that the entering into of the Cooperation Agreement, which in essence is to acquire 45% of the Putian 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. In addition, we also concur with the Management's view that through the collaboration with Lianfa Group to jointly develop the Putian Land, this may benefit the Group with enhanced efficiency of land development and operation as well as use of capital by dispersing financial burden and risk.

Overall, we concur with the Management's view that the entering into of the Cooperation 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 Cooperation Agreement

On 21 December 2023, Putian Zhaoxi and Putian Lianxintai entered into the Cooperation Agreement, pursuant to which, among other things, Putian Zhaoxi agreed to acquire 45% of the equity interest in the Joint Venture from Putian Lianxintai to jointly develop the Putian Land through the Joint Venture.

The principal terms of the Cooperation Agreement are summarised as follows. For further details, please refer to the section headed "Cooperation Agreement" in the "Letter from the Board" of the Circular.

3.1 Purpose of the Joint Venture

The parties agree that the purpose of the Joint Venture is to be engaged in the development of the Putian Land and the subsequent sale and/or ancillary management of the properties to be constructed on the Putian Land.

As the Group is engaged in the business of real estate development, we are of the view that the business scope of the Joint Venture adheres to the Group's overall business strategy and is in the interest of the Company and the Shareholders as a whole.

3.2 Capital commitment in the Joint Venture

Pursuant to the Cooperation Agreement, Putian Zhaoxi has paid RMB253,800,000 to Putian Lianxintai as at the Latest Practicable Date using self-owned funds of the Group, being the amount of security deposit Putian Zhaoxi shall bear for the Putian Land, as well as the balance of its capital commitment in the Joint Venture which are used to fund the consideration of the Putian Land and other expenses related to the acquisition of the Putian Land as cooperation intention payment, and a guarantee was provided by Putian Lianxintai's holding company for such amounts. If the Independent Shareholders' approval for the Cooperation Agreement could not be obtained, Putian Zhaoxi has the right to terminate the Cooperation Agreement, and Putian Lianxintai shall refund the cooperation intention payment to Putian Zhaoxi within 5 days from the date of termination of the Cooperation Agreement.

We understand that the capital commitment of Putian Zhaoxi is being determined mainly based on (i) the registered capital of the Joint Venture of RMB530,000,000, which is equivalent to the total consideration for the Putian Land; and (ii) Putian Zhaoxi's equity interest of 45% in the Joint Venture to be acquired from Putian Lianxintai. We further understand from the Management that there are certain other expenses related to the acquisition of the Putian Land which shall be paid to the relevant authority in the PRC (including interests, taxes and commissions) as well as start-off capital needs for preliminary operation of the Joint Venture and was funded by Putian Zhaoxi and Putian Lianxintai in accordance to their respective equity interests in the Joint Venture.

When assessing the fairness and reasonableness of the capital commitment, we have considered (i) the Putian Land consideration of RMB530,000,000 was being determined during the process of an auction held by the relevant authority in the PRC; and (ii) the Putian Land consideration represents a discount of approximately 2.0% to the C&W Putian Land Appraised Value (as defined below) of the Putian Land as at 31 December 2023 as assessed by the Independent Property Valuer. Given such discount and the process in determining the consideration for the Putian Land, we are of the view that the method of arriving at Putian Zhaoxi's capital commitment (i.e. 45% of the Putian Land consideration and other expenses related to the acquisition of the Putian Land) is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. For discussion of the C&W Putian Land Appraised Value, please refer to the paragraph headed "4. C&W Putian Land Valuation Report" below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The contribution to the Joint Venture's registered capital by Putian Zhaoxi and Putian Lianxintai will be used for the acquisition of the Putian Land.

In light of the above and taking into account that the respective capital commitment is determined by reference to the auction price of the Putian Land, which represents a discount of approximately 2.0% to the C&W Putian Land Appraised Value, we are of the view that the capital commitment in the Joint Venture is determined on a fair and reasonable basis.

3.3 Future capital contribution

Putian Zhaoxi and Putian Lianxintai agreed that the subsequent development of the Putian Land shall be preferentially self-financed.

3.4 Management

The board of directors of the Joint Venture consists of five directors, two of whom shall be appointed by Putian Zhaoxi and three of whom shall be appointed by Putian Lianxintai. All matters to be decided by the board of directors of the Joint Venture shall be by majority decision.

The Joint Venture does not have a board of supervisors but has two supervisors instead, and each of Putian Zhaoxi and Putian Lianxintai shall appoint one supervisor.

In view of the above, the terms of the Cooperation Agreement demonstrate equitable voting power among the parties in accordance to their respective equity interests in the Joint Venture; which the Management is of the view and we concur that such arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3.5 Shareholders' voting mechanism

At the shareholders' meeting of the Joint Venture, other than specific matters described in the Cooperation Agreement such as change of registered capital, merger, separation, dissolution, liquidation or change of corporate form of the Joint Venture, amendment to the articles of association, which must be passed by at least two-thirds of the voting rights held by the shareholders of the Joint Venture, other matters are to be decided by simple majority of the votes cast by shareholders of the Joint Venture.

In view of the above, the terms of the Cooperation Agreement demonstrate equitable voting power among the parties; whereby the Group will have the right to veto against the abovementioned specified board resolutions in the event that it does not concur with the view of Putian Lianxintai, notwithstanding the fact that the Group has only 45% equity interest in the Joint Venture. In this regard, the Management is of the view and we concur that such arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3.6 Section summary

Considering the above, we are of the view that the terms of the Cooperation Agreement are on normal commercial terms and are fair and reasonable.

4. C&W Putian Land Valuation Report

The Company has engaged Cushman & Wakefield Limited as the Independent Property Valuer to perform independent valuation on the Putian Land. According to the C&W Putian Land Valuation Report as set out in Appendix I to the Circular, the appraised value of the Putian Land as at 31 December 2023 was RMB541,000,000 (the “**C&W Putian Land Appraised Value**”).

Based on our review of the C&W Putian Land 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 Putian Land 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. We also noted that the Independent Property Valuer has considered a number of criteria when selecting land comparables for conducting valuation of the Putian Land, such as (i) recent transactions in the past 24 months; (ii) similar accessibility located in Licheng District; and (iii) comparable land size, plot ratio, land use and land use term as the Putian Land. We considered that the selection criteria adopted are fair and reasonable as they capture recent transacted lands with similar characteristics as the Putian Land. Based on the above criteria, we noted that three comparables have been selected which are lands located in close proximity (within 5 kilometers) to the Putian Land and have been transacted during the period from second quarter of 2022 to third quarter of 2023 (for details of the comparables, please refer to the C&W Putian Land 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 Putian Land. We further understand that the Independent Property Valuer has considered the differences between the comparables and the Putian 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 Putian Land is better than the comparables in terms of the abovementioned factor(s), an upward adjustment is being applied, and vice versa. We understand that downward adjustments were being made by the Independent Property Valuer in deriving at the valuation of the Putian Land as the three comparables are better than the Putian Land in terms of the various factors as mentioned above. We considered that such downward adjustments are fair and reasonable as they take into account the differences between the Putian Land and the comparables. We noted 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 since December 2023 (being the month of publication of the Company’s announcement in relation to the Cooperation Agreement which reflects the latest

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

market practice) and up to the Latest Practicable Date in relation to acquisition or disposal of property assets (including 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	2 December 2023	Shanshan Brand Management Co., Ltd.	1749	A piece of land	Market approach
2	4 December 2023	SCE Intelligent Commercial Management Holdings Limited	606	Shopping mall	Market approach
3	21 December 2023	The Company	1908	A piece of land	Market approach
4	22 December 2023	Texhong International Group Limited	2678	Industry property	Cost approach and income approach
5	27 December 2023	Oriental University City Holdings (H.K.) Limited	8067	Hotel	Income approach
6	29 December 2023	China Investments Holdings Limited	132	Industrial and commercial properties	Market approach and cost approach

According to the table above, we noted that four out of 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 Putian 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 Putian Land in December 2023 and has been provided with a PRC legal opinion dated 26 January 2024 issued by the Company's legal adviser, Tenet & Partners (天衡聯合律師事務所) on the title to the Putian Land which mainly contains, inter alia, the following information, to arrive at the valuation:

- (i) the Land Use Rights Grant Contract complies with the PRC laws and is legal and valid;
- (ii) the Joint Venture has fully paid the land premium amounting to RMB530,000,000; and
- (iii) after obtaining the real estate certificate of the Putian Land, the Joint Venture shall be the owner of the Putian Land.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We also noted that the C&W Putian Land 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 Putian Land 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 Putian Land Valuation Report. We noted that the key personnel of the Independent Property Valuer responsible for signing the C&W Putian Land 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 Putian Land 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 Putian Land Valuation Report. The Independent Property Valuer has confirmed that it is independent from the Group, Putian Lianxintai, 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 Putian Land Valuation Report.

5. Potential financial effects as a result of the formation of the Joint Venture

Pursuant to the Cooperation Agreement, the Joint Venture will be owned as to 55% by Putian Lianxintai and 45% by Putian Zhaoxi and will be accounted as an associate of the Company, which the financial results will be incorporated into the consolidated financial statements of the Company using the equity method.

The parties will contribute their respective share of the capital commitment in proportion to their respective shareholdings in the Joint Venture. As a result, the Management expects that the transaction contemplated under the Cooperation Agreement would not have a material impact on the Group's net asset value in the short term.

As the total consideration of approximately RMB253,800,000 under the Cooperation Agreement was financed by internal resources of the Group, the Group's cash at banks and on hand was decreased by the same amount as a result of the participation in the Joint Venture. 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.

B. FUZHOU ZHAOZHEN EQUITY TRANSFER AGREEMENT

6. Background information of the parties to the Fuzhou Zhaozhen Equity Transfer Agreement

6.1 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 industry 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.

Hangzhou Zhaorui

Hangzhou Zhaorui 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 development and operation businesses.

6.2 Financial information of the Group

For discussion of the historical financial information of the Group, please refer to the paragraph headed "1.2 Financial information of the Group" above.

6.3 Outlook of the Group

For discussion of the outlook of the Group, please refer to the paragraph headed "1.3 Outlook of the Group" above.

6.4 Principal businesses of the vendor

Fuzhou Zhaoxing

Fuzhou Zhaoxing 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 holding 1,061,712,743 Shares, representing approximately 56.01% of the issued share capital of the Company as at the Latest Practicable Date. It is principally engaged in the businesses of real estate development, commercial operation, property management, investment etc.

6.5 Information about Fuzhou Zhaozhen and the Fuzhou Land

Principal business of Fuzhou Zhaozhen

Fuzhou Zhaozhen is a company established with limited liability in the PRC on 29 August 2017, and is principally engaged in real estate development and operation. As at the Latest Practicable Date, Fuzhou Zhaoxing held the entire equity interests in Fuzhou Zhaozhen. The Fuzhou Land is the major asset held by Fuzhou Zhaozhen. According to the Management, Fuzhou Zhaozhen also holds certain unsold car parking spaces at another property development project in Fuzhou developed by it, which was completed in November 2020.

On 18 November 2023, Fuzhou Zhaozhen successfully won the bid for the auction for the land use rights of the Fuzhou Land, and Fuzhou Zhaozhen entered into the Fuzhou Land Use Rights Grant Contract on 28 November 2023, pursuant to which Fuzhou Zhaozhen acquired the land use rights of the Fuzhou Land at the consideration of RMB2,375,000,000. On 17 November 2023, Fuzhou Zhaozhen paid a security deposit of RMB385,200,000 in order to participate in the auction of the Fuzhou Land and the first instalment of land consideration of RMB802,300,000 for the Fuzhou Land on 15 December 2023. As at the Latest Practicable Date, the consideration for the acquisition of the land use rights of the Fuzhou Land was not fully settled. The remaining balance of the land consideration shall be paid on or before 26 May 2024.

Information about the Fuzhou Land

The Fuzhou Land is located at a plot granted in Gaogong Community on the east side of Dongshui Road and the north side of Fuxin Road in Gulou District, Fuzhou, Fujian Province, the PRC (Land Number: 2023-40). It is situated in the prime location of the main urban area of Fuzhou City, with excellent amenities, close proximity to high-quality schools and medical resources and great development potential. The Fuzhou Land has a site area of approximately 24,660 sq.m. and an estimated plot ratio floor area of not more than approximately 61,650 sq.m. for residential and commercial uses. The term of the land use rights of the Fuzhou Land for residential and commercial uses are 70 years and 40 years respectively.

The Fuzhou Land will be a single phase residential development project, with construction work expected to commence no later than May 2024, pre-sale campaigns expected to commence no later than December 2024, and construction work expected to be completed no later than March 2027. For further details about the Fuzhou Land, please refer to the section headed “Information about the Fuzhou Land” in the “Letter from the Board” of the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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Financial information of Fuzhou Zhaozhen

Set out below is a table summarising certain key financial information of Fuzhou Zhaozhen as at 10 January 2024 provided by the Management.

Extract of balance sheet

	As at 10 January 2024 <i>RMB'000</i> <i>(unaudited)</i>
Total assets	2,444,898
— <i>Properties under development</i>	2,375,000
— <i>Receivables</i>	22,469
— <i>Inventories</i>	17,737
— <i>Cash and bank balance</i>	939
Total liabilities	2,426,460
— <i>Payables</i>	1,217,584
— <i>Other liabilities</i>	1,187,516
— <i>Receipts in advance</i>	18,960
Equity attributable to equity holder of Fuzhou Zhaozhen	18,438

As advised by the Management, the historical financial information of Fuzhou Zhaozhen in 2021 to 2023 were mainly related to previous property development projects developed by it, which were completed prior to the Latest Practicable Date, and hence, irrelevant to the transaction contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement. Pursuant to the terms of the Fuzhou Zhaozhen Equity Transfer Agreement, if any claims, litigations or liabilities arise from previous property development projects of Fuzhou Zhaozhen prior to the entering into of the Fuzhou Zhaozhen Equity Transfer Agreement and result in any loss to Fuzhou Zhaozhen and/or Hangzhou Zhaorui, the vendor (i.e. Fuzhou Zhaoxing) shall be held responsible. As such, the following discussions on financial information of Fuzhou Zhaozhen will be focused on 10 January 2024. For further information relating to Fuzhou Zhaozhen's historical financial information, please refer to the section headed "Information of Fuzhou Zhaozhen" in the "Letter from the Board" of the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subsequent to the successful bidding of the Fuzhou Land by Fuzhou Zhaozhen on 18 November 2023 and up till 10 January 2024, the Fuzhou Land was in pre-construction phase. Therefore, no revenue was generated during the said period.

Total assets of Fuzhou Zhaozhen as at 10 January 2024 amounted to approximately RMB2,444.9 million, among which, properties under development (being the net book value of the Fuzhou Land) of RMB2,375.0 million represented approximately 97.1% of total assets of Fuzhou Zhaozhen as at 10 January 2024. Receivables amounted to approximately RMB22.5 million as at 10 January 2024, which were related to previous property development projects of Fuzhou Zhaozhen. Inventories of Fuzhou Zhaozhen amounted to approximately RMB17.7 million as at 10 January 2024, representing the unsold car parking spaces at another property development project in Fuzhou developed by it, which was completed in November 2020. In this regard, we understand from the Management that Fuzhou Zhaozhen has entered into an underwriting agreement with a property management company in the PRC, pursuant to which, among others, the property management company shall seek prospective purchasers for these unsold car parking spaces. Cash and bank balance of Fuzhou Zhaozhen amounted to approximately RMB0.9 million as at 10 January 2024.

Total liabilities of Fuzhou Zhaozhen as at 10 January 2024 amounted to approximately RMB2,426.5 million, primarily consisted of payables and other liabilities. Payables mainly represented the remaining land consideration of approximately RMB1,187.5 million payable by Fuzhou Zhaozhen for the Fuzhou Land; while the balance of approximately RMB30.1 million were related to previous property development projects of Fuzhou Zhaozhen. Other liabilities represented the amount advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen (i.e. the Shareholder's Loan), which amounted to approximately RMB1,187.5 million as at 10 January 2024.

As a result of the above, equity attributable to equity holder of Fuzhou Zhaozhen as at 10 January 2024 amounted to approximately RMB18.4 million.

7. Reasons for and benefits of entering into the Fuzhou Zhaozhen Equity Transfer Agreement

As set out in the section headed "Reasons for and benefits of the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement" in the "Letter from the Board" of the Circular, considering among others, the Fuzhou Land is located in prime area with great development potential, and the acquisition of the Fuzhou Land can further expand the scale of the Group's land reserves and enhance the Group's brand influence in both Fuzhou and the PRC markets, the Management believes that the entering into of the Fuzhou Zhaozhen Equity Transfer Agreement will benefit the expansion of the Group's real estate development business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In this regard, we noted that the entering into of the Fuzhou Zhaozhen Equity Transfer Agreement, which in essence is to acquire the Fuzhou 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.

Overall, we concur with the Management's view that the entering into of the Fuzhou Zhaozhen 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.

8. Principal terms of the Fuzhou Zhaozhen Equity Transfer Agreement

On 9 January 2024, Hangzhou Zhaorui, an indirect wholly-owned subsidiary of the Company, entered into the Fuzhou Zhaozhen Equity Transfer Agreement with Fuzhou Zhaoxing.

The principal terms of the Fuzhou Zhaozhen Equity Transfer Agreement are summarised as follows:

Date:	9 January 2024
Parties:	Vendor: Fuzhou Zhaoxing Purchaser: Hangzhou Zhaorui
Interests to be acquired:	Fuzhou Zhaoxing agreed to sell and Hangzhou Zhaorui agreed to purchase 100% equity interests in Fuzhou Zhaozhen.
Consideration:	The cash consideration shall be RMB29,131,248.69. Hangzhou Zhaorui shall also repay the Shareholder's Loan (principal and interest) in the amount of approximately RMB1,195,787,000 (with reference to the outstanding amount as at the Latest Practicable Date and subject to adjustment) previously advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen. The Shareholder's Loan provided to Fuzhou Zhaozhen was mainly for the acquisition and preliminary expenses for development of the Fuzhou Land. Hangzhou Zhaorui shall repay Fuzhou Zhaoxing the Shareholder's Loan after the satisfaction of the conditions precedent under the Fuzhou Zhaozhen Equity Transfer Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Shareholder's Loan previously advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen was approximately RMB1,195,787,000, which increased from RMB1,192,742,292 as at 9 January 2024 (i.e. the date of the Fuzhou Zhaozhen Equity Transfer Agreement) as interests were accrued and preliminary expenses were incurred. The Management believed that the amount of the Shareholder's Loan would continue to increase from the Latest Practicable Date to the date of completion of the transaction contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement because interests will continue to accrue.

The parties shall use all reasonable endeavours to procure the conditions precedent to the Fuzhou Zhaozhen Equity Transfer Agreement as detailed in the paragraph headed "Conditions precedent" under the section headed "Fuzhou Zhaozhen Equity Transfer Agreement" in the "Letter from the Board" of the Circular be fulfilled on or before 29 February 2024.

8.1. Basis and determination of the cash consideration under the Fuzhou Zhaozhen Equity Transfer Agreement

As set out in the "Letter from the Board" of the Circular, the cash consideration for the acquisition of 100% equity interests in Fuzhou Zhaozhen is RMB29,131,248.69. Hangzhou Zhaorui shall also repay the Shareholder's Loan (principal and interest) in the amount of approximately RMB1,195,787,000 (with reference to the outstanding amount as at the Latest Practicable Date and subject to adjustment) previously advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen.

According to the Dacheng Valuation Report, the appraised value of Fuzhou Zhaozhen as at 12 December 2023 was RMB29,131,248.69 (the "**Dacheng Appraised Value**"), which is equivalent to the net assets of Fuzhou Zhaozhen valued by Xiamen Dacheng and consisted of (i) total assets of RMB440,522,405.33; and (ii) total liabilities of RMB411,391,156.64 as at 12 December 2023 valued by Xiamen Dacheng. On the other hand, the Shareholder's Loan of approximately RMB1,195,787,000 to be paid by Hangzhou Zhaorui was determined based on the total amount of outstanding Shareholder's Loan advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen 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 Fuzhou Zhaozhen Equity Transfer Agreement.

8.2. Evaluation on the basis of consideration

8.2.1 Dacheng Valuation Report

In assessing the fairness and reasonableness of the cash consideration for the acquisition of equity interests in Fuzhou Zhaozhen, we have reviewed the Dacheng Valuation Report and discussed with Xiamen Dacheng regarding the methodology and the principal basis and assumptions adopted in arriving at the Dacheng Appraised Value. We noted that Xiamen Dacheng has adopted the asset-based approach in arriving at the Dacheng Appraised Value and assuming that Fuzhou Zhaozhen will continue to operate and the assets and liabilities of Fuzhou Zhaozhen will be evaluated by specific assessment method corresponding to such assets and liabilities.

Based on our discussion with Xiamen Dacheng, 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 Dacheng Valuation Report are commonly adopted in valuation reports for equity interests. We have discussed with Xiamen Dacheng with regards to its rationale for adopting the asset-based approach and noted that Xiamen Dacheng has considered the three commonly adopted valuation approaches, namely market approach, income approach and asset-based approach and has the following analysis:

- (i) **market approach** is considered not appropriate for valuing Fuzhou Zhaozhen since as at 12 December 2023 (i.e. date of valuation in the Dacheng Valuation Report), Fuzhou Zhaozhen had only prepaid the security deposit for the Fuzhou Land as its major asset and has yet to commence any property development activities. 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;
- (ii) **income approach** is also considered not appropriate for valuing Fuzhou Zhaozhen since as at the valuation date, the Fuzhou Land was still in pre-construction stage and the corresponding future income was difficult to be accurately predicted; and
- (iii) **asset-based approach** is a valuation method which determines the value of assets and liabilities based on their respective value on the financial statements as at the valuation reference date. Considering the assets and liabilities of Fuzhou Zhaozhen can be clearly identified as at the valuation date, as well as the limitations for market approach and income approach as discussed above, the asset-based approach has been adopted.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered Xiamen Dacheng's rationale for not adopting the market and income approaches which has been explained in the Dacheng Valuation Report, we concur with Xiamen Dacheng that the asset-based approach is appropriate for valuing Fuzhou Zhaozhen as at the valuation date.

In addition, Xiamen Dacheng has complied with the valuation standard, including but not limited to, the Asset Appraisal Law of the PRC* (中華人民共和國資產評估法), the Fundamental Standards for Asset Appraisal* (No. Cai Zi (2017) 43) (資產評估基本準則(財資(2017)43號)), and other relevant laws, rules, standards and regulations in the PRC.

During the course of our discussion with Xiamen Dacheng, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology and the principal basis and assumptions adopted in arriving at the Dacheng Appraised Value.

For our due diligence purpose, we have reviewed and enquired into the qualifications and experience of Xiamen Dacheng in relation to the preparation of the Dacheng Valuation Report. We noted that the key personnel of Xiamen Dacheng responsible for signing the Dacheng Valuation Report have obtained the professional qualification certificates for asset appraisal issued by China Appraisal Society. We also noted that Xiamen Dacheng has been appointed as valuer by a number of state-owned enterprises in the PRC as well as listed companies and had completed over 300 valuation projects in 2023. We have also reviewed the terms of the engagement of Xiamen Dacheng as well as due diligence exercise conducted by Xiamen Dacheng in preparing the Dacheng Valuation Report and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Dacheng Valuation Report. Xiamen Dacheng has confirmed that it is independent from the Group, Fuzhou Zhaoxing, and their respective associates. Based on the above, we are satisfied with the terms of engagement of Xiamen Dacheng as well as its qualifications and experience for the Dacheng Valuation Report.

As stated in the "Letter from the Board" of the Circular, we noted that the purpose for Xiamen Dacheng to prepare the valuation report of Fuzhou Zhaozhen as at 12 December 2023 was to fulfil the regulatory requirement in respect of the transaction contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement and to determine the cash consideration of the acquisition of 100% equity interests in Fuzhou Zhaozhen as stipulated under the Fuzhou Zhaozhen Equity Transfer Agreement. However, as further elaborated in the paragraph headed "Xiamen Dacheng Valuation" under the section headed "Fuzhou Zhaozhen Equity Transfer Agreement" in the "Letter from the Board" of the Circular, the Dacheng Valuation Report was not made with reference to the value of the Fuzhou Land and did not reveal the complete and accurate nature of the transaction contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement, which was to acquire the Fuzhou Land.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

8.2.2 C&W Fuzhou Land Valuation Report

As such, the Company has also engaged Cushman & Wakefield Limited as the Independent Property Valuer to perform independent valuation on the Fuzhou Land. According to the C&W Fuzhou Land Valuation Report as set out in Appendix II to the Circular, the appraised value of the Fuzhou Land as at 10 January 2024 was RMB2,390,000,000 (the “**C&W Fuzhou Land Appraised Value**”).

Based on our review of the C&W Fuzhou Land 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 Fuzhou Land 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. We also noted that the Independent Property Valuer has considered a number of criteria when selecting land comparables for conducting valuation of the Fuzhou Land, such as (i) recent transactions in the past 12 months; (ii) similar accessibility located in Fuzhou City; and (iii) comparable land size, plot ratio, land use and land use term as the Fuzhou Land. We considered that the selection criteria adopted are fair and reasonable as they capture recent transacted lands with similar characteristics as the Fuzhou Land.

Based on the above criteria, we noted that three comparables have been selected which are lands located in close proximity (within five kilometers) to the Fuzhou Land and have been transacted in the fourth quarter of 2023 (for details of the comparables, please refer to the C&W Fuzhou Land Valuation Report as set out in Appendix II 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 Fuzhou Land. We further understood that the Independent Property Valuer has considered the differences between the comparables and the Fuzhou 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 Fuzhou Land is better than the comparables in terms of the abovementioned factor(s), an upward adjustment is being applied, and vice versa. We noted that upward adjustments were being made by the Independent Property Valuer in deriving at the valuation of the Fuzhou Land as the Fuzhou Land is better than the three comparables in terms of the various factors as mentioned above. We considered that such upward adjustments are fair and reasonable as they take into account the differences between the Fuzhou Land and the comparables. We also noted 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 since December 2023 (being the month preceding to the publication of the Company’s announcement in relation to the Fuzhou Zhaozhen Equity Transfer Agreement which reflects the latest market

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

practice) and up to the Latest Practicable Date in relation to acquisition or disposal of property assets (including 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	2 December 2023	Shanshan Brand Management Co., Ltd.	1749	A piece of land	Market approach
2	4 December 2023	SCE Intelligent Commercial Management Holdings Limited	606	Shopping mall	Market approach
3	21 December 2023	The Company	1908	A piece of land	Market approach
4	22 December 2023	Texhong International Group Limited	2678	Industry property	Cost approach and income approach
5	27 December 2023	Oriental University City Holdings (H.K.) Limited	8067	Hotel	Income approach
6	29 December 2023	China Investments Holdings Limited	132	Industrial and commercial properties	Market approach and cost approach

According to the table above, we noted that four out of 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 Fuzhou 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 Fuzhou Land in January 2024 and has been provided with a PRC legal opinion dated 26 January 2024 issued by the Company's legal adviser, Tenet & Partners (天衡聯合律師事務所) on the title to the Fuzhou Land which mainly contains, inter alia, the following information, to arrive at the valuation:

- (i) the Land Use Rights Grant Contract complies with the PRC law and is legal and valid;
- (ii) Fuzhou Zhaozhen has paid the initial payment of the land premium amounting to RMB1,187,500,000;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the deadline for the second instalment of RMB1,187,500,000 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 Fuzhou Zhaozhen has fully paid the land premium in accordance with the Fuzhou Land Use Rights Grant Contract, Fuzhou Zhaozhen can apply for the real estate title certificate of the Fuzhou Land. After obtaining the real estate title certificate of the Fuzhou Land, Fuzhou Zhaozhen shall be the owner of the Fuzhou Land.

We also noted that the C&W Fuzhou Land 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 Fuzhou Land 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 Fuzhou Land Valuation Report. We noted that the key personnel of the Independent Property Valuer responsible for signing the C&W Fuzhou Land 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 Fuzhou Land 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 Fuzhou Land Valuation Report. The Independent Property Valuer has confirmed that it is independent from the Group, Fuzhou Zhaoxing, 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 Fuzhou Land Valuation Report.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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8.2.3 Conclusion on the evaluation of the basis of consideration

In assessing the fairness and reasonableness of the cash consideration under the Fuzhou Zhaozhen Equity Transfer Agreement, we have considered, amongst others,

- (i) the reassessed equity attributable to equity holder of Fuzhou Zhaozhen as at 10 January 2024 as calculated below,

	<i>RMB</i>
C&W Fuzhou Land Appraised Value	2,390,000,000
<i>Less:</i> Net book value of the Fuzhou Land as at 10 January 2024	<u>2,375,000,000</u>
Net valuation surplus	15,000,000
<i>Add:</i> Equity attributable to equity holder of Fuzhou Zhaozhen as at 10 January 2024	<u>18,438,000</u>
Reassessed equity attributable to equity holder of Fuzhou Zhaozhen as at 10 January 2024	<u><u>33,438,000</u></u>

exceeds the cash consideration of RMB29,131,248.69;

- (ii) the Fuzhou Land is at a premium location with high development potential;
- (iii) the C&W Fuzhou Land Appraised Value as at 10 January 2024 of RMB2,390,000,000 has increased by approximately 0.63% when compared to the acquisition cost of the Fuzhou Land of RMB2,375,000,000;
- (iv) the valuation conducted by Xiamen Dacheng was only relevant to determine the structure and the cash consideration of the transaction contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement; and
- (v) from our discussions with the Independent Property Valuer and Xiamen Dacheng and review on their respective valuation reports, we noted that both the said valuers have adopted valuation methodology, principal basis and assumptions which are consistent with the normal market practice and their respective valuation reports are prepared in compliance with the relevant industry professional standards, laws, rules and regulations.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

8.2.4 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 RMB1,195,787,000. As set out in the Fuzhou Zhaozhen 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 Fuzhou Zhaozhen Equity Transfer Agreement. The Management believed that the amount of the Shareholder's Loan would continue to increase from the Latest Practicable Date to the date of completion of the transaction contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement because interests will continue to accrue. 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 Fuzhou 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 Fuzhou Zhaoxing to Fuzhou Zhaozhen, 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.

9. Potential financial effects as a result of the acquisition

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the total consideration of approximately RMB1,224,918,248.69 (with reference to the outstanding amount as at the Latest Practicable Date and subject to adjustment) under the Fuzhou Zhaozhen 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.

RECOMMENDATIONS

Having taken into consideration the factors and reasons as stated above, we are of the view that (i) the entering into each of (a) the Cooperation Agreement; and (b) the Fuzhou Zhaozhen 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 each of (a) the Cooperation Agreement; and (b) the Fuzhou Zhaozhen Equity Transfer Agreement and the transactions 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 resolutions at the EGM to approve the entering into each of (a) of the Cooperation Agreement; and (b) the Fuzhou Zhaozhen 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 Putian Land as at 31 December 2023.



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

2 February 2024

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 (Land Plot PS — 2023 — 12) located at the east of a planned road, the south of Yuhu Road (玉湖路), the west of a resettlement community (安置社區), and the north of Licheng Xinxu Primary School, the unit of regulatory plan in Yuhu Sub-district, Licheng District, Putian City, Fujian Province, 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 Putian Zhaoxi Real Estate Co., Ltd.* (莆田兆璽置業有限公司) (“**Putian Zhaoxi**”) (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 December 2023 (the ‘valuation date’).

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”.

* For identification only

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.

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, 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 Xiamen office valuer, Mr. Lemon Zeng (Manager, 10 years' property valuation experience in the PRC) inspected the property on 28 December 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

Note: 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 December 2023
The land (Land Plot PS — 2023 — 12) located at the east of a planned road, the south of Yuhu Road (玉湖路), the west of a resettlement community (安置社區), and the north of Licheng Xinxu Primary School, the unit of regulatory plan in Yuhu Sub-district, Licheng District, Putian City, Fujian Province, the PRC	<p>The property comprises a mixed use land with a site area of approximately 18,681.13 sq.m. subject to a plot ratio floor area of not more than approximately 74,724.52 sq.m. for residential and commercial uses.</p> <p>The property is located at the east of a planned road, the south of Yuhu Road (玉湖路), the west of a resettlement community (安置社區), and the north of Licheng Xinxu Primary School (荔城區新溪小學). The Licheng Xinxu Primary School (荔城區新溪小學), The Linfeng Primary School Mulan Branch (麟峰小學木蘭分校) are in close proximity to the property.</p> <p>According to the Company, the property is planned for residential and ancillary commercial uses. 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 terms of 70 years for residential use, and 40 years for commercial use.</p>	As at the valuation date, the property was a vacant land planned for development.	RMB541,000,000 (RENMINBI FIVE HUNDRED FORTY ONE MILLION)

Notes:

- According to Land Use Rights Grant Contract No. 2023-15 (莆) dated 15 December 2023, the land use rights of the property have been contracted to be granted as below:

Grantee:	Putian Lianzhaorun Real Estate Co., Ltd.* (莆田聯兆潤置業有限公司) (“Putian Lianzhaorun”)
Site Area:	18,681.13 sq.m.
Land Use Term:	70 years for residential, 40 years for commercial
Land Premium:	RMB530,000,000
Permissible plot ratio floor area:	Not more than 74,724.52 sq.m.
Building Covenant:	Construction to commence before 27 January 2025, and complete before 26 January 2028.
Sales Restriction:	The average selling price of saleable commodity residential properties (bare shell) should not exceed RMB17,500 per sq.m.
- According to Planning Permit for Construction Use of Land No. 350300202300013 dated 29 December 2023, the construction works of the development with a site area of 1.868113 hectares are in compliance with urban planning requirements.
- According to Business Licence No. 91350300MAD6TPHA2F dated 5 December 2023, Putian Lianzhaorun was established on 5 December 2023 as a limited liability company with a registered capital of RMB530,000,000.

- (4) As advised by the Company, no construction cost has been incurred as at the valuation date. The Company further advised that the estimated total construction cost (excluding land cost and related expenses) was approximately RMB350,000,000.
- (5) According to the PRC legal opinion of the Company's legal adviser:
- (a) The Land Use Rights Grant Contract complies with the PRC laws and is legal and valid;
- (b) Putian Lianzhaorun has fully paid the land premium amounting to RMB530,000,000;
- (c) After obtaining the Real Estate Title Certificate of the property, Putian Lianzhaorun shall be the owner of the property.
- (d) the shareholders and shareholding ratio of Putian Lianzhaorun are as follows:

Before Transfer Shareholder Name	Amount of Capital Subscribed (RMB)	Corresponding Shareholding Ratio	After Transfer Shareholder Name	Amount of Capital Subscribed (RMB)	Corresponding Shareholding Ratio
Putian Lianxintai Real Estate Co., Ltd. (莆田聯欣泰置業 有限公司)	530,000,000	100%	Putian Lianxintai Real Estate Co., Ltd. (莆田聯欣泰置業 有限公司)	291,500,000	55%
—	—	—	Putian Zhaoxi	238,500,000	45%
Total	<u>530,000,000</u>	<u>100%</u>		<u>530,000,000</u>	<u>100%</u>

The profit sharing is in accordance with the above corresponding shareholding ratio.

- (6) 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 Company's PRC legal adviser is summarised below:
- | | |
|---|-----|
| Real Estate Title Certificate | No |
| Land Use Rights Grant Contract | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | No |
| Permit for Commencement of Construction Works | No |
| Business Licence | Yes |
- (7) 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:
- (a) time — comparables transacted in the past 24 months;
- (b) location — comparables in Licheng District of similar accessibility as the property within radial distance of 5 km;
- (c) size — site area of comparables within 12,000 sq.m. to 21,000 sq.m.;
- (d) plot ratio — comparables of plot ratio within 2.2 to 4.0;
- (e) land use — comparables of residential use; and
- (f) land use term — comparables of land use term of 70 years.

We have identified three relevant land comparables. The unit values of the identified comparables range from about RMB8,045/sq.m. to RMB10,753/sq.m. Our concluded unit value of the property is about RMB7,237/sq.m.. Details of the land comparables considered are listed below:

Land Comparable in Licheng District	Transaction Time	Site Area (sq.m.)	Plot Ratio	Transacted Unit Value (RMB/sq.m.)
1. Land Plot 11B, Shouxi Sub-district, Gongchen Street	September 2023	12,882	2.2	8,045
2. Land Plot PS — 2022 — 18, Gongchen Street	May 2023	14,879	3.0	10,753
3. Land Plot PS — 2022 — 7, Zhenhai Street	May 2022	20,471	3.5	9,253

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

Adjustment	Range
Location	-10% to 0%
Accessibility and transportation	-4% to 0%
Land use	-6%
Plot ratio	-10% to -5%
View	-10% to 0%

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 subject property is in a location inferior to Comparable 2, hence, downward adjustment is made.

In terms of accessibility and transportation, the subject property is inferior to Comparable 2 as the comparable is within proximity to public bus stop. Thus downward adjustment is made.

As the subject property is a composite residential/commercial land with land use terms of 70 and 40 years respectively, all the selected comparables are for residential use only with remaining land use terms of 70 years, the same downward adjustments are applied to all comparables.

In terms of development density, the plot ratio of the subject property is higher than that of all comparables, hence, downward adjustments are made.

In terms of view, the property is inferior to Comparables 2 and 3. Thus downward adjustments are made.

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 Fuzhou Land as at 10 January 2024.



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

2 February 2024

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 (Land Plot 2023-40) located at the east of Qiongfu Road (琼福路), the south of Fuxin Road (福新路), the west of Dongshui Road (东水路), and the north of Institute of Water Sciences (水科所), Gulou District, Fuzhou City, Fujian Province, 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 Hangzhou Zhaorui Real Estate Co., Ltd.* (杭州兆瑞房地產開發有限公司) ("**Hangzhou Zhaorui**") (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 10 January 2024 (the 'valuation date').

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".

* For identification only

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.

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, 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 Xiamen office valuer, Ms. Wei (Senior Manager, 10 years' property valuation experience in the PRC) inspected the property on 3 January 2024. 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

Note: 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 10 January 2024
The land (Land Plot 2023-40) located at the east of Qiongfú Road (琼福路), the south of Fúxīn Road (福新路), the west of Dōngshuǐ Road (东水路), and the north of Institute of Water Sciences (水科所), Gulou District, Fuzhou City, Fujian Province, the PRC	<p>The property comprises a mixed use land with a site area of approximately 24,660 sq.m. subject to a plot ratio floor area of not more than approximately 61,650 sq.m. for residential and commercial uses.</p> <p>The property is located at the east of Qiongfú Road (琼福路), the south of Fúxīn Road (福新路), the west of Dōngshuǐ Road (东水路), and the north of Institute of Water Sciences (水科所). Fuzhou Huaqiao Primary School (福州市华侨小学), and the Institute of Water Sciences (水科所) are in close proximity to the property.</p> <p>According to the Company, the property is planned for residential and ancillary commercial uses. 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 terms of 70 years for residential use, and 40 years for commercial use.</p>	As at the valuation date, the property was a vacant land planned for development.	RMB2,390,000,000 (RENMINBI TWO BILLION THREE HUNDRED NINETY MILLION)

Notes:

- (1) According to Land Use Rights Grant Contract No. 35010020231118P043 dated 28 November 2023, the land use rights of the property have been contracted to be granted as below:

Grantee:	Fuzhou Zhaozhen Real Estate Co., Ltd.* (福州兆臻房地產開發有限公司) (“ Fuzhou Zhaozhen ”)
Site Area:	24,660 sq.m.
Land Use Term:	70 years for residential, 40 years for commercial
Land Premium:	RMB2,375,000,000
Permissible plot ratio floor area:	Not more than 61,650 sq.m.
Building Covenant:	Construction to commence within 9 months from the date of land delivery. Construction to complete within 36 months from the date of commencement.
Sales Restriction:	Nil

- (2) According to Planning Permit for Construction Use of Land No. 350100202300120 dated 14 December 2023, the construction works of the development with a site area of 24,660 sq.m. are in compliance with urban planning requirements.
- (3) According to Business Licence No. 91350104MA2YHW175J dated 7 December 2023, Fuzhou Zhaozhen was established on 29 August 2017 as a limited liability company with a registered capital of RMB660,000,000.
- (4) As advised by the Company, no construction cost has been incurred as at the valuation date. The Company further advised that the estimated total construction cost (excluding land cost and related expenses) was approximately RMB839,000,000.

* For identification only

- (5) According to the PRC legal opinion of the Company's legal adviser:
- The Land Use Rights Grant Contract complies with the PRC laws and is legal and valid;
 - Fuzhou Zhaozhen has paid the initial payment of the land premium amounting to RMB1,187,500,000;
 - The deadline for the second instalment of RMB1,187,500,000 of the land premium as stipulated in the Land Use Rights Grant Contract is yet to expire and yet to be paid; and
 - After Fuzhou Zhaozhen has fully paid the land premium in accordance with the Land Use Rights Grant Contract, Fuzhou Zhaozhen can apply for the Real Estate Title Certificate of the property. After obtaining the Real Estate Title Certificate of the property, Fuzhou Zhaozhen shall be the owner of the property.
- (6) 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 Company's PRC legal adviser is summarised below:
- | | |
|---|-----|
| Real Estate Title Certificate | No |
| Land Use Rights Grant Contract | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | No |
| Permit for Commencement of Construction Works | No |
| Business Licence | Yes |
- (7) 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:
- time — comparables transacted in the past 12 months;
 - location — comparables in Fuzhou City of similar accessibility as the property within radial distance of 4 km;
 - size — site area of comparables within 20,000 sq.m. to 35,000 sq.m.;
 - plot ratio — comparables of plot ratio within 2.0 to 3.0;
 - land use — comparables of residential use; and
 - land use term — comparables of land use term of 70 years.

We have identified three relevant land comparables. The unit values of the identified comparables range from about RMB26,592/sq.m. to RMB28,734/sq.m. Our concluded unit value of the property is about RMB38,782/sq.m.. Details of the land comparables considered are listed below:

Land Comparable in Gulou District	Transaction Time	Site Area (sq.m.)	Plot Ratio	Transacted Unit Value (RMB/sq.m.)
1. Land Plot 2023-54, Jinan District	November 2023	33,883	3.00	26,592
2. Land Plot 2023-41, Gulou District	November 2023	33,199	2.67	28,677
3. Land Plot 2023-43, Taijiang District	November 2023	22,273	2.00	28,734

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

Adjustment	Range
Location	8% to 10%
Accessibility and transportation	0% to 10%
Commercial prosperity level	5% to 10%
Plot ratio	0% to 4%
Adequacy of public infrastructure	12%

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 subject property is in a location superior to all comparables as it is close to the city centre, hence, upward adjustments are made.

In terms of accessibility and transportation, the property is superior to Comparables 2 and 3 as the property is within close proximity to subway station and public bus stop. Thus upward adjustments are made.

In terms of commercial prosperity level, the property is superior to all comparables as the property is within proximity to central business district. Thus upward adjustments are made.

In terms of development density, the plot ratio of the subject property is lower than that of Comparables 1 and 2, hence, upward adjustments are made.

In terms of adequacy of public infrastructure, the property belongs to the core area of the city centre, and facilities such as schools, hospitals, banks, national tourist attractions and supermarkets are well equipped. All comparables are relatively poor in configuration of various facilities. Therefore, the comparables have been adjusted upward.

The following is a summary of the Valuation Report on the value of the entire shareholders' equity interest of Fuzhou Zhaozhen issued by Xiamen Dacheng.

Xiamen Dacheng was engaged by Fuzhou Zhaoxing Real Estate Development Co., Ltd.* (福州兆興房地產開發有限公司) to assess the market value of the entire shareholders' equity of Fuzhou Zhaozhen Real Estate Development Co., Ltd.* (福州兆臻房地產開發有限公司) ("Fuzhou Zhaozhen") as at 12 December 2023. The summary of the asset valuation report is as follows:

I. Valuation purpose

To provide a value reference for the proposed transfer of 100% equity interest by Fuzhou Zhaoxing Real Estate Development Co., Ltd.

II. Subject matter

The value of the entire shareholders' equity of Fuzhou Zhaozhen.

III. Scope of valuation

All assets and liabilities filed by Fuzhou Zhaozhen.

A summary table of the appraisal result is set out below.

Unit: RMB

Items	Book value	Appraised value	Increment	Increment rate
Current assets	433,911,895.12	440,174,985.33	6,263,090.21	1.44%
Non-current assets	291,589.21	347,420.00	55,830.79	19.15%
Total assets	434,203,484.33	440,522,405.33	6,318,921.00	1.46%
Current liabilities	409,807,784.79	409,807,784.79	0.00	N/A
Non-current liabilities	1,583,371.85	1,583,371.85	0.00	N/A
Total liabilities	411,391,156.64	411,391,156.64	0.00	N/A
Net assets (owner's equity)	22,812,327.69	29,131,248.69	6,318,921.00	27.70%

IV. Valuation Benchmark Date

12 December 2023.

V. Type of value

Market value.

VI. Source of information

1. State-owned Construction Land Use Rights Grant Contract of Land Plot No. 2023-40;
2. State-owned Construction Land Use Rights Grant Contract of Land Plot No. 2017-14 and its Real Estate Title Certificate;
3. Fuzhou Zhaozhen's accounting statements, auditors' report and sales ledger and the financial accounting and operational information as at the Valuation Benchmark Date.
4. Fuzhou City Engineering Construction Cost Information Website* (福州市工程建設造價信息網).
5. Market data collected by Xiamen Dacheng.

VII. Valuation method

Having considered the reasons below, the asset-based approach was adopted in this report to assess the value of the entire shareholders' equity of Fuzhou Zhaozhen.

- (1) Fuzhou Zhaozhen is a development company. The operational conditions of real estate project companies vary significantly depending on the stage of development due to their distinctive individual characteristics. The appraised entity's development experience is primarily limited to its registered location and has a narrower scope compared to listed companies in the same industry that operate in multiple regions or even nationwide. Additionally, different regions have varying housing purchase and loan policies, as well as diverse tax payment methods. These factors have a substantial impact on the value of real estate development companies. Having considered these factors, it is difficult to identify listed companies or comparable transaction that can be directly compared to the property transactions of the appraised entity. Therefore, it is difficult to adopt the market approach for the valuation.
- (2) The financial accounting data of Fuzhou Zhaozhen is comprehensive and well-documented. Therefore, the asset-based approach can be adopted for the valuation.

- (3) Fuzhou Zhaozhen is developing the Fuzhou Land, which is a land to be developed as of the Valuation Benchmark Date. Despite the entering into of the State-owned Land Use Rights Grant Contract, the company has not obtained the Real Estate Title Certificate, Construction Land Planning Permit, Construction Work Planning Permit and Construction Permit in respect of the Fuzhou Land. Future revenue is difficult to be accurately predicted. Only a portion of the underground parking spaces in the Previous Fuzhou Project remains unsold, while the sold residential and commercial units have received payments. The conditions necessary for the adoption of income approach for the valuation are not met, making it unsuitable to adopt the income approach for the valuation.

VIII. Key Assumptions

(I) *General Assumptions*

1. *Transaction assumption*

All assets to be appraised are already in the process of transaction, and the valuer conduct valuation based on the trading conditions of the assets to be appraised in a simulated market.

2. *Open market assumption*

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. The open market assumption is made on the basis that the assets can be traded openly in the market.

3. *Going-concern assumption*

Fuzhou Zhaozhen will operate on a going concern basis in the external environment in which it operates in accordance with its business objectives. The person(s) operating Fuzhou Zhaozhen is/are accountable for and capable of assuming responsibilities, operates the business legally and is able to generate appropriate profit to maintain its ability to continue as a going concern. The operating assets of Fuzhou Zhaozhen will be put in continuous use in a manner consistent with their current use and manner, scale, frequency and environment of use, or will be used on a different basis.

(II) Special Assumptions

1. There will be no material changes in the relevant prevailing laws, regulations and policies and the macroeconomic situation of the PRC, no material changes in the political, economic and social environment in the PRC, and no material adverse impact caused by other unpredictable and force majeure factors.
2. All costs incurred by Fuzhou Zhaozhen, including development costs, pre-project expenses, infrastructure costs, sales expenses, investment interest, etc., can be reasonably obtainable with value-added tax special invoices.
3. The operations and business of Fuzhou Zhaozhen will not be severely disrupted by any force majeure events or unpredictable factors beyond its control, including but not limited to occurrence of war, military events, natural or major disasters, epidemics or serious accidents.
4. The management of Fuzhou Zhaozhen is dedicated to its duties, there will be no material changes in the scope of its existing operations, the internal control system of the appraised entity is effective and sound, and the risk management measures are adequate and appropriate.
5. The basic and financial information provided by the client and Fuzhou Zhaozhen is true, accurate and complete. The assets included in the scope of the valuation are genuine and accurate, with clear and legal ownership, and fully attributable to the appraised entity. The asset ownership certificate issued by the appraised entity is legal and valid.
6. Fuzhou Zhaozhen has fully complied with the current national and local laws and regulations. All licenses, permits, consents or other legal or administrative authorisation documents required for the use and operation of the assets of the appraised entity, issued by relevant local and national government agencies and organisations, are valid and in regular use as at the Valuation Benchmark Date.
7. All improvements made by Fuzhou Zhaozhen to all relevant assets are in compliance with all applicable legal provisions and other laws, planning or engineering requirements of the competent higher authorities.
8. All significant and potential factors that may affect the value have been fully disclosed.
9. There will be no significant changes in the prevailing interest rates, exchange rates, tax bases and rates and policy-related levies.

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

The current assets to be appraised primarily consist of cash at bank and on hand, accounts receivable, prepayments, other receivables and inventories.

- (1) Cash at bank and on hand: Valuation is based on the verified carrying value after cross-checking bank statements and balance reconciliation statements.
- (2) Current accounts (including accounts receivable and other receivables): By referencing historical information and conducting investigations during the valuation, detailed account verification is performed. The appraised values are determined based on the amounts potentially recoverable for each receivable.

The book value of accounts receivable included a bad debt provision of approximately RMB3.2 million, which was the payment Fuzhou Zhaozhen shall receive for certain residential units at the Previous Fuzhou Project. The valuer was of the view that the possibility of such bad debt occurring is not high, hence no provision was made when arriving at the appraised value.

- (3) Prepayments: Through analysis of the real estate market in Fuzhou and recent land transaction cases within the same region, with three comparable transactions provided as evidence, the transaction price of the Land is in line with the market rate. The appraisers also verified with relevant personnel from the company that the contracts were executed normally, without any identified restrictions on contract rights. Other withheld payments were verified through relevant contracts and vouchers. The appraised values for prepayments are determined based on the verified amounts.
- (4) Inventories: The valuer conducted on-site inspections and verifications, and randomly checked and verified relevant pre-sale permits and its various expenditure vouchers related to the projects. According to the characteristics of the assets to be appraised, the valuation methods employed are as follows:
 - 1) Determination of the market selling unit price: For unsold underground parking spaces, the valuation is based on the transfer price stipulated in the “Fuzhou Rongshuwan Project Parking Space Sales Agency Contract” entered into between Fuzhou Zhaozhen and Yijiayuan (Xiamen) Property Management Co., Ltd.* (怡家園(廈門)物業管理有限公司), Fuzhou Branch.

2) Determination of the appraised value:

Appraised value = Market selling price (excluding tax) – Land value-added tax – Market selling price (excluding tax) x Sales expense rate + Tax and surcharge rate + Sales profit margin x Income tax rate + Sales profit rate x (1 – Income tax rate) x Net profit deduction rate

The appraised value of the unsold underground parking spaces was approximately RMB17.1 million, which was approximately RMB3.1 million higher than their book value.

2. *Non-current Assets*

Considering the characteristics of the equipment to be appraised and the information collected, the replacement cost method is primarily used for this valuation. The calculation formula for the replacement cost method is as follows:

Appraised value = Replacement value x Newness rate

(1) Determination of replacement value:

A. Full replacement cost for vehicles:

Based on local market information for vehicles and the vehicle market price from automotive websites during the reference period, the current pre-tax purchase price of transport vehicles on the Valuation Benchmark Date is determined by the calculation formula as follows:

Full replacement cost = Current pre-tax purchase price + Vehicle acquisition tax + New vehicle registration fees.

B. Full replacement cost for electronic equipment and office furniture:

The replacement cost is determined by reference to the current market purchase price excluding tax.

(2) Determination of newness rate:

When determining the newness rate, Xiamen Dacheng has taken into account the substantive, functional, and economic depreciation of the assets, which includes (i) the general useful life of assets is determined using commonly used asset evaluation data and reference manuals, and therefore the remaining useful life of such assets is arrived at to determine the newness rate based on the useful life; and (ii) the newness rate based on physical usage is determined by means of on-site inspections of the current operating conditions, wear and tear, and historical maintenance records of such assets.

A. Determination of newness rate for vehicles:

After conducting on-site inspections and assessing the actual condition of the vehicles to be appraised, considering factors such as functional and economic depreciation, the newness rate is determined by comprehensively using the sum-of-the-years-digits newness rate and the on-site inspection rate. The calculation formula is as follows:

Newness rate = Sum-of-the-years-digits newness rate x 50% + On-site inspection newness rate x 50%.

B. Determination of newness rate for electronic equipment and office furniture:

After conducting on-site inspections and assessing the actual condition of the equipment to be appraised, the estimated remaining useful life of the electronic equipment and office furniture is considered to calculate the yearly newness rate. Considering factors such as functional and economic depreciation, the newness rate is determined by comprehensively using the on-site inspection newness rate. The calculation formula is as follows:

Newness rate = Yearly newness rate x 50% + On-site inspection newness rate x 50%

(3) Appraised value

A. Appraise value of vehicle

	Audited book value		Appraised value			Increment rate (%)
	Original value	Net value	Original value	Newness rate (%)	Net value	
A commercial passenger vehicle	324,247.80	260,073.80	335,270.00	72%	241,394.00	-7

B. Appraised value for electronic equipment and office furniture

		Audited book value		Appraised value		Increment rate (%)	
		Original	Net value	Original	Newness rate		
		value		value	(%)		Net value
1	8 conference tables and meeting tables	33,512.36	2,342.71	28,053.00	35%	9,824.00	319
2	102 cubicle workstations	223,017.24	11,150.86	184,914.00	34%	62,904.00	464
3	2 executive desks and an executive chair	12,642.73	2,027.95	10,442.00	40%	4,158.00	105
4	4 sofas	12,530.55	1,712.89	10,442.00	37%	3,904.00	128
5	A file cabinet	6,206.90	310.35	5,221.00	34%	1,775.00	472
6	24 computers	132,553.63	9,610.03	98,492.00	16%	15,702.00	63
7	8 tablet computers	23,598.91	2,029.92	21,062.00	20%	4,219.00	108
8	A camera, a camcorder & a projector	14,703.01	1,499.27	13,947.00	19%	2,655.00	77
9	Television	2,727.73	831.43	2,212.00	40%	885.00	6
	Total	<u>461,493.06</u>	<u>31,515.41</u>	<u>374,785.00</u>		<u>106,026.00</u>	236

3. *Liabilities*

The appraised values of liabilities are determined based on the actual items and amounts of liabilities that the property owners will actually be required to bear.

X. Valuation conclusion

Based on the assumptions in this report and subject to the special notes and restrictions on the use of this report, the appraised value of the entire shareholders' equity of Fuzhou Zhaozhen amounts to RMB29,131,248.69.

XI. When using the valuation conclusion, the user of this asset valuation report should fully consider and assess the impact of the assumptions, limitations, and special notes stated in the asset valuation report on the valuation conclusion.

XII. This asset valuation report is intended for use only by the authorized users specified in the asset valuation report and can only be used for the valuation purposes and uses stated in the asset valuation report. Except where disclosure is required by law, the contents of the asset valuation report shall not be extracted, quoted or disclosed in public media without the consent of the valuer.

XIII. The validity period of the valuation conclusion is from 12 December 2023 to 11 December 2024.

XIV. Identity, qualification and independence of the valuer

Xiamen Dacheng holds a valid business license issued by the Xiamen Market Supervision and Administration Bureau* (廈門市場監督管理局). The asset appraisers responsible for preparing the report, namely Qiu Yunfu (邱雲福) and Zhong Hongling (鍾鴻玲) hold the Professional Qualification Certificate for Asset Appraisers* (資產評估師職業資格證書) issued by the China Appraisal Society.

Xiamen Dacheng, Qiu Yunfu and Zhong Hongling have confirmed in the report that they have no interest in the valuation target, and they do not have any existing or anticipated interest relationship with the relevant parties involved.

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	Approximate percentage of shareholding in issued share capital (Note 1)
Ms. Zhao Chengmin	Founder of a discretionary trust	33,289,340 (Note 2)	1.76%
	Beneficiary of a trust (other than a discretionary interest)	998,000 (Note 3)	0.05%
	Beneficial owner	132,000	0.01%

Name of Director	Capacity/Nature of interest	Number of issued Shares/ underlying Shares	Approximate percentage of shareholding in issued share capital (Note 1)
Mr. Lin Weiguo	Interest of controlled corporation	33,289,340 (Note 2)	1.76%
	Beneficiary of a trust (other than a discretionary interest)	924,000 (Note 3)	0.05%
	Beneficial owner	116,000	0.01%
Mr. Peng Yong	Interest of controlled corporation	33,289,340 (Note 2)	1.76%
	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)	848,000 (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 1,895,684,126 shares in issue as at the Latest Practicable Date.
- (2) These Shares were registered in the name of Diamond Firetail Limited ("**Diamond Firetail**"), a 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. Therefore, Ms. Zhao Chengmin, Mr. Lin Weiguo and Mr. Peng Yong are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust.

- (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.

49,870,000 Shares were allotted and issued to the trustee of the 2023 restricted share incentive scheme (the “**2023 Incentive Scheme**”), who held the Shares on behalf of the incentive recipients of the 2023 Incentive Scheme. Being the incentive recipients of the 2023 Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo, and Mr. Tian Meitan is interested in 150,000 Shares, 150,000 Shares, and 150,000 Shares held on trust by the trustee under the 2023 Incentive Scheme, respectively, which are subject to vesting.

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

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of issued shares/ underlying shares	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)	3.83%
Mr. Lin Weiguo	C&D Property	Interest of controlled corporation	53,918,090 (Note 2)	3.83%
Mr. Peng Yong	C&D Property	Interest of controlled corporation	53,918,090 (Note 2)	3.83%
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 1,408,264,016 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. 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. 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. Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust.

(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.	Director
	C&D Real Estate	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 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 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 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 Dacheng Fanghua Assets Appraisal Land Real Estate Assessment Co., Ltd.* (廈門大成方華資產評估土地房地產估價有限公司)	independent valuer
Tenet & Partners (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

The Cooperation Agreement and the Fuzhou Zhaozhen Equity Transfer Agreement 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.

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, 23 February 2024 at 10 a.m., to consider, if thought fit, pass with or without modifications the following as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“**THAT:**

1. (a) the cooperation agreement dated 21 December 2023 entered into between Putian Zhaoxi Property Company Limited* (莆田兆璽置業有限公司) (“**Putian Zhaoxi**”) and Putian Lianxintai Real Estate Co., Ltd.* (莆田聯欣泰置業有限公司) (“**Putian Lianxintai**”) (the “**Cooperation Agreement**”) (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, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the Cooperation Agreement and any ancillary documentation and transactions thereof.
2. (a) the equity transfer agreement dated 9 January 2024 entered into between Fuzhou Zhaoxing Real Estate Development Co., Ltd.* (福州兆興房地產開發有限公司) (“**Fuzhou Zhaoxing**”) and Hangzhou Zhaorui Real Estate Co., Ltd.* (杭州兆瑞房地產有限公司) (“**Hangzhou Zhaorui**”) (the “**Fuzhou Zhaozhen Equity Transfer Agreement**”), pursuant to which Fuzhou Zhaoxing agreed to sell and Hangzhou Zhaorui agreed to purchase 100% equity interests in Fuzhou Zhaozhen Real Estate Development Co., Ltd. * (福州兆臻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 may consider necessary, desirable or appropriate; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the Fuzhou Zhaozhen Equity Transfer Agreement and any ancillary documentation and transactions thereof.”

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, 2 February 2024

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, 20 February 2024 to Friday, 23 February 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, 19 February 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 resolutions 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
8. 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.

As at the date of hereof, the executive Directors are Ms. Zhao Chengmin (Chairperson), Mr. Lin Weiguo (Chief Executive Officer), Mr. Tian Meitan and Mr. Peng Yong; the non-executive Directors are Mr. Huang Wenzhou, Ms. Ye Yanliu and Mr. Zheng Yongda; and the independent non-executive Directors are Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi.