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C&D INTERNATIONAL INVESTMENT GROUP LIMITED

建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTERESTS IN ZHUZHOU YUEFA

THE EQUITY TRANSFER AGREEMENTS

The Board is pleased to announce that on 7 May 2021, Yi Yue and Xiamen Zhaoyirong, indirect wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreements, pursuant to which C&D Real Estate agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Zhuzhou Yuefa, respectively. The cash consideration under the Equity Transfer Agreements shall be RMBNil. Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interest) in the amount of approximately RMB2,113,742,135.86 (with reference to the date of this announcement and subject to adjustment) previously advanced by C&D Real Estate to Zhuzhou Yuefa in accordance with the proportion of their respective equity interests in Zhuzhou Yuefa to be held by Yi Yue and Xiamen Zhaoyirong.

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Equity Transfer Agreements is more than 5% but less than 25%, the transaction contemplated under the Equity Transfer Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

As C&D Real Estate is the controlling shareholder of the Company, C&D Real Estate is a connected person of the Company. As such, the transaction contemplated under the Equity Transfer Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements. An EGM will be held to seek approval from the Independent Shareholders for the transaction contemplated under the Equity Transfer Agreements.

Well Land (which held 757,054,106 issued Shares, representing approximately 64.34% of the issued share capital of the Company as at the date of this announcement), a subsidiary of C&D Real Estate, shall abstain from voting on the proposed resolution to approve the transaction contemplated under the Equity Transfer Agreements at the EGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is interested in the transaction contemplated under the Equity Transfer Agreements.

An Independent Board Committee consisting of all the independent non-executive Directors will be established to consider and advise the Independent Shareholders on the transaction contemplated under the Equity Transfer Agreements. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Equity Transfer Agreements are fair and reasonable, and the transaction contemplated under the Equity Transfer Agreements is on normal commercial terms or better, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Company will despatch a circular to its Shareholders on or before 30 July 2021, which is more than 15 business days after publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

THE EQUITY TRANSFER AGREEMENTS

The Board is pleased to announce that on 7 May 2021, Yi Yue and Xiamen Zhaoyirong, indirect wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreements, pursuant to which C&D Real Estate agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Zhuzhou Yuefa, respectively. The cash consideration under the Equity Transfer Agreements shall be RMBNil. Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interest) in the amount of approximately RMB2,113,742,135.86 (with reference to the date of this announcement and subject to adjustment) previously advanced by C&D Real Estate to Zhuzhou Yuefa in accordance with the proportion of their respective equity interests in Zhuzhou Yuefa to be held by Yi Yue and Xiamen Zhaoyirong. The principal terms of the Equity Transfer Agreements are set out below:

Date

7 May 2021

Parties

Vendor: C&D Real Estate

Purchasers: Yi Yue and Xiamen Zhaoyirong

Interests to be acquired

Pursuant to the Equity Transfer Agreements, C&D Real Estate agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Zhuzhou Yuefa, respectively.

Consideration

The aggregate consideration for the acquisition of Zhuzhou Yuefa is approximately RMB2,113,742,135.86 (subject to adjustment), which consists of cash consideration for the acquisition of Zhuzhou Yuefa (RMBNil) and the repayment of the shareholder's loan (principal and interests) advanced by C&D Real Estate to Zhuzhou Yuefa (approximately RMB2,113,742,135.86) as at the date of this announcement (subject to adjustment). Yi Yue and Xiamen Zhaoyirong shall pay for the aggregate consideration under the Equity Transfer Agreements after the satisfaction of the conditions precedent under the Equity Transfer Agreements.

The cash consideration under the Equity Transfer Agreements was determined based on arm's length negotiation among Yi Yue, Xiamen Zhaoyirong and C&D Real Estate with reference to the valuation of the total assets and liabilities of Zhuzhou Yuefa conducted by Fujian Puhe and Xiamen Qianyuan, third parties independent from the Group, its connected persons and C&D Real Estate. As at 15 November 2020, the total assets of Zhuzhou Yuefa was valued at approximately RMB739,555,765.46, consisting of (i) net assets of RMBNil and (ii) total liabilities of approximately RMB739,555,765.46. On the other hand, the shareholder's loan of approximately RMB739,555,765.46 is based on the total amount of shareholder's loan (principal and interests) previously advanced by C&D Real Estate to Zhuzhou Yuefa according to the audited accounts of Zhuzhou Yuefa as at 15 November 2020 and subject to adjustment for any actual amount incurred for the period after 15 November 2020 to the completion date of the transaction contemplated under the Equity Transfer Agreements. The valuation of Zhuzhou Yuefa has been prepared based on the asset-based approach, and assuming that Zhuzhou Yuefa will continue to operate and the assets and liabilities of Zhuzhou Yuefa will be evaluated by specific assessment method corresponding to such assets and liabilities. The assessed value of the equity interests of Zhuzhou Yuefa was determined based on the difference between the assessed value of the total assets and the assessed value of total liabilities.

Under the Equity Transfer Agreements, Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interests) previously advanced by C&D Real Estate to Zhuzhou Yuefa. As at 15 November 2020, based on the valuation of the total assets and liabilities of Zhuzhou Yuefa conducted by Fujian Puhe and Xiamen Qianyuan, the shareholder's loan (principal and interests) previously advanced by C&D Real Estate to Zhuzhou Yuefa was approximately RMB739,555,765.46. The shareholder's loan provided to Zhuzhou Yuefa is for payment of the consideration of the Land and general working capital purpose. As Zhuzhou Yuefa made, among other things, part payment of consideration of the Land using its shareholder's loan during the period from the date of valuation to the date of this announcement, Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interests) advanced by C&D Real Estate to Zhuzhou Yuefa in the sum of approximately RMB2,113,742,135.86 (with reference to the date of this announcement and subject to adjustment). The Directors (excluding the independent non-executive Directors,

who will express their views after considering the advice from the independent financial adviser) consider that the aggregate consideration under the Equity Transfer Agreements is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONDITIONS PRECEDENT UNDER THE EQUITY TRANSFER AGREEMENTS

Completion of the transaction contemplated under the Equity Transfer Agreements will be conditional upon, among other things, the granting of all the necessary approval(s) required under the Listing Rules, including the approval by the Independent Shareholders in respect of the transaction contemplated under the Equity Transfer Agreements.

COMPLETION

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

CAPITAL COMMITMENT OF YI YUE AND XIAMEN ZHAOYIRONG

Yi Yue and Xiamen Zhaoyirong will finance the total consideration in the sum of approximately RMB2,113,742,135.86 (subject to adjustment) under the Equity Transfer Agreements by internal resources of the Group.

INFORMATION OF ZHUZHOU YUEFA

Zhuzhou Yuefa was established with limited liability in the PRC on 12 November 2020. Set out below is certain financial information of Zhuzhou Yuefa for the period from 12 November 2020 to 15 November 2020:

	As at 15 November 2020 <i>(in RMB)</i> (audited)
Total assets	739,555,765.46
Net assets	<u> —</u>

For the period from 12 November 2020 to 15 November 2020, Zhuzhou Yuefa recorded no net gain/loss before and after taxation.

SHAREHOLDING STRUCTURE OF ZHUZHOU YUEFA

The shareholding structures of Zhuzhou Yuefa immediately before and after the completion of the acquisition of Zhuzhou Yuefa are as follows:

Name of shareholder	Immediately before the completion of the acquisition of Zhuzhou Yuefa		Immediately after the completion of the acquisition of Zhuzhou Yuefa	
	Amount of the registered capital of Zhuzhou Yuefa (in RMB)	Percentage	Amount of the registered capital of Zhuzhou Yuefa (in RMB)	Percentage
C&D Real Estate	50,000,000	100%	—	—
Yi Yue	—	—	47,500,000	95%
Xiamen Zhaoyirong	—	—	2,500,000	5%
Total	50,000,000	100%	50,000,000	100%

As at the date of this announcement, the registered capital of Zhuzhou Yuefa was not paid.

INFORMATION ABOUT THE LAND

The Land is the major asset held by Zhuzhou Yuefa. On 18 November 2020, Zhuzhou Yuefa entered into the land use rights grant contracts with Zhuzhou Natural Resources and Planning and Bureau* (株洲市自然資源和規劃局), pursuant to which Zhuzhou Yuefa acquired the Land at a total consideration of RMB2,450,800,000. As at the date of this announcement, Zhuzhou Yuefa has paid RMB1,947,250,000 for the payment of the consideration of the Land.

The Land consists of two land parcels located at Jinde Industry Park* (金德工業園), 333 Changjiang North Road* (長江北路), Tianyuan District* (天元區), Zhuzhou* (株洲), Hu'nan (湖南), the PRC, which is adjacent to the Xiang River* (湘江) with good landscape views, convenient transportation and various facilities. The Land is with a site area of approximately 318,848.02 sq.m. and an estimated plot ratio floor area of not exceeding approximately 854,384.783 sq.m. for residential, commercial and service use. The terms of the land use rights of the Land are 70 years for residential use and 40 years for commercial and service use, respectively. The Land is intended to be developed into high-rise residential with commercial units in lower levels. Development of the Land would be divided to four phases for residential properties and two phases for commercial properties. Construction of phase one for residential has commenced while constructions of phase two for residential and phase one and two for commercial have not commenced.

The pre-sales of phase one for residential properties is expected to commence by June 2021. The pre-sales of phase two for residential properties is expected to commence by June 2022. The pre-sales of phase three for residential properties is expected to commence by July 2023. The pre-sales of phase four for residential properties is expected to commence by January 2024. The pre-sales of phase one for commercial properties is expected to commence by March 2022. The pre-sales of phase two for commercial properties is expected to commence by January 2024.

The construction of phase one for residential properties is expected to be completed by October 2023. The construction of phase two for residential properties is expected to be completed by December 2024. The construction of phase three for residential properties is expected to be completed by July 2025. The construction of phase four for residential properties is expected to be completed by July 2026. The construction of phase one for commercial properties is expected to be completed by March 2022. The construction of phase two for commercial properties is expected to be completed by January 2026.

The actual schedule of construction, pre-sales and completion of the Land may vary in accordance with the actual market conditions.

INFORMATION ABOUT THE PARTIES TO THE EQUITY TRANSFER AGREEMENTS

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

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

C&D Real Estate is a company established with limited liability in the PRC, and is a controlling shareholder of the Company indirectly holding 757,054,106 issued Shares, representing approximately 64.34% of the issued share capital of the Company as at the date of this announcement. It is principally engaged in the businesses of real estate development, commercial operation, property management and investment, etc.. As at the date of this announcement, C&D Real Estate was owned by Xiamen C&D Inc.* (廈門建發股份有限公司) (“**C&D Inc.**”), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D Corporation Limited* (廈門建發集團有限公司) (“**Xiamen C&D**”) as to 54.65% and 45.35% respectively. C&D Inc. was owned by its public shareholders and Xiamen C&D as to 52.62% and 47.38%, 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. C&D Inc. is principally engaged in supply chain operation, real estate development and industrial investment, etc..

REASONS FOR AND BENEFITS OF THE TRANSACTION CONTEMPLATED UNDER THE EQUITY TRANSFER AGREEMENTS

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

Given that the Land is supported by full community services in good location with great development potential and the acquisition of the Land would further expand the scale of the Group’s landbank and enhance the Group’s brand influence in the PRC market, the Directors (excluding the independent non-executive Directors, who will express their views after considering the advice from the independent financial adviser) are of the view that the entering into of the Equity Transfer Agreements will benefit the expansion of the Group’s

real estate development business, and the terms of the Equity Transfer Agreements are normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Equity Transfer Agreements is more than 5% but less than 25%, the transaction contemplated under the Equity Transfer Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

As C&D Real Estate is the controlling shareholder of the Company, C&D Real Estate is a connected person of the Company. As such, the transaction contemplated under the Equity Transfer Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements. An EGM will be held to seek approval from the Independent Shareholders for the transaction contemplated under the Equity Transfer Agreements.

Well Land (which held 757,054,106 issued Shares, representing approximately 64.34% of the issued share capital of the Company as at the date of this announcement), a subsidiary of C&D Real Estate, shall abstain from voting on the proposed resolution to approve the transaction contemplated under the Equity Transfer Agreements at the EGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is interested in the transaction contemplated under the Equity Transfer Agreements.

An Independent Board Committee consisting of all the independent non-executive Directors will be established to consider and advise the Independent Shareholders on the transaction contemplated under the Equity Transfer Agreements. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Equity Transfer Agreements are fair and reasonable, and the transaction contemplated under the Equity Transfer Agreements is on normal commercial terms or better, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Company will despatch a circular to its Shareholders on or before 30 July 2021, which is more than 15 business days after publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“C&D Real Estate”	C&D Real Estate Corporation Limited* (建發房地產集團有限公司), a controlling shareholder of the Company which holds approximately 64.34% of the issued share capital of the Company as at the date of this announcement
“Company”	C&D International Investment Group Limited (建發國際投資集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be held by the Company to approve, among other things, the transaction contemplated under the Equity Transfer Agreements
“Equity Transfer Agreements”	the equity transfer agreement entered into between C&D Real Estate and Yi Yue and the equity transfer agreement entered into between C&D Real Estate and Xiamen Zhaoyirong both on 7 May 2021, pursuant to which C&D Real Estate agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Zhuzhou Yuefa, respectively
“Fujian Puhe”	Fujian Puhe Certified Public Accountants Company Limited* (福建普和會計師事務所有限公司)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors, which will be formed to advise the Independent Shareholders on the transaction contemplated under the Equity Transfer Agreements
“Independent Shareholder(s)”	Shareholder(s) who, under the Listing Rules, is/are not required to abstain from voting for the resolution approving the Equity Transfer Agreements and the transaction contemplated thereunder

“Land”	two land parcels located at Jinde Industry Park* (金德工業園), 333 Changjiang North Road* (長江北路), Tianyuan District* (天元區), Zhuzhou* (株洲), Hu’nan (湖南), the PRC, with a site area of approximately 318,848.02 sq.m. and an estimated plot ratio floor area of not exceeding approximately 854,384.783 sq.m. for residential, commercial and service use
“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 announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Well Land”	Well Land International Limited (益能國際有限公司), a company incorporated with limited liability in the British Virgin Islands
“Xiamen Qianyuan”	Xiamen Qianyuan Asset Valuation and Property Valuation Company Limited* (廈門乾元資產評估與房地產估價有限責任公司)
“Xiamen Zhaoyirong”	Xiamen Zhaoyirong Property Development Company Limited* (廈門兆翊蓉房地產開發有限公司), a company established with limited liability in the PRC and an indirect wholly-owned subsidiary of the Company
“Yi Yue”	Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司), a company established with limited liability in the PRC and an indirect wholly-owned subsidiary of the Company
“Zhuzhou Yuefa”	Zhuzhou Yuefa Real Estate Company Limited* (株洲悅發房地產有限公司), a company established with limited liability in the PRC on 12 November 2020

“%”

per cent.

For and on behalf of
C&D International Investment Group Limited
Zhuang Yuekai
Chairman and Executive Director

Hong Kong, 7 May 2021

As at the date of this announcement, the executive Directors are Mr. Zhuang Yuekai (Chairman), Ms. Zhao Chengmin and Mr. Lin Weiguo (Chief Executive Officer); the non-executive Directors are Mr. Huang Wenzhou, Ms. Ye Yanliu and Mr. Wang Wenhui; and the independent non-executive Directors are Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee.

** for identification purpose only*