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China International Development Corporation Limited **中聯發展控股集團有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 264)

MAJOR TRANSACTION IN RELATION TO THE TENANCY AGREEMENT

THE TENANCY AGREEMENT

The Board announces that on 6 January 2021, Dongguan Haocheng Industrial Investment Company Limited* (東莞市皓程實業投資有限公司) (as lessor) and Dongguan Sze Cheik Leather Goods Company Limited (東莞思捷皮具有限公司), an indirect wholly-owned subsidiary of the Company (as lessee) entered into the Tenancy Agreement in respect of the lease of the Premises for the period from 1 January 2021 to 31 December 2025 (both days inclusive).

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement by Dongguan Sze Cheik as a lessee will require the Group to recognise the right-of-use asset in its consolidated financial statements of financial position. Therefore, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. The unaudited value of the right-of-use asset recognised by the Company under the Tenancy Agreement amounted to approximately RMB9,691,164 (equivalent to approximately HK\$11,629,396).

As the applicable percentage ratio(s) in respect of the acquisition of right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Tenancy Agreement is 25% or more but is less than 100%, the entering into of the Tenancy Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Tenancy Agreement and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. As at the date of this announcement, the Company has obtained written Shareholders' approval for the Tenancy Agreement and the transactions contemplated thereunder from Waterfront Holding Group Co., Ltd., which holds 287,024,406 Shares, representing approximately 75% of the total issued Shares. Accordingly, the Tenancy Agreement and the transactions contemplated thereunder have been approved by way of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company.

A circular (for information purposes only) containing, among other things, further details of the Tenancy Agreement and the transactions contemplated thereunder, will be despatched to the Shareholders by 8 April 2021.

INTRODUCTION

The Board announces that on 6 January 2021, Dongguan Haocheng Industrial Investment Company Limited* (東莞市皓程實業投資有限公司) (as lessor) and Dongguan Sze Cheik Leather Goods Company Limited (東莞思捷皮具有限公司), an indirect wholly-owned subsidiary of the Company (as lessee) entered into the Tenancy Agreement in respect of the lease of the Premises for the period from 1 January 2021 to 31 December 2025 (both days inclusive).

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:

Date: 6 January 2021

Parties:

- (1) Dongguan Haocheng Industrial Investment Company Limited* (東莞市皓程實業投資有限公司) as lessor; and
- (2) Dongguan Sze Cheik Leather Goods Company Limited (東莞思捷皮具有限公司), an indirect wholly subsidiary of the Company as lessee.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Lessor and its ultimate beneficial owner are Independent Third Parties.

- Premises:** One four-storey factory building and one six-storey dormitory building located at No. 2 Minyi Road, Wusha Community, Changan Town, Dongguan City, PRC* (東莞市長安鎮烏沙社區民一路2號)
- Term:** Five years commencing from 1 January 2021 to 31 December 2025 (both dates inclusive)
- Rent:** The total rent payable under the Tenancy Agreement is RMB12,584,000 (equivalent to approximately HK\$15,100,800), exclusive of service fee, taxes and utility charges. The Lessee shall enjoy a rent-free renovation period for two months from 1 January 2021 to 28 February 2021. The monthly rent is as follows:
- (a) From 1 March 2021 to 31 December 2022: RMB200,000 (equivalent to approximately HK\$240,000)
 - (b) From 1 January 2023 to 31 December 2024: RMB220,000 (equivalent to approximately HK\$264,000)
 - (c) From 1 January 2025 to 31 December 2025: RMB242,000 (equivalent to approximately HK\$290,400)
- The rent is payable in advance by the 5th day of each and every calendar month, which will be funded by internal resources of the Group. Any overdue payment will be subject to a daily penalty fee of 0.1% of the overdue amount.
- The rent was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Premises.
- Rental deposit:** RMB600,000 (equivalent to approximately HK\$720,000)
- Use of Premises:** For production operation. The Group intends to use the Premises as production factory and staff dormitory.

THE RIGHT-OF-USE ASSET

The unaudited value of the right-of-use asset recognised by the Company under the Tenancy Agreement amounted to approximately RMB9,691,164 (equivalent to approximately HK\$11,629,396) which is calculated with reference to the aggregate lease payment and discounted by a discounted rate.

INFORMATION ON THE PARTIES

The Lessee was established under the PRC laws with limited liability and is an indirect wholly-owned subsidiary of the Company. The Lessee principally engages in manufacturing and trading of leather products.

The Lessor was established under the PRC laws with limited liability and is principally engaged in innovative technology and business management. As at the date of this announcement and according to the public search records, the Lessor was held by Wang Yuping (王玉平), an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owner are independent of the Company and its connected persons.

REASONS AND BENEFITS OF THE TENANCY AGREEMENT

The principal activities of the Group are manufacturing and distribution of leather products, and retail of fashion apparel, footwear and leather accessories. The Premises not only provides a factory for production, but also a dormitory building convenient to the Group's employees. Besides, the previous factory the Group was using is old while the Premises is new with the Group's tailored renovation, which renders a larger production capacity and such would be favourable for the Group's operation needs and facilitate the future expansion and growth of the businesses.

The Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Premises. Therefore, the Board considers that the terms of the Tenancy Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement by Dongguan Sze Cheik as a lessee will require the Group to recognise the right-of-use asset in its consolidated financial statements of financial position. Therefore, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. The unaudited value of the right-of-use asset recognised by the Company under the Tenancy Agreement amounted to approximately RMB9,691,164 (equivalent to approximately HK\$11,629,396).

As the applicable percentage ratio(s) in respect of the acquisition of right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Tenancy Agreement is 25% or more but is less than 100%, the entering into of the Tenancy Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Tenancy Agreement and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. As at the date of this announcement, the Company has obtained written Shareholders' approval for the Tenancy Agreement and the transactions contemplated thereunder from Waterfront Holding Group Co., Ltd., which holds 287,024,406 Shares, representing approximately 75% of the total issued Shares. Accordingly, the Tenancy Agreement and the transactions contemplated thereunder have been approved by way of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company.

A circular (for information purposes only) containing, among other things, further details of the Tenancy Agreement and the transactions contemplated thereunder, will be despatched to the Shareholders by 8 April 2021.

FAILURE TO IDENTIFY MAJOR TRANSACTION

Due to an inadvertent oversight of the implementation of HKFRS16 in relation to leases, the Group has identified the Tenancy Agreement and the transactions contemplated thereunder as a major transaction of the Company under the Listing Rules during the annual audit of the Group. The Board will adopt measures to strengthen the relevant internal procedures and continue to provide training for the staff, especially the relevant PRC personnel in order to prevent non-compliance on disclosure requirements in the future.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	China International Development Corporation Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 264)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Dongguan Sze Cheik” or the “Lessee”	Dongguan Sze Cheik Leather Goods Company Limited (東莞思捷皮具有限公司), a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Report Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s)
“Lessor”	Dongguan Haocheng Industrial Investment Company Limited* (東莞市皓程實業投資有限公司), a company established under the PRC laws with limited liability and an Independent Third Parties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC” or “China”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Premises”	one four-storey factory building and one six-storey dormitory building located at No. 2 Minyi Road, Wusha Community, Changan Town, Dongguan City, PRC* (東莞市長安鎮烏沙社區民一路2號)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the issued Share(s)
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement together with the supplemental agreement dated 6 January 2021 entered into between the Lessor (as lessor) and Dongguan Sze Cheik (as lessee) in respect of the lease of the Premises
“%”	per cent

For illustrative purpose only, conversion of RMB into HK\$ in this announcement is made at the following exchange rate: RMB1.00 = HK\$1.2.

** For identification purpose only.*

By order of the Board
China International Development Corporation Limited
Zhao Jingfei
Chairman and Executive Director

Hong Kong, 15 March 2021

As at the date of this announcement, the executive Directors are Mr. Zhao Jingfei, Mr. Fan Xin and Mr. Qin Bohan; and the independent non-executive Directors are Ms. Han Yu, Ms. Jia Lixin and Mr. Rong Yi.