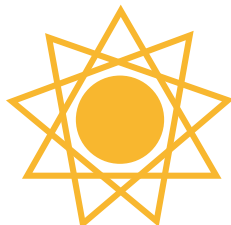


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China International Development Corporation Limited

中聯發展控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 264)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE TENANCY AGREEMENT**

THE TENANCY AGREEMENT

The Board announces that on 12 July 2024, the Landlord and the Tenant (an indirect wholly-owned subsidiary of the Company) entered into the Tenancy Agreement in respect of the lease of the Premises for the period from 1 May 2024 to 30 April 2026 (both days inclusive).

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement by the Tenant will require the Group to recognise the right-of-use asset in its consolidated statement 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 HK\$1.3 million.

As the applicable percentage ratio(s) in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 under the Tenancy Agreement is more than 5% but less than 25%, the entering into of the Tenancy Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but is exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 12 July 2024, the Landlord and the Tenant (an indirect wholly-owned subsidiary of the Company) entered into the Tenancy Agreement in respect of the lease of the Premises for the period from 1 May 2024 to 30 April 2026 (both days inclusive).

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:

Date: 12 July 2024

Parties: (1) Ms. Tsang Sau Lin (曾秀蓮), an individual, as landlord; and
(2) Sun Ray Manufactory, Limited, an indirect wholly-owned subsidiary of the Company as tenant.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Landlord is an Independent Third Party.

Premises: 3rd Floor of Victory Industrial Building, Nos. 151–157, Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong

Term: 24 months from 1 May 2024 to 30 April 2026 (both days inclusive)

The Tenant has been in occupation of the Premises as from the commencement of the term of the tenancy, being 1 May 2024, and the Tenancy Agreement is executed to confirm the agreement made between the Parties as therein contained.

Rent: The total rent payable during the lease term under the Tenancy Agreement is HK\$1,560,000 (i.e. HK\$65,000 per month), exclusive of management fee, rates and government rent and utility charges and deposits.

The monthly rent is payable in advance on the first day of each calendar month, which is funded by the internal resources of the Group.

An interest of 2% per annum over the best lending rate from time to time of The Hongkong and Shanghai Banking Corporation Limited in respect of any rent, management fee, rates and government rent, utility charges and deposits to be made to the Landlord under the Tenancy Agreement as shall be more than seven days in arrears shall be charged by the Landlord and such interest shall be payable from the date upon which such payment in arrears fell due and not seven days thereafter until the date of payment.

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: HK\$130,000 (being two months' rent)

Use of Premises: For industrial purpose only. The Group intends to use the Premises as operation office premises and warehouse.

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 HK\$1.3 million which is calculated with reference to the aggregate lease payment and discounted by a discounted rate.

INFORMATION ON THE PARTIES

The Landlord

The Landlord is an individual who is a Hong Kong resident. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Landlord is an Independent Third Party.

The Tenant

The Tenant is a company incorporated in Hong Kong with limited liabilities and an indirect wholly-owned subsidiary of the Company. The Tenant principally engages in trading of leather products.

The Company and the Group

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is principally engaged in (i) manufacturing and distribution of leather products; (ii) retail of fashion apparel, footwear and leather accessories; and (iii) the industrial hemp planting and production of hemp fabric products.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

To cope with the operation of the Group, the Directors consider it is commercially necessary and beneficial to enter into the Tenancy Agreement so that the Group can use the Premises as operation office premises and warehouse to carry out the business operation in Hong Kong. It would be beneficial to lease the Premises as it will enable the Group to secure its stable operation at the Premises without incurring additional costs and expenses in identifying, renovating and relocating to other warehouse and ensure that there will be no disruption to the operations, business and growth of the Group.

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 the Tenant will require the Group to recognise the right-of-use asset in its consolidated statement 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 HK\$1.3 million.

As the applicable percentage ratio(s) in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 under the Tenancy Agreement is more than 5% but less than 25%, the entering into of the Tenancy Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but is exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

FAILURE TO IDENTIFY DISCLOSEABLE TRANSACTION

The Tenant has historically renewed the lease agreements for the Premises from time to time. However, the Group recognized impairments on property, plant and equipment and right-of-use assets for the year ended 31 December 2023, resulted in a significant decline in the total asset value. Accordingly, the responsible staff at the subsidiary level failed to promptly identify and report to the Board that the applicable percentage ratio for the acquisition of the right-of-use asset is more than 5%. The Group has identified the Tenancy Agreement and the transactions contemplated thereunder as a discloseable transaction of the Company under the Listing Rules during the preparation of the interim results for the six months ended 30 June 2024 of the Group.

The Company deeply regrets its non-compliance of the Listing Rules when entering into the Tenancy Agreement. In order to prevent recurrence of incidents of non-compliance with the Listing Rules in the future, the Company will adopt the following remedial measure:

- (i) provide further guidance and training to responsible staff in relation to the identification of notifiable transactions under the Listing Rules and emphasise the importance of proper computation of the size tests prior to the execution of a transaction;
- (ii) further strengthen the internal control and reporting procedures of the Group, to ensure any proposed transactions which may constitute notifiable transactions would be promptly reported to the Board and senior management of the Company; and
- (iii) promptly seek legal advice in relation to proposed transactions before entering into the relevant agreements.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China International Development Corporation Limited (中聯發展控股集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 264)
“Director(s)”	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 People’s Republic of China
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and is/are third party independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
“Landlord”	Ms. Tsang Sau Lin (曾秀蓮), an individual and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Tenancy Agreement
“Premises”	3rd Floor of Victory Industrial Building, Nos. 151–157, Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company, and each a “Share”
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 12 July 2024 entered into between the Landlord and the Tenant in respect of the lease of the Premises

“Tenant” Sun Ray Manufactory, Limited, a company incorporated in Hong Kong with limited liabilities and an indirect wholly-owned subsidiary of the Company

“%” per cent.

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

Hong Kong, 9 August 2024

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