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**CIFI Holdings (Group) Co. Ltd.**  
**旭輝控股(集團)有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 00884)**

## **CONNECTED TRANSACTIONS**

### **EQUITY COOPERATION AGREEMENTS/ FORMATION OF JOINT VENTURES IN RELATION TO RESIDENTIAL DEVELOPMENT PROJECTS IN CHANGSHA, THE PRC**

#### **EQUITY COOPERATION AGREEMENTS/FORMATION OF JOINT VENTURES**

On 7 December 2016, Changsha Xuhua (as purchaser, an indirect wholly-owned subsidiary of the Company) and CIFI (PRC) (as Changsha Xuhua's guarantor) entered into the Henggao Equity Cooperation Agreement and the Zijing Equity Cooperation Agreement respectively with Da Di Enterprises and Man Roland (China) (as sellers, both being subsidiaries of Henderson China) and Henderson China (as Da Di Enterprises's and Man Roland (China)'s guarantor), pursuant to which Changsha Xuhua has agreed to acquire from each of them 50% of equity interest and the relevant shareholder's loan in each of Henggao and Zijing at the consideration of RMB253,324,390.46 and RMB106,881,215.48 respectively. The consideration for the sale and purchase of equity interest and the relevant shareholder's loan in Henggao are RMB253,317,534.22 and RMB6,856.24, respectively. The consideration for the sale and purchase of equity interest and the relevant shareholder's loan in Zijing are RMB65,086,535.98 and RMB41,794,679.50, respectively.

Henggao and Zijing own a total of four plots of lands in Changsha, the PRC with a total planned gross floor area of 830,354 sq.m. The average land cost to the Group as implied by the terms of the Equity Cooperation Agreements (being total consideration divided by total planned gross floor area) is approximately RMB868 per sq.m.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Henderson China indirectly holds 50% interest in Xu An, a subsidiary of the Company, which does not fall within the ambit of insignificant subsidiary under Rule 14A.09(1) of the Listing Rules. Accordingly, Henderson China is a connected person of the Company at its subsidiary level. The Acquisitions therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Board has approved the Acquisitions. None of the Directors have any material interest in the Acquisitions and as such no Directors have abstained from voting on the resolutions of the Board approving the Acquisitions. The Directors (including the independent non-executive Directors) are of the view that the Equity Cooperation Agreements were entered into on normal commercial terms, and the terms and conditions of the Equity Cooperation Agreements, including the consideration thereof, are fair and reasonable and in the ordinary and usual course of business of the Company and that the entering into of the Equity Cooperation Agreements is in the interests of the Company and the Shareholders as a whole.

All of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplates under the Equity Cooperation Agreements are below 5% but one of such is above 1%. As Henderson China is a connected person of the Company only because of its connection with the Company's subsidiary, namely Xu An, the Acquisitions are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## **EQUITY COOPERATION AGREEMENTS/FORMATION OF JOINT VENTURES**

On 7 December 2016, Changsha Xuhua and CIFI (PRC) (both being indirect wholly-owned subsidiaries of the Company) entered into the Henggao Equity Cooperation Agreement and the Zijing Equity Cooperation Agreement respectively with Da Di Enterprises and Man Roland (China) (both being subsidiaries of Henderson China), details of which are as follows:

### **Henggao Equity Cooperation Agreement**

Date: 7 December 2016

Parties:

- (i) Da Di Enterprises, a subsidiary of Henderson China, as seller
- (ii) Henderson China, as Da Di Enterprises's guarantor
- (iii) Changsha Xuhua, an indirect wholly-owned subsidiary of the Company, as purchaser
- (iv) CIFI (PRC), an indirect wholly-owned subsidiary of the Company, as Changsha Xuhua's guarantor

Subject matter: 50% of equity interest in and shareholder's loan to Henggao. Henggao currently owns three plots of lands, details of which are set out in the section headed "Information of the sites owned by Henggao and Zijing".

Consideration: RMB253,324,390.46, representing RMB253,317,534.22 for equity interest and RMB6,856.24 for shareholder's loan, 15% of which would be payable within 10 business days after signing of the Henggao Equity Cooperation Agreement and the remaining 85% would be payable within 30 business days after signing of the Henggao Equity Cooperation Agreement or before any other dates may be designated by Henderson China. The consideration would be payable in cash by Changsha Xuhua to Da Di Enterprises (or its designated nominee(s)).

Changsha Xuhua will also bear 50% of the development costs of the lands currently owned by Henggao accrued from 1 September 2016 up to the date of the Henggao Equity Cooperation Agreement. The contracting parties will ascertain the relevant amounts within 30 days after signing of the Henggao Equity Cooperation Agreement and, where necessary, the consideration will be adjusted accordingly.

### **Zijing Equity Cooperation Agreement**

Date: 7 December 2016

Parties:

- (i) Man Roland (China), a subsidiary of Henderson China, as seller
- (ii) Henderson China, as Man Roland (China)'s guarantor
- (iii) Changsha Xuhua, an indirect wholly-owned subsidiary of the Company, as purchaser
- (iv) CIFI (PRC), an indirect wholly-owned subsidiary of the Company, as Changsha Xuhua's guarantor

Subject matter: 50% of equity interest in and shareholder's loan to Zijing. Zijing currently owns a plot of land, details of which are set out in the section headed "Information of the sites owned by Henggao and Zijing".

Consideration: RMB106,881,215.48, representing RMB65,086,535.98 for the equity interest and RMB41,794,679.50 for shareholder's loan, 15% of which would be payable within 10 business days after signing of the Zijing Equity Cooperation Agreement and the remaining 85% would be payable within 30 business days after signing of the Zijing Equity Cooperation Agreement or before any other dates may be designated by Henderson China. The consideration would be payable in cash by Changsha Xuhua to Man Roland (China) (or its designated nominee(s)).

Changsha Xuhua will also bear 50% of the development costs of the land currently owned by Zijing accrued from 1 September 2016 up to the date of the Zijing Equity Cooperation Agreement. The contracting parties will ascertain the relevant amounts within 30 days after the signing of the Zijing Equity Cooperation Agreement and, where necessary, the consideration will be adjusted accordingly.

## **Financial information of Henggao and Zijing and basis of consideration for the Acquisitions**

Based on the respective unaudited financial statements of Henggao and Zijing prepared under the PRC generally accepted accounting principles,

- As at 31 August 2016, the unaudited total assets and net asset value of Henggao were approximately RMB485.8 million and RMB459.3 million respectively.
- As at 31 August 2016, the unaudited total assets and net asset value of Zijing were approximately RMB200.9 million and RMB117.4 million respectively.
- For the years ended 31 December 2014 and 2015, Henggao and Zijing recorded immaterial profit/loss before and after tax.

The consideration for the Acquisitions and the terms of the Equity Cooperation Agreements were determined after arm's length negotiation between the parties with reference to market land prices in comparable locations as well as the unaudited net asset value of Henggao and Zijing respectively. The Acquisitions will be financed by internal resources of the Group.

### **Information of the sites owned by Henggao and Zijing**

Sites location:	four plots of lands located in Xingang Town and Laodaohu Town, Kaifu District, Changsha, Hunan Province, the PRC (中國湖南省長沙市開福區新港鎮及撈刀河鎮)
Total site area:	518,697 sq.m., comprising: (i) three plots of lands owned by Henggao with an aggregate site area of 466,781 sq.m.; and (ii) one plot of land owned by Zijing with a site area of 51,916 sq.m.
Planned gross floor area:	830,354 sq.m., comprising: (i) three plots of lands owned by Henggao with an aggregate planned gross floor area of 684,989 sq.m.; and (ii) one plot of land owned by Zijing with a planned gross floor area of 145,365 sq.m.
Term of land use rights:	70 years for residential
Land premium:	land premium of the sites respectively owned by Henggao and Zijing under the respective state-owned land use rights grant contracts amounted to RMB463,900,000 and RMB79,620,000, which had already been fully paid
Current status:	the sites are substantially cleared sites and are currently undergoing site formation
Implied land cost of the transaction:	based on the considerations under the Henggao Equity Cooperation Agreement and the Zijing Equity Cooperation Agreement and the total planned gross floor area, the implied average land cost is approximately RMB868 per sq.m.

## **Joint venture arrangements in respect of Henggao and Zijing**

Upon completion of the transfers, Henggao will be beneficially owned as to 50% by Changsha Xuhua and 50% by Da Di Enterprises, and Zijing will be beneficially owned as to 50% by Changsha Xuhua and 50% by Man Roland (China). The Company and Henderson China will, through the joint venture arrangements of Henggao and Zijing, jointly develop the sites owned by Henggao and Zijing.

Henggao and Zijing shall fund the development costs firstly by external bank financing, and, if such external loans are insufficient to cover the development costs, by further shareholders' loans or capital contributions provided by their shareholders on pro-rata basis with reference to their respective shareholdings.

## **Composition of the board of directors of Henggao and Zijing**

Upon completion of the transfers, the board of directors of each of Henggao and Zijing will comprise 5 directors, 2 of whom will be nominated by CIFI (PRC) and the remaining 3 of whom will be nominated by Henderson China.

## **Profit and loss sharing**

Upon completion of the transfers, CIFI (PRC) and Henderson China will be entitled to share the profit or bear the loss of Henggao and Zijing in proportion to their respective equity interest therein.

Henggao and Zijing are intended to be accounted for as non-subsiaries of the Group, which will not be consolidated into the financial statements of the Group.

## **INFORMATION OF HENDERSON CHINA**

Henderson China is a company incorporated in Hong Kong and indirectly wholly-owned by Henderson Land. Henderson Land is an investment holding company and its subsidiaries are principally engaged in the businesses of property development and investment, construction, hotel operation, finance, department store operation, project management, investment holding and property management.

## **REASONS FOR AND BENEFIT OF THE EQUITY COOPERATION AGREEMENTS**

The Group is principally engaged in the property development and property investment in the PRC. It has been the strategy of the Group to cooperate with renowned property developers for development of particular project so as to achieve synergy benefits and diversify its financial exposure. Henderson China is a trusted and long-term strategic partner of the Group.

The Equity Cooperation Agreements enable the Group to invest in the equities and to share and enjoy the economic benefits of the property development projects in Changsha, the PRC under the Equity Cooperation Agreements.

The Directors consider that the Equity Cooperation Agreements have been entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Henderson China indirectly holds 50% interest in Xu An, a subsidiary of the Company, which does not fall within the ambit of insignificant subsidiary under Rule 14A.09(1) of the Listing Rules. Accordingly, Henderson China is a connected person of the Company at its subsidiary level. The Acquisitions therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Board has approved the Acquisitions. None of the Directors have any material interest in the Acquisitions and as such no Directors have abstained from voting on the resolutions of the Board approving the Acquisitions. The Directors (including the independent non-executive Directors) are of the view that the Equity Cooperation Agreements were entered into on normal commercial terms, and the terms and conditions of the Equity Cooperation Agreements, including the consideration thereof, are fair and reasonable and in the ordinary and usual course of business of the Company and that the entering into of the Equity Cooperation Agreements is in the interests of the Company and the Shareholders as a whole.

All of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equity Cooperation Agreements are below 5% but one of such is above 1%. As Henderson China is a connected person of the Company only because of its connection with the Company's subsidiary, namely Xu An, the Acquisitions are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## DEFINITIONS

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

“Acquisitions”	the acquisitions by the Group under the Equity Cooperation Agreements
“Board”	the board of Directors
“Changsha Xuhua”	Changsha Xuhua Real Estate Development Co., Ltd.* (長沙旭華房地產開發有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“CIFI (PRC)”	CIFI Group Co., Ltd.* (旭輝集團股份有限公司), a joint stock company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	CIFI Holdings (Group) Co. Ltd. (旭輝控股(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”	has the same meaning ascribed to it under the Listing Rules
“Da Di Enterprises”	Hong Kong Da Di Enterprises Limited (香港大地企業股份有限公司), a company incorporated in Hong Kong with limited liability and an indirect subsidiary of Henderson China
“Directors”	the directors of the Company
“Equity Cooperation Agreements”	Henggao Equity Cooperation Agreement and Zijing Equity Cooperation Agreement
“Group”	the Company and its subsidiaries
“Henderson China”	Henderson China Properties Limited (恒基中國地產有限公司), a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Henderson Land
“Henderson Land”	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00012)
“Henggao”	Changsha Henggao Property Development Limited* (長沙恒高房地產開發有限公司), currently a WFOE incorporated in the PRC and a subsidiary of Henderson China, which will become a sino-foreign equity joint venture to be jointly owned by Changsha Xuhua and Da Di Enterprises as to 50% and 50%, respectively
“Henggao Equity Cooperation Agreement”	the cooperation agreement dated 7 December 2016 entered into between Da Di Enterprises, Henderson China, Changsha Xuhua and CIFI (PRC) in relation to the transfer of equity interests in and shareholder’s loan advanced to and the joint venture relating to Henggao
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Man Roland (China)”	Hunan Man Roland (China) Development Limited (曼羅蘭(中國)發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect subsidiary of Henderson China
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“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
“Shareholders”	holders of the Shares
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WFOE”	wholly foreign-owned enterprise in the PRC
“Xu An”	Xu An Co. Limited (旭安有限公司), a company incorporated in the British Virgin Islands with limited liability and a non-wholly owned subsidiary of the Company
“Zijing”	Changsha Zijing Property Limited* (長沙紫荊置業有限公司), currently a WFOE incorporated in the PRC and a subsidiary of Henderson China, which will become a sino-foreign equity joint venture to be jointly owned by Changsha Xuhua and Man Roland (China) as to 50% and 50%, respectively
“Zijing Equity Cooperation Agreement”	the cooperation agreement dated 7 December 2016 entered into between Man Roland (China), Henderson China, Changsha Xuhua and CIFI (PRC) in relation to the transfer of equity interests in and shareholder’s loan advanced to and the joint venture relating to Zijing
“%”	per cent.

By order of the Board  
**CIFI Holdings (Group) Co. Ltd.**  
**LIN Zhong**  
*Chairman*

Hong Kong, 8 December 2016

*As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as executive Directors; and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as independent non-executive Directors.*

\* *For identification purpose only*