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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 TRANSACTION**  
**DISPOSAL OF A PROPERTY HOLDING COMPANY**

**THE SALE AND PURCHASE AGREEMENT**

On 9 September 2022, the Vendor (being an indirect wholly-owned subsidiary of the Company) and the Purchaser (being an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng) entered into the Sale and Purchase Agreement, pursuant to which (i) the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share, representing the entire equity interest in the Target Company; and (ii) the Vendor agreed to assign, and the Purchaser agreed to take the assignment of the Sale Loan, at a total consideration of RMB117,296,068.49.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser is a direct wholly-owned subsidiary of Lingyu Apartment Management, which is in turn directly held by Xuhui Enterprise as to approximately 62.26%. Xuhui Enterprise is directly held by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as to 50%, 25% and 25% respectively. Another approximate 37.74% shareholding in Lingyu Apartment Management is indirectly owned by Lingyu International. As at the date of this announcement, the Company indirectly owns 50% shareholding in Lingyu International which is not regarded as subsidiary of the Company. Another 15% shareholding in Lingyu International is directly owned by Loyal Most Enterprises (a company wholly owned by Mr. LIN Feng) and another 25% shareholding in Lingyu International is directly owned by Smart City (a company held by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as to 50%, 25% and 25% respectively).

Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng are executive Directors and controlling shareholders of the Company. The Purchaser is therefore an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules.

Since certain applicable percentage ratios for the Transaction are above 0.1% but less than 5%, the Transaction is only subject to reporting and announcement requirements and is exempt from the circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE SALE AND PURCHASE AGREEMENT**

On 9 September 2022, the Vendor (being an indirect wholly-owned subsidiary of the Company) and the Purchaser (being an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng) entered into the Sale and Purchase Agreement in respect of the Transaction. The principal terms of the Sale and Purchase Agreement are set out below:

### **Date**

9 September 2022

### **Parties**

- (i) the Vendor, an indirect wholly-owned subsidiary of the Company; and
- (ii) the Purchaser, an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng.

### **Subject Matter**

Under the Sale and Purchase Agreement, (i) the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share, representing the entire equity interest in the Target Company; and (ii) the Vendor agreed to assign, and the Purchaser agreed to take the assignment of the Sale Loan, for a total consideration of RMB117,296,068.49. The principal asset of the Target Company is the Nanjing Site.

### **Consideration**

The consideration shall be paid by the Purchaser before 30 September 2022.

The total consideration for the disposal of the Sale Share and the assignment of the Sale Loan is RMB117,296,068.49.

The consideration payable by the Purchaser has been determined after arm's length negotiation between the Purchaser and the Vendor with reference to, among other things:

- (i) the purchase price of the land use rights of the Nanjing Site of RMB115 million;
- (ii) the unaudited net liabilities of the Target Company as at 30 June 2022 of approximately RMB800; and
- (iii) the Sale Loan to be assigned on dollar-to-dollar basis in the amount of RMB115,774,000, representing the shareholder loan due to the Vendor by the Target Company.

### **Completion**

The Vendor and the Purchaser shall handle the required procedures for the registration of transfer of the Sale Share with the administration department of industry and commerce of the PRC before 30 September 2022.

## **Pre-existing Entrusted Development Management Agreement**

On 31 May 2022, the Target Company and Hainan Xuhui entered into the Entrusted Development Management Agreement. Pursuant to the Entrusted Development Management Agreement, Hainan Xuhui is entrusted by the Target Company to exercise the overall management right and provide project management services over the development and construction of the Nanjing Site project.

Under the Entrusted Development Management Agreement, the Target Company shall pay Hainan Xuhui a sum of RMB9.96 million as the project management fees. In addition to the project management fees, Hainan Xuhui may also be entitled to incentive bonus based on certain key performance indicators, namely (i) cost saving measures; (ii) design efficiency; and (iii) early completion.

The payment of the project management fees will be made by the Target Company to Hainan Xuhui by instalments in accordance with the progress of the development and construction of the Nanjing Site project. The incentive bonus, if any, shall be paid by the Target Company to Hainan Xuhui within 30 days after achievement of the relevant key performance indicators.

The transaction under the Entrusted Development Management Agreement is an one-off transaction. The terms of the Entrusted Development Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

## **INFORMATION OF THE TARGET COMPANY AND THE NANJING SITE**

The Target Company is a company established in the PRC with limited liability and is principally engaged in development and operation management of rental apartments.

The Vendor succeeded in the bidding of the land use rights in respect of the Nanjing Site offered for sale by the Natural Resources and Planning Bureau of Nanjing (南京市規劃和自然資源局) at the bidding price of RMB115 million in November 2021 and the State-owned Construction Land Use Rights Grant Contract in respect of the Nanjing Site was entered into in December 2021. The Target Company has been set up as a subsidiary wholly-owned by the Vendor for the purpose of holding the Nanjing Site directly and the development thereof.

The Nanjing Site is located at Jianye District, Nanjing, the PRC with a site area of approximately 11,446 sq.m. and a planned gross floor area of approximately 22,900 sq.m, which will be developed as single occupancy apartments for rental purpose. Pursuant to the State-owned Construction Land Use Rights Grant Contract in respect of the Nanjing Site, the Nanjing Site shall be developed into rental apartments and the Target Company is restricted from selling or transferring any parts of the property developed on the Nanjing Site or changing the land use of the Nanjing Site.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are certain financial information of the Target Company prepared under the PRC generally accepted accounting principles:

**For the period from 20 December 2021  
(the date of its establishment) to 30 June 2022  
(unaudited)  
Approximately  
(RMB)**

Revenue	Nil
Loss before and after taxation	800

Based on the unaudited financial information of the Target Company, the total asset value and net liabilities of the Target Company as at 30 June 2022 were approximately RMB115,273,000 and RMB800, respectively.

## INFORMATION ON THE GROUP, THE VENDOR AND THE PURCHASER

The Group is principally engaged in the businesses of property development, property investment and provision of property management services in the PRC.

The Vendor is a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in property development.

The Purchaser is a company established in the PRC with limited liability, which is a direct wholly-owned subsidiary of Lingyu Apartment Management. Lingyu Apartment Management and the Purchaser are principally engaged in operation management of leasing apartment, hospitality and related services in the PRC.

## FINANCIAL EFFECT OF THE TRANSACTION AND USE OF PROCEEDS

Immediately upon the completion of the Transaction, the Target Company will cease to be a subsidiary of the Company and the Target Company will no longer be consolidated into the financial statements of the Group. The Group will be indirectly interested in the Target Company through its 50% shareholding in Lingyu International, which is not regarded as subsidiary of the Company.

The Company expects to record a net gain of approximately RMB1,140,000 from the Transaction. Apart from the above, the Transaction is not expected to have immediate material impact on the financial position of the Group.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The proceeds from the Transaction will be applied as general working capital of the Group. Accordingly, the Transaction will enable the Group to increase its working capital so as to enhance the liquidity and allow the Group to deploy its resources for the PRC property market.

Pursuant to the State-owned Construction Land Use Rights Grant Contract in respect of the Nanjing Site, the Nanjing Site shall be developed into rental apartments and the Target Company is restricted from selling or transferring any parts of the property developed on the Nanjing Site or changing the land use of the Nanjing Site. As the working capital cycle of the development of rental property is generally longer as compared to that of the development of property for sales, the Company considers that the Transaction represents a good opportunity for the Group to streamline its business operations and deploy its working capital to focus on its core business of the development of property projects for sale.

Upon completion of the Transaction, the Group would maintain certain interest in the Nanjing Site project indirectly through its equity interest in Lingyu International. As such, the Group could achieve risk diversification while leveraging on the expertise of Lingyu Apartment Management in the operation and management of leasing apartments and the brand name of Lingyu in the marketing of the Nanjing Site project.

Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, being executive Directors and controlling shareholders of the Company, are considered to have a material interest in the Transaction and therefore have abstained from voting on the Board resolutions of the Company for approving the Transaction.

All the Directors (including the independent non-executive Directors) are of the opinion that the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Sale and Purchase Agreement (including the consideration of the disposal of the Sale Share and the assignment of the Sale Loan thereof) and the terms of the pre-existing Entrusted Development Management Agreement (including the fees payable to the Group thereunder), are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, the Purchaser is a direct wholly-owned subsidiary of Lingyu Apartment Management, which is in turn directly held by Xuhui Enterprise as to approximately 62.26%. Xuhui Enterprise is directly held by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as to 50%, 25% and 25% respectively. Another approximate 37.74% shareholding in Lingyu Apartment Management is indirectly owned by Lingyu International. As at the date of this announcement, the Company indirectly owns 50% shareholding in Lingyu International which is not regarded as subsidiary of the Company. Another 15% shareholding in Lingyu International is directly owned by Loyal Most Enterprises (a company wholly owned by Mr. LIN Feng) and another 25% shareholding in Lingyu International is directly owned by Smart City (a company held by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as to 50%, 25% and 25% respectively).

Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng are executive Directors and controlling shareholders of the Company. The Purchaser is therefore an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules.

Since certain applicable percentage ratios for the Transaction are above 0.1% but less than 5%, the Transaction is only subject to reporting and announcement requirements and is exempt from the circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon completion of the Transaction, the Target Company will become an indirect wholly-owned subsidiary of Lingyu Apartment Management and therefore will become a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Entrusted Development Management Agreement will constitute a connected transaction of the Company under the Listing Rules upon completion of the Transaction.

Since the applicable percentage ratios for the transaction under the Entrusted Development Management Agreement are less than 0.1%, such transaction will constitute a de minimis connected transaction fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholders”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Entrusted Development Management Agreement”	the entrusted development management agreement dated 31 May 2022 and entered into between the Target Company and Hainan Xuhui in relation to the provision of project management services by Hainan Xuhui to the Target Company for the development and construction of the Nanjing Site project

“Group”	the Company and its subsidiaries
“Hainan Xuhui”	Hainan Xuhui Construction Management Co., Ltd.* (海南旭輝建設管理有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Lingyu Apartment Management”	Shanghai Lingyu Apartment Management Co., Ltd.* (上海領昱公寓管理有限公司), a company established in the PRC with limited liability
“Lingyu International”	LingYu International Group Co., Ltd. (領寓國際集團有限公司), a company incorporated in the Cayman Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loyal Most Enterprises”	Loyal Most Enterprises Limited, a company established in the British Virgin Islands with limited liability
“Nanjing Site”	Site no. 2021G116 located at Jianye District, Nanjing, the PRC
“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
“Purchaser”	Shanghai Lingrui Public Rental Housing Management Co., Ltd.* (上海領睿公共租賃住房運營有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Lingyu Apartment Management
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 September 2022 entered into between the Vendor and the Purchaser in respect of the Transaction
“Sale Loan”	the entire amount of the principal, interest and other sums and indebtedness due, owing or payable to the Vendor by the Target Company
“Sale Share”	the entire equity interest in the Target Company
“Shareholders”	shareholders of the Company

“Smart City”	Smart City Assets Limited, a company established in the British Virgin Islands with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Nanjing Lingxu Rental Management Co., Ltd.* (南京瓏旭房屋租賃管理有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Transaction”	the transaction contemplated under the Sale and Purchase Agreement
“Vendor”	Chongqing Xuchang Real Estate Co., Ltd.* (重慶旭昌房地產開發有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Xuhui Enterprise”	Shanghai Xuhui Enterprise Development Co., Ltd.* (上海旭輝企業發展有限公司), an investment holding company established in the PRC with limited liability and a connected person of the Company
“sq. m.”	square meter(s)
“%”	per cent.

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

Hong Kong, 9 September 2022

*As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei, Mr. LIN Feng, Mr. CHEN Dongbiao and Mr. YANG Xin as executive Directors; Mr. JIANG Daqiang as non-executive Director; and Mr. ZHANG Yongyue, Mr. TAN Wee Seng and Ms. LIN Caiyi as independent non-executive Directors.*

\* For identification purposes only