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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)**

**(Debt Stock Codes: 04400, 05261, 05925, 40046, 40120, 40316, 40464, 40519, 40681, 40682, 85926)**

**(Warrant Stock Codes: 16951, 17211, 21305, 24361)**

**INSIDE INFORMATION – UPDATE ON LIQUIDITY  
RESUMPTION OF TRADING IN SHARES, WARRANTS AND DERIVATIVES  
AND  
CONTINUED SUSPENSION OF TRADING IN DEBT SECURITIES**

This announcement is made by CIFI Holdings (Group) Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) under Rule 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is made to the voluntary announcement of the Company dated 13 October 2022 (the “**October 2022 Announcement**”) and the trading halt announcement of the Company dated 27 October 2022. Unless otherwise stated, terms used in this announcement shall have the same respective meanings as those defined in the October 2022 Announcement.

**UPDATE ON LIQUIDITY OF THE GROUP**

Subsequent to the October 2022 Announcement, the Company has not been able to reach an agreement with all of the Group’s offshore creditors with payments due in October 2022 which will enable the Group to remedy the late payment issues, whilst preserving the best interest of the Company for the benefit of all of its stakeholders. Accordingly, it has, with regret, terminated all relevant discussions with individual creditors and creditor groups offshore. The Company wishes to express its deepest gratitude to its creditors for their engagement and support. The Company and the relevant members of the Group have not made any payments or provided any additional credit enhancements to any offshore creditors pursuant to such discussions.

In order to ensure fair and equitable treatment of all offshore creditors, the Group has suspended payment of all principal and interest falling due on the Group's offshore financing arrangements (other than certain secured project loans, which the Company currently anticipates will be kept current).

Prior to the recent difficulties referred to in the October 2022 Announcement, the Group has duly met all its offshore debt repayment obligations; and exerted its utmost effort to meet its obligations notwithstanding the severe difficulties and challenges faced by the real estate industry of the PRC.

Since 1 January 2022, the Group has made payments of approximately US\$1.5 billion of principal and interest payments to offshore creditors. During the same period, the Group had only raised approximately US\$500 million of new financing offshore (and the net proceeds of which were mostly applied for refinancing of existing indebtedness). The Group has been relying on its internal cash resources and remitting significant amounts of cash from onshore to meet these payment obligations. Such remittances have become increasingly difficult in light of the deteriorating financing and operational environment faced by the real estate industry in the PRC in which the Group operates. The Group has explored options (including asset disposals) to generate sufficient cash flow to meet its financial commitments. However, these options have proven to be difficult and time-consuming to implement in light of the adverse market condition.

Since early September, the Group has experienced further deteriorated market condition with sluggish sales and further tightening of credit available to the industry, which has resulted in worse than expected deterioration in its cashflow. In addition, the Group faced abrupt and heightened offshore payment pressure triggered by rating downgrade related early repayment obligations. In October 2022, the Group did not receive any new significant financing onshore and offshore. It also experienced delay in offshore remittance. As at the date of this announcement, the Group's offshore indebtedness (including bank loans, senior notes and convertible bonds) amounted to approximately US\$6.85 billion and the suspended payment (i.e. the aggregate amount of principal and interest which was due but not paid, including amounts due as result of certain creditors having exercised their existing rights to require payment in connection with certain provisions of the financings) amounted to approximately US\$414 million. Notwithstanding the Group's resolution and efforts, the Group is likely to come under continued pressure to generate sufficient cash flows to meet its existing and future obligations. After taking advice from its legal advisor, the Group suspended payments to offshore creditors in order to preserve fair and equitable treatment for all offshore creditors.

The payment suspension may lead to certain creditors of the Group demanding acceleration of payment of their indebtedness and/or take action pursuant to the respective terms of the relevant financing arrangements. As of the date of this announcement, the Company has not received any notice of acceleration or demand from any other offshore creditors.

In light of the challenges that the Group is facing, the Company has concluded that it should immediately explore a holistic solution to the current situation to secure the long-term future of the Company for the benefit of all of its stakeholders.

## **ENSURING DELIVERIES AND NORMAL OPERATIONS**

In the meantime, the Group will work relentlessly to ensure delivery of completed properties pursuant to pre-sale arrangements entered into by the Group and the continuation of its business operations and onshore financing arrangements in order to preserve value for all stakeholders. In addition, the Group is implementing stringent cost saving measures including reducing non-core and unessential operations and expenses and reducing the remuneration and benefits of the senior management team and travel allowances and subsidies for the staff generally so long as such measures do not affect the Group's delivery efforts and normal operations.

The PRC subsidiaries of the Group have not guaranteed any of the Group's offshore bank loans, senior notes and convertible bonds. The Group's offshore debt issues do not materially affect its onshore financing arrangements as a whole.

As of the date of the announcement, the commercial operations of the Group remain normal.

The Company intends to proactively manage its offshore liabilities and is taking immediate steps to stabilise the situation and commence engagement with its offshore creditors.

## **ENGAGEMENT OF ADVISORS**

The Company has engaged Haitong International Securities Company Limited as its financial advisor and Linklaters as its legal advisor. The advisors will facilitate a transparent dialogue between the Company and its offshore creditors and will work with the Company and its offshore creditors to explore all feasible options to pursue a holistic solution to the current situation with a view to securing the long-term future of the Company for the benefit of all stakeholders.

Offshore creditors of the Company may contact representatives of the financial advisor of the Company (whose contact details are as follows):

Haitong International Securities Company Limited

Address: 28/F, One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong

Email: Project.CIFI@htisec.com

The Company looks forward to having a constructive dialog with and seeks the support and cooperation from all its creditors.

## IMMEDIATE ENGAGEMENT AND ANTICIPATED PROCESS

The Company envisages that the quest for a holistic solution will be carried out in an equitable way for the overall benefit of all stakeholders in accordance with the Insol International Statement of Principles for a Global Approach to Multi-Creditor Workouts II and the Hong Kong Approach to Corporate Difficulties guidelines issued jointly by the Hong Kong Monetary Authority and the Hong Kong Association of Banks.

The Company has approached a number of its lenders with a request that they form a co-ordination committee (the “**Co-ordination Committee**”) to facilitate discussion with lenders under relevant bank financings. The Company is heartened by the enthusiastic responses, understanding and support from the esteemed financial institutions approached by the Company. The initial engagement has strengthened the Company’s confidence of the prospect of a holistic solution.

In due course, the Company would also welcome the formation of an ad hoc group of bondholders (the “**AHG**”) willing to “go private” in order to facilitate discussions on terms that will be acceptable to bondholders.

The Company intends to run a professional, efficient and fair process.

It currently anticipates that the process will comprise several phases including:

- establishment of creditor bodies and appointment of advisors to assist in negotiations;
- preparation of information including a business review to provide a common information platform to all creditors who wish to receive such information and are willing to execute a suitable confidentiality undertaking; and
- assessment of options, including asset sales and strategic investments and the formulation, negotiation and implementation of detailed proposals.

The Company recognises the need for creditors to have access to professional advice and for discussions to proceed in a structured and efficient manner. To this end:

- (a) the Company is, in principle, willing to meet the cost of necessary legal advice for the Co-ordination Committee and lenders, subject to agreement of suitable fee arrangements in advance and in writing;
- (b) the Company is, in principle, willing to meet the costs of necessary legal advice for the AHG, subject to agreement of suitable fee arrangements in advance and in writing and safeguards to ensure that the AHG is a group of bondholders holding a sizeable exposure to the Group that is representative of the views of bondholders generally;
- (c) in consultation with the Co-ordination Committee and, if formed, the AHG, the Company will engage a professional services firm to commence work on the business review described above; and

- (d) in consultation with the Co-ordination Committee and, if formed, the AHG, the Company is, in principle, willing to meet the costs, of a financial advisor for the creditors, subject to agreement of suitable fee arrangements in advance and in writing.

The Company intends to adopt a policy of regular communication and will provide further updates as this process develops.

## **POTENTIAL DISPOSAL OF OFFSHORE ASSETS**

To ease liquidity pressure and to finance its business operations, the Group has been actively exploring and will continue to explore potential opportunities for offshore asset disposal. Any such disposal is intended to create liquidity for the Group and/or allow the Group to de-lever.

The Group has been in preliminary discussions with potential purchasers, but no legally binding agreement has been entered into between the Group and any of such potential purchasers as at the date of this announcement.

The Company will liaise with the Co-ordination Committee, the creditor's financial advisor and, if formed, the AHG on the potential disposal and will make further announcement(s) in compliance with the Listing Rules as and when required.

## **CONCLUSION**

The Company wishes to reiterate its resolution to achieve a holistic solution to secure the long-term future of the Company for the benefit of all stakeholders and ensure fair and equitable treatment of all offshore creditors. At the same time, the Group will work relentlessly to ensure deliveries, sustain continual normal business operations and maintain onshore financings to ensure stability. The Company looks forward to engaging and working with the offshore creditors and calls for their patience, understanding and support in quest for a holistic solution to address an industry-wide issue together.

## **RESUMPTION OF TRADING IN SHARES, WARRANTS AND DERIVATIVES AND CONTINUED SUSPENSION OF TRADING IN DEBT SECURITIES**

At the request of the Company, trading in the shares, debt securities, warrants and derivatives of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 27 October 2022, pending the release of an announcement in respect of inside information of the Company. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares, warrants and derivatives of the Company with effect from 9:00 a.m. on 1 November 2022. Trading in the debt securities (debt stock codes: 04400, 05261, 05925, 40046, 40120, 40316, 40464, 40519, 40681, 40682, 85926) will remain suspended until further notice.

## GENERAL

The Company will make further announcement(s) as and when appropriate in accordance with the requirements of the Listing Rules, the SFO and/or other applicable laws and regulations.

**The implementation of any holistic solution or any disposal will be subject to many factors not within the control of the Company. As there is no assurance that any holistic solution or any such disposal will be successfully implemented, holders of securities of the Company and other investors of the Company are (i) advised not to rely solely on the information contained in this announcement or any other announcements as may be issued by the Company from time to time and (ii) are reminded to consider the related risks and exercise caution when dealing in the securities of the Company. When in doubt, holders of securities and other investors of the Company are advised to seek professional advice from their own professional or financial advisors.**

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

Hong Kong, 1 November 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.*