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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: 05261, 05925, 40046, 40120, 40316, 40464, 40519, 40681, 40682, 85926)

(Warrant Stock Codes: 21305, 24361)

(I) RESUMPTION GUIDANCE

AND

(II) INSIDE INFORMATION

AND

(III) CONTINUED SUSPENSION OF TRADING

This announcement is made by CIFI Holdings (Group) Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the announcement of the Company dated 31 March 2023 (the “**March 2023 Announcement**”) in relation to, among other things, the delay in the publication of the audited annual results of the Group for the year ended 31 December 2022 (the “**2022 Audited Annual Accounts**”), (ii) the announcement of the Company dated 28 April 2023 (the “**April 2023 Announcement**”) in relation to the unaudited consolidated management accounts of the Group for the year ended 31 December 2022, and (iii) the announcement of the Company dated 16 May 2023 in relation to the change of auditor of the Company (together with the March 2023 Announcement and the April 2023 Announcement, the “**Announcements**”). Capitalised terms used herein shall have the same respective meanings as those defined in the Announcements unless otherwise defined.

RESUMPTION GUIDANCE

On 19 June 2023, the Company received a letter from the Stock Exchange setting out the guidance prescribed for the resumption of trading in the securities of the Company on the Stock Exchange (the “**Resumption Guidance**”). Pursuant to the Resumption Guidance, the Company shall:

- (i) conduct an appropriate independent investigation into the Audit Issues, the Letter and the Alleged Transactions (each as defined below), assess their impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions;
- (ii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (iii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (iv) inform the market of all material information for the shareholders of the Company (the “**Shareholders**”) and the potential investors of the Company to appraise the Company’s position.

As stated in the Resumption Guidance, the Company must meet all guidance prescribed under the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in its securities is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange further indicated that it may modify or supplement the Resumption Guidance if the Company’s situation changes.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 30 September 2024. If the Company fails to remedy the issues causing its trading suspension, fulfill the guidance prescribed under the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its securities by 30 September 2024, the Listing Division of the Stock Exchange will recommend the Listing Committee to proceed with the cancellation of the Company’s listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Resumption Guidance further stated that the Company must also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption.

The Company is taking appropriate steps to comply with the guidance prescribed under the Resumption Guidance and the relevant Listing Rules and will seek to resume trading of its securities as soon as possible.

The Audit Committee has appointed an independent legal advisor to advise them on (i) the Audit Issues, the Letter and the Alleged Transactions (each as defined below) and (ii) the independent review to be undertaken in connection therewith. The management of the Company is cooperating fully with the Audit Committee and its independent advisor with a view to completing the independent review as soon as practicable.

Prism Hong Kong and Shanghai Limited (“**Prism**”), the incumbent auditor of the Company, is performing audit of the 2022 Audited Annual Accounts and has been provided with all relevant information for its review of the Transactions. The Board and the management of the Company will continue to work with Prism closely to publish the 2022 Annual Audited Accounts and despatch the 2022 Annual Report as soon as practicable. The Company will make further announcement(s) in respect of the publication date of the 2022 Annual Audited Accounts in due course and in compliance with Rule 13.43 of the Listing Rules.

The Company will keep the Shareholders and potential investors of the Company informed of the latest progress as and when appropriate and will announce quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

FURTHER INFORMATION ON THE AUDIT ISSUES

As stated in the March 2023 Announcement, the Company’s former auditor, namely Deloitte Touche Tohmatsu (“**DTT**”), received an anonymous e-mail (the “**Letter**”) containing various allegations in respect of certain transactions conducted between the Company and CIFI Ever Sunshine Services Group Limited (“**CIFI ES**”, together with its subsidiaries, the “**ES Group**”).

The allegations raised in the Letter are vague and lacking in substance. They are loose and ambiguous, and which have not been substantiated in any respect.

These bare allegations include “fund flows of fraudulent nature” between the Group and CIFI ES, “illegal possession and use by the Group of funds belonging to the ES Group in the approximate amount of RMB1.8 billion” and “significant amount of fund flows and transactions between subsidiaries of CIFI ES and the Group without proper authorisation”.

It was alleged that these unparticularised fund flows and transactions created a balance of RMB1.8 billion (without any specific cut-off date) in favour of the Group (other than the ES Group), and that they were dressed up as deposits and purchase price paid by the ES Group in connection with three types of alleged transactions:

- (i) the acquisition of car parking spaces by the ES Group from the Group (translated from “購買旭輝的車位” in the Letter);

- (ii) the acquisition of car parking spaces by the ES Group from other property developers (translated from “購買其他開發商的車位” in the Letter); and
- (iii) the acquisition of private equity funds by the ES Group from the Group (translated from “購買私募基金” in the Letter),

together, the “**Alleged Transactions**”.

After receiving the Letter, DTT recommended in its letter to the Audit Committee dated 27 March 2023 (the “**DTT Letter**”) that the Company and the Audit Committee undertake additional procedures to verify and confirm, among other things, the commercial substance and business rationale of the Alleged Transactions and their compliance with applicable laws, regulations and rules (the “**Audit Issues**”).

Other than naming the Company and CIFI ES and generally referring to their respective subsidiaries, neither the Letter nor the DTT Letter provides any specific details of the Alleged Transactions. As far as the Company is aware and up to the date of this announcement, no evidence has ever been provided to the Company to substantiate the vague allegations made in the Letter or the DTT Letter.

Notwithstanding the ambiguity and imprecision of the DTT Letter and the Letter, the Company has nevertheless for prudence’s sake, with the assistance of its advisors, reviewed what the Company believes to be the relevant transactions referred to in the Letter namely, those involving sales agencies with the ES Group or other third party property management companies and those involving private equity funds (together, the “**Transactions**”). Following such review, the Company continues to be of the view that these Transactions:

- (i) have been properly recorded in the management accounts of the Group in accordance with the accounting policies and practices of the Group consistently applied;
- (ii) were conducted with sufficient commercial substance and business rationale; and
- (iii) are on normal commercial terms.

In view of the above, the Company believes that the allegations in the Letter and the DTT Letter are without substance and the Audit Issues are unfounded.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the ordinary shares, warrants and derivatives of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 31 March 2023 and will remain suspended until the Stock Exchange is satisfied that the Company has fulfilled the guidance prescribed under the Resumption Guidance.

WARNING

Holders of the securities of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. When in doubt, Shareholders, holders of the securities of the Company and other investors of the Company are advised to seek professional advice from their own professional or financial advisers.

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

Hong Kong, 23 June 2023

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