

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

## **DISCLOSEABLE TRANSACTION**

### **COOPERATION ON DEVELOPMENT OF PROJECT IN SHANDONG THROUGH JOINT VENTURE ARRANGEMENT INVOLVING DISPOSAL OF 51% EQUITY INTEREST IN THE PROJECT COMPANY**

The Board would like to announce that on 4 December 2023 (after trading hours), Liaocheng Xuyin (a non-wholly owned subsidiary of the Company), Shandong Zhongzheng (an Independent Third Party) and the Project Company entered into the Cooperation Development Agreement, pursuant to which Shandong Zhongzheng conditionally agreed to cooperate with Liaocheng Xuyin to develop the Dezhou Project located in Shandong Province through joint venture arrangement under which Shandong Zhongzheng will purchase from Liaocheng Xuyin 51% equity interest in the Project Company and the Disposed Loan at an aggregate consideration of RMB220,573,802.13 (equivalent to approximately HK\$240,425,000) thereby forming a joint venture to be owned by Liaocheng Xuyin and Shandong Zhongzheng as to 49% and 51% respectively. Upon Completion, the Project Company will cease to be a subsidiary of the Group, and the financials of the Project Company will not be consolidated into the consolidated financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment of the conditions precedent set out in the Cooperation Development Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing with the Shares and other securities of the Company.**

## THE COOPERATION DEVELOPMENT AGREEMENT

On 4 December 2023 (after trading hours), Liaocheng Xuyin (a non-wholly owned subsidiary of the Company), Shandong Zhongzheng (an Independent Third Party) and the Project Company entered into the Cooperation Development Agreement, pursuant to which Shandong Zhongzheng conditionally agreed to cooperate with Liaocheng Xuyin to develop the Dezhou Project located in Shandong Province of the PRC through joint venture arrangement under which Shandong Zhongzheng will purchase from Liaocheng Xuyin 51% equity interest in the Project Company and the Disposed Loan at an aggregate consideration of RMB220,573,802.13 (equivalent to approximately HK\$240,425,000) thereby forming a joint venture to be owned by Liaocheng Xuyin and Shandong Zhongzheng as to 49% and 51% respectively.

The principal terms of the Cooperation Development Agreement are set out below:

### Date

4 December 2023 (after trading hours)

### Parties

- (1) Liaocheng Xuyin
- (2) Shandong Zhongzheng
- (3) the Project Company

For further details, please refer to the paragraphs headed “Information of the Project Company” and “Information of the Group and Other Party of the Cooperation Development Agreement”.

### The formation of the joint venture involving Disposal

Shandong Zhongzheng conditionally agreed to form a joint venture with Liaocheng Xuyin by purchasing 51% equity interest in the Project Company.

### The Consideration

The Consideration involved for the Disposal is RMB220,573,802.13 (equivalent to approximately HK\$240,425,000), comprising (i) RMB25,500,000 for the 51% equity interest in the Project Company; and (ii) RMB195,073,802.13 for the Disposed Loan. Details of the settlement terms are set out below:

- (1) RMB15,000,000 (the “**First Cash Instalment**”) shall be paid by Shandong Zhongzheng in cash to Liaocheng Xuyin within one working day after termination of the master construction agreement by the Project Company with the main contractors originally engaged for the Dezhou Project (Independent Third Parties) (the “**Original Main Contractors**”). The First Cash Instalment is agreed to be applied by Liaocheng Xuyin to settle exclusively the fees payable by the Project Company to the Original Main Contractors; and

- (2) RMB205,573,802.13 (the “**Second Cash Instalment**”) shall be deposited in cash into the designated account opened and maintained by Shandong Zhongzheng within 3 working days after the Original Main Contractors exit the construction site of the Dezhou Project. Upon Completion, the Second Cash Instalment shall be released to Liaocheng Xuyin which in turn shall immediately apply the same by providing RMB58,800,000 to the Project Company as shareholder’s loan, and paying RMB26,647,844.30 to the Project Company to settle the relevant costs incurred by the Project Company. The remaining RMB120,125,957.83 shall be released to the bank account designated by Liaocheng Xuyin.

The Consideration was determined after arm’s length negotiation between Liaocheng Xuyin and Shandong Zhongzheng, taking into account, among other things, (i) the paid-up capital of the Project Company; (ii) the amount of funds that the Group has invested in the Project Company for the acquisition of land and the development and construction of the Dezhou Project; and (iii) further capital required for onward development of the Dezhou Project.

A portion of the proceeds from the Disposal is intended to be used, as described above, exclusively as working capital to support the development of the Dezhou Project, and the remaining proceeds will serve as working capital of the Group to enhance its liquidity position to ensure the delivery of properties and continuation of its business operations.

### **Conditions precedent**

The Disposal is conditional upon and subject to the following conditions:

- (1) the Cooperation Development Agreement (including all the schedules thereto) having been duly executed;
- (2) the registration of the transfer of 51% equity interest and relevant changes and filings of the Project Company with the department of the industry and commerce administration having been completed, and Shandong Zhongzheng having become the registered shareholder of 51% equity interest of the Project Company;
- (3) the attending of necessary procedures with the financial institution which has provided facilities to the Project Company in view of change of shareholding of the Project Company;
- (4) a new master construction agreement having been signed by the Project Company with the main contractor(s); and
- (5) the joint custody of certain operational matters of the Project Company by Liaocheng Xuyin and Shandong Zhongzheng having been completed.

## **Completion**

The Completion shall take place on the day on which the above conditions precedent are satisfied. Upon Completion, the Project Company will cease to be a subsidiary of the Group, and the financials of the Project Company will not be consolidated into the consolidated financial statements of the Group.

## **Future funding**

Pursuant to the Cooperation Development Agreement, immediately after Shandong Zhongzheng becoming the majority shareholder of the Project Company, it shall provide a shareholder loan for the sum of RMB61,200,000 to the Project Company. For further funding of development costs in the future, it is contemplated that the Project Company shall firstly source external bank financing. If such third-party loans are insufficient to cover the development costs, the joint venture parties will provide further shareholders' loans or capital contributions on pro-rata basis with reference to their respective shareholdings in the Project Company.

## **Board composition**

Upon Completion, the board of directors of the Project Company will comprise five directors, three of whom will be nominated by Shandong Zhongzheng and the remaining two of whom will be nominated by Liaocheng Xuyin. The chairman of the board of directors of the Project Company will be a director nominated by Liaocheng Xuyin.

## **Profit and loss sharing**

The shareholders of the Project Company will be entitled to share the profit or bear the loss of the Project Company in proportion to their respective equity interest in the Project Company.

## **FINANCIAL EFFECT OF THE DISPOSAL**

After taking into account of 51% of the accumulated investment into the Project Company by the Group and the Consideration, the Company expects to record a loss of approximately RMB214,662,000 from the Disposal. Apart from the above, the Disposal is not expected to have immediate material impact on the financial position of the Group.

The above figure is for illustrative purpose only. The actual loss in connection with the Disposal will be subject to the review and final audit by the independent auditors of the Company.

## INFORMATION OF THE PROJECT COMPANY

The Project Company is a company established in the PRC with limited liability and wholly owned by Liaocheng Xuyin as at the date of this announcement.

The Project Company is principally engaged in property development and holds and develops the Dezhou Project. The Dezhou Project, located at Dezhou Economic and Technological Development Zone, Shandong Province, the PRC, has a land lot of approximately 70,000 square meters, and it is expected to be developed into residential properties with commercial facilities. Initial phase of construction work has already commenced.

Set out below are certain financial information of the Project Company (as prepared in accordance with the PRC generally accepted accounting principles):

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	(unaudited)	(unaudited)
	<i>Approximately</i>	<i>Approximately</i>
	<i>RMB</i>	<i>RMB</i>
Net loss before taxation	8,367,000	2,883,000
Net loss after taxation	9,019,000	2,231,000

Based on the unaudited financial information of the Project Company, the total asset value and net asset value of the Project Company as at 30 September 2023 were approximately RMB1,152,929,000 and RMB34,813,000, respectively.

## INFORMATION OF THE GROUP AND OTHER PARTY OF THE COOPERATION DEVELOPMENT AGREEMENT

### **The Group**

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

### **Liaocheng Xuyin**

Liaocheng Xuyin is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Liaocheng Xuyin is principally engaged in investment holdings.

### **Shandong Zhongzheng**

Shandong Zhongzheng is a company established in the PRC with limited liability. It is principally engaged in the businesses of property development. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Shandong Zhongzheng is ultimately owned by Liu Yan and Liu Debin, and (ii) Shandong Zhongzheng and its ultimate beneficial owners are Independent Third Parties.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

As a reputable property developer in the Shandong Province, Shandong Zhongzheng with its networks and experiences in developing residential properties similar to the type of and at the region adjacent to the Dezhou Project will bring in new working capital, local expertise, resources and competitive advantages, which are believed to be beneficial for the onward development and sale of the Dezhou Project. Further, it is believed that the joint venture arrangement would enable the Group to control capital expenditure and revitalise funds, which would improve the liquidity to ensure the delivery of properties and continuation of its business operations. The Directors consider that the Cooperation Development Agreement has 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 one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment of the conditions precedent set out in the Cooperation Development Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing with the Shares and other securities of the Company.**

## DEFINITIONS

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

“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
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Cooperation Development Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the amount of RMB220,573,802.13 payable by Shandong Zhongzheng to Liaocheng Xuyin for the Disposal

“Cooperation Development Agreement”	the cooperation development agreement dated 4 December 2023 entered into among Liaocheng Xuyin, Shandong Zhongzheng and the Project Company in relation to the Disposal and the management of the Project Company
“Dezhou Project”	a residential project located at Dezhou Economic and Technological Development Zone, Shandong Province, the PRC and wholly owned and developed by the Project Company
“Directors”	the directors of the Company
“Disposal”	the disposal of 51% equity interest in the Project Company and the assignment of the Disposed Loan by Liaocheng Xuyin to Shandong Zhongzheng pursuant to the terms and conditions of the Cooperation Development Agreement
“Disposed Loan”	51% of the total shareholders’ loan owed by the Project Company to Liaocheng Xuyin and to be assigned to Shandong Zhongzheng, the outstanding amount of which was RMB409,735,667.71 as at 30 September 2023
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons
“Liaocheng Xuyin”	Liaocheng Xuyin Enterprise Management Co., Ltd.* (聊城旭銀企業管理有限公司), a limited company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

“Project Company”	Dezhou Xuheng Real Estate Co., Ltd.* (德州旭恒房地產有限公司), a limited company established in the PRC and wholly owned by Liaocheng Xuyin as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Zhongzheng”	Shandong Zhongzheng Real Estate Co., Ltd.* (山東中正置業有限公司), an Independent Third Party
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.09 has been used, where applicable, for illustration purpose only and does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

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

Hong Kong, 4 December 2023

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

\* *For identification purposes only*