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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
DISCLOSEABLE TRANSACTION**

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

Reference is made to the announcement of the Company dated 4 December 2023 (the “**Announcement**”) in respect of the Cooperation Development Agreement involving the joint venture arrangement under which Shandong Zhongzheng would 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. Unless otherwise stated herein, capitalized terms used in this announcement shall have the same meaning as defined in the Announcement.

The Company wishes to inform the Shareholders and potential investors of the Company the following additional information relating to (1) the detailed basis of the Consideration under the Cooperation Development Agreement; (2) the reconciliation of the expected loss of Disposal; and (3) more information of Shandong Zhongzheng.

Detailed basis of the Consideration under the Cooperation Development Agreement

The Consideration was determined after arm's length negotiation between Liaocheng Xuyin and Shandong Zhongzheng, taking into account (i) the paid-up capital of the Project Company in the total sum of RMB50,000,000; (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 in the sum of approximately RMB853,403,270 (51% of which represents approximately RMB435,235,668), comprising the funds contributed in form of (a) the aforesaid paid-up capital of RMB50,000,000 (51% of which represents RMB25,500,000) and (b) the shareholder loan for the sum of approximately RMB803,403,270 (51% of which represents approximately RMB409,735,668); (iii) the net asset value of the Project Company of approximately RMB34,813,000 as at 30 September 2023; (iv) the willingness of Shandong Zhongzheng to acquire the 51% equity interest in the Project Company under current market condition; and (v) further estimated capital required for onward development of the Dezhou Project in the sum of approximately RMB138,000,000 in the short term.

Reconciliation of the Expected Loss of Disposal

After taking into account of 51% of the aforesaid accumulated investment into the Project Company by the Group in the sum of approximately RMB435,235,668 and the Consideration (i.e. RMB220,573,802.13), the Company expects to record a loss of approximately RMB214,662,000 from the Disposal.

Despite the expected loss from the Disposal, having considered that (i) the recovery of PRC's property market remained stagnant in 2023 with increasingly downward pressure, especially in third-tier city where the Dezhou Project is situated; (ii) the Consideration is significantly higher than the net asset value of the Project Company; (iii) the proceeds of RMB100,447,844.30 from the Disposal to be received by Liaocheng Xuyin serve as available funding which will actually be (a) partly applied to settle fees payable by the Project Company to the Original Main Contractor and (b) provided by Liaocheng Xuyin as capital contribution in form of shareholder's loan to the Project Company (as so disclosed in the Announcement) so as to sustain the operations of the Project Company and the construction of the Dezhou Project; (iv) numerous efforts have already been made by the Group to source available funding for onward development of the Dezhou Project amid tight liquidity. Among more than three potential buyers approached by the Group, Shandong Zhongzheng is considered to be the most suitable local partner which is willing to cooperate and contribute capital, after taking into account various factors such as the payment terms, the time frame it is expected to take to consummate a transaction, and the plan on the future development of the Dezhou Project; and (v) with the introduction of joint venture partner and the source of available funding, the development of the Dezhou Project could continue in order to facilitate the progress to pre-sales stage and ensure the delivery of the properties under the Dezhou Project, the Board is of the view that the terms and conditions of the Disposal and the Consideration, are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The remaining proceeds from the Disposal in the sum of RMB120,125,957.83 receivable by Liaocheng Xuyin in cash will be utilised to finance the development of other projects of the Group located in the Shandong region to ensure the delivery of properties, and utilised as working capital of the Group to enhance its liquidity position and continuation of its business operations.

More Information of Shandong Zhongzheng

Based on the information available to the Company, Shandong Zhongzheng is ultimately owned as to 51% by Liu Yan and 49% by Liu Debin.

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

Hong Kong, 18 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.