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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, 40046, 40120, 40316, 40464, 40519, 40681, 40682)

**UPDATE ON THE HOLISTIC SOLUTION FOR
OFFSHORE LIQUIDITY SITUATION AND
BUSINESS DEVELOPMENT**

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

Reference is made to the announcements of the Company dated 1 November 2022, 29 December 2022, 10 March 2023 and 3 January 2024 (together, the “**Announcements**”). Unless otherwise stated, terms used in this announcement shall have the same respective meanings as those defined in the Announcements.

UPDATE ON THE HOLISTIC SOLUTION FOR OFFSHORE LIQUIDITY SITUATION

1. Progress on developing the holistic solution

The Company would like to provide an update to the market on the progress that has been made regarding the holistic solution for its offshore liquidity situation and the indicative terms of such proposal that have been discussed to date.

The Company has continued to work closely with its financial advisors, Haitong International Securities Company Limited, and its legal advisors, Linklaters to develop a comprehensive solution to its current offshore liquidity issue with a view to securing a sustainable and viable business for the Company in the long-term for the benefit of all stakeholders.

In this regard, the Company and its offshore advisors have been negotiating with the Co-ordination Committee and its advisors, Alvarez & Marsal Corporate Finance Limited and Allen & Overy, together with the ad hoc group of bondholders (the “**AHG**”) and its advisors, Houlihan Lokey (China) Limited and Kirkland & Ellis, to agree a consensual and holistic proposal in respect of the Company’s offshore indebtedness.

Over the past few months, the Co-ordination Committee, the AHG and their advisors have worked closely with the Company and its advisors to negotiate the economic terms of the holistic solution. The Company and its offshore advisors have considered the feedback received from the Co-ordination Committee and the AHG, the prevailing market conditions and the Group’s latest business performance and delivered to the Co-ordination Committee, the AHG and their advisors, revised proposals on the economic terms of the holistic solution.

The Company is pleased to announce that it has reached an agreement in principle with the AHG on the key terms of a holistic proposal (the “**Proposal**”). Based on the information currently available to the Company, the holders forming the AHG collectively hold or control approximately 43% in aggregate of the principal amount of the Company’s senior notes, perpetual securities and the convertible bonds. This is a significant milestone for the Company in its implementation of the proposal and the Company would like to express its gratitude to the Co-ordination Committee, the AHG, and their advisors for their continuing support and engagement in the Company’s ongoing process.

There are no current legal proceedings against the Company commenced by any creditors.

2. Holistic proposal

The key terms of the Proposal agreed in principle are as summarised below.

- (a) The Proposal addresses the Company’s offshore indebtedness under its unsecured loan facilities, US\$/CNY-denominated senior notes, senior perpetual securities and the HKD-denominated convertible bonds (the “**In-Scope Debts**”).

- (b) The Proposal contemplates giving the holders/lenders under the In-Scope Debts (collectively, the “**Creditors**”) six (6) economic options (the “**Options**”, each an “**Option**”) to convert their In-Scope Debts into cash (through a reverse Dutch auction structure), the Company’s shares, different US\$-denominated notes (the “**New Notes**”) and/or US\$/CNY denominated loans (the “**New Loans**”, together with the New Notes, the “**New Debt Instruments**”), offering the Creditors structures between sale of the relevant In-Scope Debt held by a Creditor to the Company for cash on the effective date of the transaction (the “**RED**”) at a substantial discount to the face value of such In-Scope Debt, pure maturity extension with no haircut (in the form of notes and loan facilities respectively), maturity extension with a haircut (in the form of notes and loan facilities respectively), maturity extension with considerable haircut (in the form of notes and loan facilities respectively) and maturity extension with partial equitization (in the form of notes and convertible instruments) to cater for the different preferences and needs of the Creditors. Several Options will have a cap amount.
- (c) The Company seeks to address its aggregate offshore indebtedness under the In-Scope Debt by deleveraging the Company’s consolidated balance sheet (targeted debt reduction of approximately US\$3.3 billion to US\$4 billion) and designing a sustainable amortisation schedule in order to provide a healthy capital structure for the Company. Therefore, the Options incorporate elements of haircut and equitization. Under the Proposal, Creditors who elect, or are re-allocated to, the Option with equitization element will receive the Company’s shares, an instrument with a 4-year final maturity and elements of mandatory conversion on each anniversary after RED, and a debt instrument with a 4.5-year final maturity, some upfront cash, and a short-term non-interest-bearing instrument. The Company notes the approximate percentage of haircut for the various Options will be as set out below:

	Debt Reduction %
Option 0 (Cash)	Minimum 85% haircut
Option 1 (New Notes and New Loans)	68% – 80% haircut
Option 2 (Cash, New Notes and equitization)	60% equitization and approximately 8% haircut
Option 3 (New Notes)	Nil (this option is for creditors who do not accept haircut)
Option 4 (New Notes and New Loans)	50% haircut
Option 5 (New Loans)	Nil (this option is for creditors who do not accept haircut)

- (d) The Company intends to implement a holistic solution for the In-Scope Debts by way of scheme(s) of arrangement in Hong Kong and/or other applicable jurisdictions, potentially inter-conditional with one/more consent solicitations.
- (e) The amortisation schedules of most of the Options will be spread over a number of years, with maturities ranging from 2 to 6 years from RED, with the maturities of certain Options extending to 7 to 9 years from RED if certain benchmarks of contracted sales attributable to owners of the Company are not met over a specified time period or creditors’ approval is obtained. Options with equitization and/or haircut elements have a shorter weighted average maturity than the other Options.

- (f) The coupon rate of the New Debt Instruments (other than those with zero interest) will be set at 2.75%. Certain Options without haircut may have coupon rates increase to 3.00% if the maturities under those Options are extended and one Option without haircut may have its coupon rate further increased by 1.00% for one or two years if certain benchmarks of annual contracted sales attributable to the equity owners of the Company following the RED are met. Most of the Options will include pay-in-kind mechanism or interest deferral mechanism where the deferred interest (without any compounding) will be paid in a lump sum together with or after the repayment of the last amortisation instalment.
- (g) All New Debt Instruments will be credit enhanced by the same guarantees and security granted by members of the Group. The credit enhancement package involves onshore and offshore elements, including but not limited to undertakings by the Company to market a specified portfolio of projects/assets for sale and to use reasonable endeavors to complete such sales under certain circumstances (net proceeds of which will be used for repayment and/or redemption of the New Debt Instruments), cash sweep of a specified portfolio of projects/assets, share charges/pledges and security over substantial intercompany claim due from CIFI Group Co., Ltd.* (旭輝集團股份有限公司), an indirect wholly-owned subsidiary of the Company, to the Company.
- (h) A consent fee is considered to be provided to the Creditors who support the Proposal.

For the avoidance of doubt, as at the date of this announcement, the Company is still in negotiations with the Co-ordination Committee and the AHG on definitive terms of the Proposal and parties have not entered into any legally binding agreement in respect of the same. The Company expects to continue the proactive and constructive dialogue and maintain a positive momentum with the Creditors with a view to documenting the terms of the Proposal as soon as practical. In this regard, the Company will continue to provide material updates on the process to all stakeholders as and when appropriate.

UPDATES ON BUSINESS DEVELOPMENT

As at the date of this announcement, 68 projects of the Group in China have been shortlisted on the “real estate projects whitelist”, most of which have begun to integrate financing needs with financial institutions. Among such projects, 23 projects in Beijing, Guangzhou, Xiamen and other cities have received support from a number of state-owned banks and joint-stock banks through adjusting repayment schedule, lowering interests and replacing existing financing etc.. Wuhu CIFI-Park Mansion* (蕪湖鑒金印象) has become the Group’s first project on such whitelist being granted new financing with an amount of RMB150 million and such facilities will be released according to the development progress of the project.

This year to date, the Group, together with its joint ventures and associates, delivered more than 13,000 property units in total, and was awarded “Top 8 Real Estate Developers in Deliverability in 2024* (2024房地產開發企業交付力Top 8)” by China Real Estate Association* and Shanghai E-house China R&D Institute*.

As at 31 December 2023, the Group's land bank had a total gross floor area of approximately 36.3 million sq.m. and the total unsold value of the land bank exceeded RMB300 billion, of which approximately 74% of the total unsold value was located in first- and second-tier cities.

On the debt side, as at 31 December 2023, the Group's total outstanding borrowings amounted to approximately RMB92,281 million, representing a year-on-year decrease of approximately RMB16,169 million or 15%.

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, 29 April 2024

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 purpose only*