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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)**

## **CONNECTED TRANSACTION**

### **FORMATION OF JOINT VENTURE IN RELATION TO A RESIDENTIAL DEVELOPMENT PROJECT IN SUZHOU, THE PRC**

#### **FORMATION OF JOINT VENTURE**

On 8 October 2018, the Company, Henderson China, Great Asia and Nantong Zhongnan entered into the Cooperation Agreement for the formation of joint venture to develop the Site situated in the south side of Guihua Road and the east side of Wenchang Road, Huguan Development Zone, Gaoxin District, Suzhou, Jiangsu Province, the PRC (中國江蘇省蘇州市高新區滄關開發區規劃道路南，文昌路東) through the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangement. Pursuant to the Cooperation Agreement, the PRC Project Company shall be the sino-foreign equity joint venture under the Onshore Joint Venture Arrangement which shall be owned as to 51% by Great Asia, 19% by Suzhou Shengzhi (a company indirectly controlled by the Company) and 30% by Nantong Zhongnan, and Great Asia shall be the joint venture vehicle under the Offshore Joint Venture Arrangement which shall be owned as to 31.3% by the Group and 68.7% by Henderson China. The aggregate capital commitment payable by the Group for the transactions contemplated under the Cooperation Agreement is approximately RMB1,299 million. The Site has a total site area of 80,651.4 sq.m. The average land cost attributable to the Group under the terms of the Cooperation Agreement (being total consideration divided by total site area) is approximately RMB16,106 per sq.m.

## **Offshore Joint Venture Arrangement**

As at the date of this announcement, Henderson China holds the entire issued share capital of Bright Team, which in turn holds one share in Great Asia, representing the entire issued share capital of Great Asia. Great Asia shall in turn hold 51% equity interests of the PRC Project Company. Pursuant to the Cooperation Agreement, Great Asia will issue and allot 999 new shares at HK\$1.00 each. Bright Team will subscribe for 686 new shares in Great Asia, and the Company will, through its wholly-owned special purpose vehicle, subscribe for 313 new shares in Great Asia at a subscription price of HK\$313. In addition, as part of the capital commitment payable by the Group under the Cooperation Agreement, the Group shall assume the Great Asia Shareholder's Loan in proportion to its shareholdings in Great Asia at the consideration of approximately US\$59 million (equivalent to approximately RMB407 million). Upon the aforesaid allotment and subscription of shares, Great Asia will be held as to 31.3% by the Group and 68.7% by Henderson China (through Bright Team). Pursuant to the Cooperation Agreement, the total capital commitment of the Group under the Offshore Joint Venture Arrangement amounts to approximately RMB593 million.

## **Onshore Joint Venture Arrangement**

Pursuant to the Cooperation Agreement, the Company shall, through Suzhou Shengzhi (a company indirectly controlled by the Company), hold 19% equity interests in the PRC Project Company and the total capital commitment of the Group in respect of the Onshore Joint Venture Arrangements amounts to approximately RMB706 million.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Henderson China indirectly holds 50% interest in Xu An, a subsidiary of the Company, which does not fall within the ambit of insignificant subsidiary under Rule 14A.09(1) of the Listing Rules. Accordingly, Henderson China is a connected person of the Company at its subsidiary level. Therefore, the transactions contemplated under the Cooperation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) calculated with reference to the transactions contemplated under the Cooperation Agreement exceeds 5%. Since (i) Henderson China is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Cooperation Agreement and the transactions contemplated thereunder; and (iii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Cooperation Agreement and the transactions contemplated thereunder are exempt from the circular, independent financial advice and shareholders' approval requirements and only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## **THE COOPERATION AGREEMENT**

On 8 October 2018, the Company, Henderson China, Great Asia and Nantong Zhongnan entered into the Cooperation Agreement for the formation of joint venture to develop the Site situated in the south side of Guihua Road and the east side of Wenchang Road, Huguan Development Zone, Gaoxin District, Suzhou, Jiangsu Province, the PRC (中國江蘇省蘇州市高新區澱關開發區規劃道路南、文昌路東) through the Offshore Joint Venture Arrangement and the Onshore Joint Venture Arrangement. Pursuant to the Cooperation Agreement, the PRC Project Company shall be the sino-foreign equity joint venture under the Onshore Joint Venture Arrangement which shall be owned as to 51% by Great Asia, 19% by Suzhou Shengzhi (a company indirectly controlled by the Company) and 30% by Nantong Zhongnan, and Great Asia shall be the joint venture vehicle under the Offshore Joint Venture Arrangement which shall be owned as to 31.3% by the Group and 68.7% by Henderson China (through Bright Team). The aggregate capital commitment payable by the Group for the transactions contemplated under the Cooperation Agreement is approximately RMB1,299 million.

### **Date**

8 October 2018

### **Parties**

- (i) the Company;
- (ii) Henderson China;
- (iii) Great Asia; and
- (iv) Nantong Zhongnan.

### **Offshore Joint Venture Arrangement**

As at the date of this announcement, Henderson China holds the entire issued share capital of Bright Team, which in turn holds one share in Great Asia, representing the entire issued share capital of Great Asia. Great Asia in turn holds 51% equity interests of the PRC Project Company. Pursuant to the Cooperation Agreement, Great Asia will issue and allot 999 new shares at HK\$1.00 each. Bright Team will subscribe for 686 new shares in Great Asia and the Company will, through its wholly-owned special purpose vehicle, subscribe for 313 new shares in Great Asia. In addition, as part of the capital commitments payable by the Group under the Cooperation Agreement, the Group shall assume the Great Asia Shareholder's Loan in proportion to its shareholdings in Great Asia. Upon the aforesaid allotment and subscription of shares, Great Asia will be held as to 31.3% by the Group and 68.7% by Henderson China (through Bright Team).

Great Asia is intended to be accounted for as a non-subsiary of the Company, which will not be consolidated into the financial statements of the Group.

### *Consideration and Capital Commitment*

Pursuant to the Cooperation Agreement, the consideration payable by the Group for the subscription of the 313 new shares of Great Asia shall be HK\$313 and the total capital commitment of the Group under the Offshore Joint Venture Arrangement would be approximately RMB593 million, among which, approximately US\$59 million (equivalent to approximately RMB407 million) shall be payable by the Group by assuming the Great Asia Shareholder's Loan in proportion to its shareholdings in Great Asia.

The consideration for the subscription of 313 shares in Great Asia and the capital commitment were determined after arm's length negotiation between the parties to the Cooperation Agreement with reference to the land premium payable and the development cost in relation to the Site. It is intended that the consideration under the Offshore Joint Venture Arrangement would be financed by internal resources of the Group.

### *Financial Information of Great Asia*

Great Asia is a special purpose vehicle established on 24 March 2017 with an issued share capital of HK\$1.00 as at the date of this announcement. Based on the unaudited financial statements of Great Asia, Great Asia had net liabilities of approximately HK\$17,000 as at 31 December 2017. It has not recorded any revenue or profit since its establishment to the date of this announcement.

### *Profit Distribution and Loss Sharing Arrangement of Great Asia*

Pursuant to the Cooperation Agreement, the Company and Henderson China shall share the profits or bear the loss of Great Asia in proportion to their respective shareholdings in Great Asia.

### *Board of directors of Great Asia*

The board of directors of Great Asia shall consist of five directors. The Company shall be entitled to nominate two directors and Henderson China shall be entitled to nominate three directors. Unanimous consent of all the directors of Great Asia will be required for all matters to be approved by the board of directors of Great Asia. All the directors nominated by the Company and Henderson China in the PRC Project Company shall act in concert at the board meetings of the PRC Project Company in accordance with the resolutions passed at the board of directors of Great Asia.

### **Onshore Joint Venture Arrangement**

Pursuant to the Cooperation Agreement, Great Asia, the Company (through Suzhou Shengzhi) and Nanton Zhongnan shall hold the PRC Project Company, which has a total registered capital of RMB2,312 million, as to 51%, 19% and 30% respectively.

The PRC Project Company is intended to be accounted for as a non-subsiary of the Company, which will not be consolidated into the financial statements of the Group.

### *Capital commitment*

Pursuant to the Cooperation Agreement, the total capital commitment of the Group in respect of the Onshore Joint Venture Arrangement amounts to approximately RMB706 million, which would be contributed as registered capital of the PRC Project Company. It is intended that the capital commitment under the Onshore Joint Venture Arrangement would be financed by internal resources of the Group. The amount of capital commitment under the Onshore Joint Venture Arrangement was determined after arm's length negotiation between the parties to the Cooperation Agreement with reference to the land premium payable and the development cost in relation to the Site.

Further development costs of the Site shall be funded by shareholders' loans and/or external bank financing as deemed appropriate by the parties to the joint venture arrangement.

### *Profit Distribution and Loss Sharing Arrangement of the PRC Project Company*

Pursuant to the Cooperation Agreement, Great Asia, Suzhou Shengzhi and Nantong Zhongnan shall share the profits or bear the loss of the PRC Project Company in proportion to their respective shareholdings in the PRC Project Company.

### *Board of directors of the PRC Project Company*

The board of directors of the PRC Project Company shall consist of six directors. Great Asia, Suzhou Shengzhi and Nantong Zhongnan shall each be entitled to nominate two directors. The chairman of the board of directors and the legal representative of the PRC Project Company shall be a director nominated by Great Asia. In addition, each of Great Asia and Nantong Zhongnan shall be entitled to appoint one supervisor. Unanimous consent of all the directors of the PRC Project Company will be required for all matters to be approved by the board of directors of the PRC Project Company.

### **Information of the Site**

Site location:	Located at the south side of Guihua Road and the east side of Wenchang Road, Huguan Developmental Zone, Gaoxin District, Suzhou, Jiangsu Province, the PRC (中國江蘇省蘇州市高新區滄關開發區規劃道路南、文昌路東)
Site area:	80,651.4 sq.m.
Planned gross floor area:	Not more than approximately 169,368 sq.m.
Term of land use rights:	70 years for residential
Land premium:	Approximately RMB2,311 million (comprising land premium and related government charges)
Implied land cost of the transaction:	Based on the consideration under the Cooperation Agreement and the Group's attributable planned gross floor area, the implied average land cost attributable to the Group is approximately RMB16,106 per sq.m.

## **INFORMATION OF HENDERSON CHINA, GREAT ASIA AND NANTONG ZHONGNAN**

Henderson China is a company incorporated in Hong Kong and indirectly wholly-owned by Henderson Land. Henderson Land is an investment holding company and its subsidiaries are principally engaged in the businesses of property development and investment, construction, hotel operation, finance, department store operation, project management, investment holding and property management.

Great Asia is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Henderson China as at the date of this announcement. Great Asia is principally engaged in investment holding.

Nantong Zhongnan is a company established under the laws of the PRC with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Nantong Zhongnan and its ultimate beneficial owner(s) are Independent Third Parties.

## **REASONS FOR AND BENEFIT OF THE EQUITY COOPERATION AGREEMENT**

The Group is principally engaged in the property development and property investment in the PRC. It has been the strategy of the Group to cooperate with renowned property developers for development of particular project so as to achieve synergy benefits and diversify its financial exposure. Henderson China is a trusted and long-term strategic partner of the Group.

The Cooperation Agreement and the transactions contemplated thereunder enable the Group to further strengthen its cooperation with Henderson China and to enjoy the economic benefits of the property development project in Huguan Developmental Zone, Gaoxin District, Suzhou, the PRC by leveraging the synergies of the cooperation.

The Directors (including the independent non-executive Directors) consider that the Cooperation Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the Cooperation Agreement and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Henderson China indirectly holds 50% interest in Xu An, a subsidiary of the Company, which does not fall within the ambit of insignificant subsidiary under Rule 14A.09(1) of the Listing Rules. Accordingly, Henderson China is a connected person of the Company at its subsidiary level. Therefore, the transactions contemplated under the Cooperation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.



The highest applicable percentage ratio (as defined under the Listing Rules) calculated with reference to the transactions contemplated under the Cooperation Agreement exceeds 5%. Since (i) Henderson China is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Cooperation Agreement and the transactions contemplated thereunder; and (iii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Cooperation Agreement and the transactions contemplated thereunder are exempt from the circular, independent financial advice and shareholders' approval requirements and only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Bright Team”	Bright Team International Limited (亮添國際有限公司), a company incorporated in the British Virgin Islands with limited liability and directly wholly-owned by Henderson China
“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
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 8 October 2018 entered into between the Company, Henderson China, Great Asia and Nantong Zhongnan in relation to the formation of joint venture for the development of the Site
“Directors”	the directors of the Company
“Great Asia”	Great Asia Investment Limited (國僑投資有限公司), a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Henderson China as at the date of this announcement
“Great Asia Shareholder’s Loan”	the shareholder’s loan in the aggregate amount of approximately US\$187 million advanced to Great Asia by Henderson China

“Group”	the Company and its subsidiaries
“Henderson China”	Henderson China Properties Limited (恒基中國地產有限公司), a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Henderson Land
“Henderson Land”	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00012)
“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 (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nantong Zhongnan”	Nantong Zhongnan New World Centre Development Limited* (南通中南新世界中心開發有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Offshore Joint Venture Arrangement”	the joint venture arrangement between the Company (through its wholly-owned special purpose vehicle) and Henderson China (through Bright Team) relating to Great Asia as the joint venture vehicle
“Onshore Joint Venture Arrangement”	the joint venture arrangement between the Company (through Suzhou Shengzhi), Henderson China (through its subsidiaries) and Nantong Zhongnan relating to the PRC Project Company as the sino-foreign equity joint venture
“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
“PRC Project Company”	Suzhou Changzun Properties Limited* (蘇州昌尊置業有限公司), a sino-foreign equity joint venture established under the laws of the PRC for the development of the site



“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shareholders”	holders of the Shares
“Site”	a site located at the south side of Guihua Road and the east side of Wenchang Road, Huguan Developmental Area, Gaoxin District, Suzhou, Jiangsu Province, the PRC (中國江蘇省蘇州市高新區澹關開發區規劃道路南、文昌路東), details of which are set out in the section headed “Information of the Site” of this announcement
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Shengzhi”	Suzhou Shengzhi Commercial Consultation Limited* (蘇州盛置商務諮詢有限公司), a company established in the PRC with limited liability and indirectly controlled by the Company
“US\$”	United States dollar, the lawful currency of the United States of America
“Xu An”	Xu An Co. Limited (旭安有限公司), a company incorporated in the British Virgin Islands with limited liability and a non-wholly owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 8 October 2018

*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. ZHOU Yimin as non-executive Director; and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as independent non-executive Directors.*

*The exchange rate of US\$1.00 to RMB6.89 has been used for illustration purpose in this announcement.*

\* For identification purpose only