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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)

DISCLOSEABLE TRANSACTION
EQUITY COOPERATION AND JOINT VENTURE ARRANGEMENTS

COOPERATION AGREEMENT

Reference was made to the Announcement of 5 February 2021 regarding the signing of an agreement among CIFI (PRC), Minhang Real Estate, Wuhu Cehua and Mr. Li in respect of the plan of CIFI (PRC) to form a 50:50 joint venture through the Target Company, so as to cooperate with Minhang Real Estate in the commercial property operations of the complex projects located in Wukesong, Beijing of the PRC. The Board is pleased to announce that on 24 February 2021 (after trading hours), the Further Agreement has been entered into among the parties to specify, among other things, the terms of the consideration amount and other ancillary matters. The consideration payable by CIFI (PRC) in cash under the Transactions will be RMB2,564,000,000, and CIFI (PRC) will also assume all liabilities and obligations under the Assigned Debt.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios for the Transactions contemplated under the Cooperation Agreement are above 5% but less than 25%, the Transactions constitute a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference was made to the Announcement of 5 February 2021 regarding the signing of an agreement among CIFI (PRC), Minhang Real Estate, Wuhu Cehua and Mr. Li in respect of the plan of CIFI (PRC) to form a 50:50 joint venture through the Target Company, so as to cooperate with Minhang Real Estate in the commercial property operations of the complex projects located in Wukesong, Beijing of the PRC. On 24 February 2021, the Further Agreement was entered into among the parties with details set out below.

The principal terms of the Cooperation Agreement are summarized as follows:

THE COOPERATION AGREEMENT

Date

24 February 2021

Parties

- (i) CIFI (PRC), an indirect wholly owned subsidiary of the Company;
- (ii) Minhang Real Estate;
- (iii) Wuhu Cehua; and
- (iv) Mr. Li

As at the date of this announcement, the Target Company is directly owned as to 50% by Minhang Real Estate and as to 50% by Tianjin Zhuoxin. The target to be acquired by CIFI (PRC) is the entire equity interest of Tianjin Zhuoxin, which is directly owned as to 99.99% by Wuhu Cehua, a limited partnership, and as to 0.01% by Mr. Li. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the ultimate beneficial owner of Minhang Real Estate, Tianjin Zhuoxin and Wuhu Cehua, the detailed information of whom was disclosed under the Announcement of 5 February 2021, and the counterparties of CIFI (PRC) under the Cooperation Agreement are Independent Third Parties.

Consideration

Pursuant to the Cooperation Agreement, CIFI (PRC) is obliged to make payment in cash for the sum of RMB2,564,000,000 to acquire the 50% equity interest in the Target Company (through Tianjin Zhuoxin), and CIFI (PRC) will also assume all liabilities and obligations under the Assigned Debt. As at the date of this announcement, CIFI (PRC) has paid the refundable deposit in the amount of RMB200,000,000 disclosed under the Announcement of 5 February 2021 to secure its performance of obligation.

It is agreed among the parties to the Cooperation Agreement that the Transactions will take place in the following manner:

- (i) CIFI (PRC) will make the payment of RMB2,564,000,000 and on the date thereof, the registration will be submitted to administration bureau for industry and commerce relating to the share transfer in the entire equity interest in Tianjin Zhuoxin to CIFI (PRC).
- (ii) The refundable deposit in the amount of RMB200,000,000 shall then be fully refunded, without interest, to CIFI (PRC) upon CIFI (PRC) has paid RMB2,564,000,000. Upon the Completion, the Target Company will become a joint venture vehicle owned by CIFI (PRC) (through Tianjin Zhuoxin) and Minhang Real Estate.

As at the date of this announcement, a related party of Wuhu Cehua owed the Target Company certain debts. As part of the consideration for the Transactions, CIFI (PRC) will assume all the liabilities and obligations under the Assigned Debt in the amount of RMB754,000,000, and the Assigned Debt will then be owed by CIFI (PRC) to the Target Company.

The consideration for the Transactions and the terms of the Cooperation Agreement were determined after arm's length negotiation between the parties with reference to (i) the net asset value of Target Group as at 31 December 2020; and (ii) the business prospects of the Target Group. The consideration payable by the Group will be financed by internal resources of the Group.

Board composition

Upon Completion, the board of directors of the Target Company will comprise four directors and each of CIFI (PRC) and Minhang Real Estate will appoint two directors.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in commercial management, sports project management, stadium operation and management, etc.

The Target Company currently holds interests in various companies and projects in the PRC, and in particular, the Target Group comprises various companies mainly engaged in the development, operation and management of the Wukesong project, which is a complex project involving mainly stadiums, commercial, ice and outdoor sports located on the plot of No. 69, Fuxing Road, Haidian District, Beijing, PRC* (中國北京市海淀區復興路69號院地塊). As confirmed by Minhang Real Estate, the Wukesong project mainly comprises Wukesong Arena* (五棵松體育館), basketball parks, complex commercial buildings and office buildings as at the date of this announcement, while ice hockey hall with supporting commercial facilities and more commercial buildings are expected to be constructed on the plot in the future.

Set out below are certain consolidated financial information of the Target Group prepared under the PRC generally accepted accounting principles:

	For the year ended 31 December 2019 (unaudited) <i>Approximately (RMB'000)</i>	For the year ended 31 December 2020 (unaudited) <i>Approximately (RMB'000)</i>
Revenue	406,444	439,392
Net profit before taxation	102,470	27,602
Net profit after taxation	102,464	27,366

Based on the consolidated unaudited financial information of the Target Group, the total assets value and net assets value of the Target Group were approximately RMB5,741,225,000 and RMB2,280,706,000 respectively as at 31 December 2020.

REASONS AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in the property development and property investment businesses in the PRC. It has been one of the key strategies of the Group to have joint venture arrangements with renowned business partners to jointly develop and operate projects including, office and commercial complexes so as to achieve synergy and diversify its financial exposure. Wukesong project is a renowned landmark commercial project of culture and sports in the PRC. The Transactions represent a valuable investment opportunity to strengthen the Group's capacity of commercial operation and expand the Group's income diversification, which in turn reinforce its strong presence in first-tier cities of the PRC and further enhance brand awareness of the Group. Accordingly, the Directors consider that the Transactions are in line with the principal activities of the Group and are in the interest of the Company and the Shareholders as a whole and the terms of the Cooperation Agreement were fair and reasonable and on normal commercial terms.

LISTING RULES IMPLICATION

As certain applicable percentage ratios for the Transactions contemplated under the Cooperation Agreement are above 5% but less than 25%, the Transactions constitute a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Announcement of 5 February 2021”	the announcement of the Company dated 5 February 2021
“Assigned Debt”	the sum of RMB754,000,000 as part of the debts currently due by a related party of Wuhu Cehua to the Target Company
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CIFI (PRC)”	旭輝集團股份有限公司 (CIFI Group Co., Ltd.*), a joint stock company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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 acquisition of equity interest in the Target Company by CIFI (PRC) (through Tianjin Zhuoxin) contemplated under the Cooperation Agreement
“Cooperation Agreement”	the agreement dated 5 February 2021 entered into among CIFI (PRC), Minhang Real Estate, Wuhu Cehua and Mr. Li as amended and supplemented by the Further Agreement
“Directors”	the directors of the Company
“Further Agreement”	the agreement dated 24 February 2021 entered into among CIFI (PRC), Minhang Real Estate, Wuhu Cehua and Mr. Li
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is (are) independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associates(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Minhang Real Estate”	民航房地產開發有限公司 (Minhang Real Estate Development Co., Ltd.*), a company incorporated in the PRC with limited liability
“Mr. Li”	Mr. Li Jian 李健
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京五棵松文化體育中心有限公司 (Beijing Wukesong Culture & Sports Centre Co., Ltd.*), a company incorporated in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries to be acquired by CIFI (PRC) pursuant to the Cooperation Agreement
“Tianjin Zhuoxin”	天津卓新諮詢服務有限公司 (Tianjin Zhuoxin Consultancy Service Co., Ltd.*), a company incorporated in the PRC with limited liability and directly owned as to 99.99% by Wuhu Cehua and as to 0.01% by Mr. Li
“Transactions”	the transactions contemplated under the Cooperation Agreement
“Wuhu Cehua”	蕪湖策華企業管理合夥企業 (有限合夥) (Wuhu Cehua Corporate Management Partnership (Limited Partnership)*), a partnership established in the PRC with limited liability
“%”	per cent.

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

Hong Kong, 24 February 2021

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. WANG Wei as non-executive Directors, and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as independent non-executive Directors.

* For identification purposes only