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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 PROPERTY DEVELOPMENT PROJECT IN CHONGQING, THE PRC

CHONGQING COOPERATION AGREEMENT

On 2 August 2021, the Company, together with its subsidiaries, namely Chongqing Hezhiqu, Chongqing Changhe and Chongqing Project Company entered into the Chongqing Cooperation Agreement with Henderson China Investment and Boham Estate, both indirect wholly-owned subsidiaries of Henderson Land, for the formation of joint venture to develop the Chongqing Site located in Chongqing, the PRC. As at the date of this announcement, Chongqing Project Company is owned as to 99% by Chongqing Hezhiqu and as to 1% by Chongqing Changhe.

Pursuant to the Chongqing Cooperation Agreement, Boham Estate proposes to acquire 50% of equity interest in Chongqing Project Company by way of capital increase. Upon the completion of the capital increase, Chongqing Project Company will be owned as to 50% by the Company (through Chongqing Hezhiqu and Chongqing Changhe) and 50% by Boham Estate. Chongqing Project Company will be consolidated into the financial statements of the Group and will undertake the development of the Chongqing Site.

The capital commitment currently intended to be payable by the Group for the transactions contemplated under the Chongqing Cooperation Agreement is estimated to be RMB1,000 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Henderson Land is a substantial shareholder of certain subsidiaries of the Company, which do not fall within the ambit of insignificant subsidiaries under Rule 14A.09(1) of the Listing Rules. Henderson China Investment and Boham Estate are indirect wholly-owned subsidiaries of Henderson Land. Accordingly, Henderson China Investment and Boham Estate are associates of Henderson Land and connected persons of the Company at its subsidiary level. The transactions contemplated under the Chongqing Cooperation Agreement therefore constitute connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Chongqing Cooperation Agreement and the transactions thereunder. None of the Directors have any material interest in the transactions contemplated under the Chongqing Cooperation Agreement and as such no Directors have abstained from voting on the resolutions of the Board approving such transactions. The Directors (including the independent non-executive Directors) are of the view that the Chongqing Cooperation Agreement is on normal commercial terms, and the terms and conditions thereof, including the consideration thereof, are fair and reasonable and in the ordinary and usual course of business of the Company and that such transactions are in the interests of the Company and the Shareholders as a whole.

The highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Chongqing Cooperation Agreement exceeds 1% but is less than 5%. As Henderson China Investment and Boham Estate are connected persons of the Company only because of their connection with certain subsidiaries of the Company, the transactions contemplated under the Chongqing Cooperation Agreement are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

CHONGQING COOPERATION AGREEMENT

Date: 2 August 2021

Parties:

- (i) the Company
- (ii) Chongqing Hezhiqi, being an onshore subsidiary controlled by the Company
- (iii) Chongqing Changhe, being an onshore subsidiary controlled by the Company
- (iv) Chongqing Project Company, being a subsidiary of the Group which is owned as to 99% by Chongqing Hezhiqi and as to 1% by Chongqing Changhe as at the date of this announcement
- (v) Henderson China Investment
- (vi) Boham Estate, being an indirect wholly-owned subsidiary of Henderson Land

Subject Matter

As at the date of this announcement, Chongqing Project Company is owned as to 99% by Chongqing Hezhiqi and as to 1% by Chongqing Changhe, both of which being onshore subsidiaries controlled by the Company. Chongqing Hezhiqi and Chongqing Changhe succeeded in the bidding of the land use rights in respect of the Chongqing Site offered for sale by the Planning and Natural Resources Bureau of Chongqing City (重慶市規劃和自然資源局) in April 2021 and the State-owned Construction Land Use Rights Grant Contract in respect of the Chongqing Site has been entered into. Chongqing Project Company was set up on 6 May 2021 in the PRC as a subsidiary owned by Chongqing Hezhiqi and Chongqing Changhe for the purpose of holding the Chongqing Site directly and the development thereof. Other than holding the interest in the Chongqing Site, Chongqing Project Company has no other assets nor conducted any other business operation as at the date of this announcement.

The commitment of capital contribution by each of the Company and Boham Estate as contemplated under the Chongqing Cooperation Agreement will be RMB1,000 million. Such contribution will be applied to increase the registered capital of Chongqing Project Company, and the contributed capital will be partly used for settlement of the land premium. Further funding requirement for project development will be preferentially satisfied, in principle, by external financing.

It is intended that the capital commitment payable by the Group under the Chongqing Cooperation Agreement would be financed by internal resources of the Group. Upon completion of the aforesaid capital increase in Chongqing Project Company, onshore joint venture will be formed through Chongqing Project Company. As a result, Chongqing Project Company will be owned as to 50% by the Company (through Chongqing Hezhiqi and Chongqing Changhe) and 50% by Boham Estate.

The capital commitment was determined after arm's length negotiation between the parties to the Chongqing Cooperation Agreement with reference to the land premium payable and the development cost, interest, related government charges and expenses and possible loan facilities from banks in relation to the Chongqing Site.

Information of Chongqing Project Company

Since Chongqing Project Company does not own any assets nor conduct any business operation other than holding the interest in the Chongqing Site which is held for future development, it has not recorded any revenue or profit since its establishment up to the date of this announcement.

Information of the Chongqing Site

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| Site location: | Site E01-8-5, E01-9, E01-8-6 and E09-1-1, Sub-section E, Liang Lu Zu Tuan, Yubei District, Chongqing, the PRC* (中國重慶市渝北區兩路組團E分區E01-8-5、E01-9、E01-8-6、E09-1-1地塊) |
| Site area: | 102,674 sq.m. |
| Planned gross floor area: | 154,012 sq.m. |
| Term of land use rights: | 50 years for residential use |
| Land premium: | RMB1,900,000,000 |

Composition of the board of directors of Chongqing Project Company

The board of directors of Chongqing Project Company will comprise 5 directors, 3 of whom will be nominated by the Group and the remaining 2 of whom will be nominated by Boham Estate. While each of the Group and Boham Estate shall be entitled to nominate 1 supervisor, the Group has the right to nominate 1 general manager. The board of directors of Chongqing Project Company shall decide on all matters by simple majority.

Profit and loss sharing

The Company and Boham Estate will be entitled to share the profit or bear the loss of Chongqing Project Company in proportion to their respective equity interest subject to applicable adjustments with reference to investment return from the development project agreed among the parties.

It is intended that Chongqing Project Company will still be accounted for as a subsidiary of the Group and it is agreed among the parties to the Chongqing Cooperation Agreement that the accounts of Chongqing Project Company will still be consolidated into the financial statements of the Group.

INFORMATION OF HENDERSON CHINA INVESTMENT AND BOHAM ESTATE

Henderson China Investment 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, finance, hotel operation, department store operation, project management, investment holding and property management.

To the best knowledge of the Company based on information available to it, Boham Estate is a company established in the PRC with limited liability. Boham Estate is an indirect wholly-owned subsidiary of Henderson Land as at the date of this announcement and is principally engaged in property investment.

REASONS FOR AND BENEFIT OF THE CHONGQING 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 and diversify its financial exposure. Henderson Land is a trusted and long-term strategic partner of the Group.

The Chongqing Cooperation Agreement enables the Group to further strengthen its cooperation with Henderson Land and to enjoy the economic benefits of the property development project in Chongqing, the PRC, by leveraging the synergies of the cooperation.

The Directors consider that the Chongqing Cooperation 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 at the date of this announcement, Henderson Land is a substantial shareholder of certain subsidiaries of the Company, which do not fall within the ambit of insignificant subsidiaries under Rule 14A.09(1) of the Listing Rules. Henderson China Investment and Boham Estate are indirect wholly-owned subsidiaries of Henderson Land. Accordingly, Henderson China Investment and Boham Estate are associates of Henderson Land and connected persons of the Company at its subsidiary level. The transactions contemplated under the Chongqing Cooperation Agreement therefore constitute connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Chongqing Cooperation Agreement and the transactions thereunder. None of the Directors have any material interest in the transactions contemplated under the Chongqing Cooperation Agreement and as such no Directors have abstained from voting on the resolutions of the Board approving such transactions. The Directors (including the independent non-executive Directors) are of the view that the Chongqing Cooperation Agreement is on normal commercial terms, and the terms and conditions thereof, including the consideration thereof, are fair and reasonable and in the ordinary and usual course of business of the Company and that such transactions are in the interests of the Company and the Shareholders as a whole.

The highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Chongqing Cooperation Agreement exceeds 1% but is less than 5%. As Henderson China Investment and Boham Estate are connected persons of the Company only because of their connection with certain subsidiaries of the Company, the transactions contemplated under the Chongqing Cooperation Agreement are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

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| “associate” | has the same meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Boham Estate” | Boham Estate (Shenzhen) Co., Ltd.* (寶享房地產(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Henderson Land and a fellow subsidiary of Henderson China Investment |
| “Chongqing Changhe” | Chongqing Changhe Real Estate Development Co., Ltd.* (重慶昌赫房地產開發有限公司), a company established in the PRC with limited liability and an onshore subsidiary controlled by the Company |
| “Chongqing Cooperation Agreement” | the cooperation agreement dated 2 August 2021 entered into between the Company, Chongqing Hezhiqi, Chongqing Changhe, Chongqing Project Company, Henderson China Investment and Boham Estate |
| “Chongqing Hezhiqi” | Chongqing Hezhiqi Business Information Consultancy Co., Ltd.* (重慶和智齊商務信息諮詢有限公司), a company established in the PRC with limited liability and an onshore subsidiary controlled by the Company |
| “Chongqing Project Company” | Chongqing Zhuoping Real Estate Development Co., Ltd.* (重慶卓平房地產開發有限公司), a company established in the PRC with limited liability for the development of the Chongqing Site |
| “Chongqing Site” | a site located at Site E01-8-5, E01-9, E01-8-6 and E09-1-1, Sub-section E, Liang Lu Zu Tuan, Yubei District, Chongqing, the PRC* (中國重慶市渝北區兩路組團E分區E01-8-5、E01-9、E01-8-6、E09-1-1地塊) |
| “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 |
| “Directors” | the directors of the Company |

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| “Group” | the Company and its subsidiaries |
| “Henderson China Investment” | Henderson (China) Investment Company Limited (恒基(中國)投資有限公司), 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: 0012) |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “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 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders” | holders of the ordinary share(s) of HK\$0.1 each of the Company |
| “sq.m.” | square metre(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

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

Hong Kong, 2 August 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 Director, and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as independent non-executive Directors.

* *For identification purposes only*