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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
DISPOSAL OF 30% EQUITY INTEREST IN THE TARGET COMPANY

On 2 September 2021, the Vendor (being an onshore subsidiary controlled by the Company), the Purchaser (being an indirect wholly-owned subsidiary of Lingyu International), Ping An Real Estate and the Target Company entered into the Sale and Purchase Agreement, pursuant to which (i) the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share, representing 30% equity interest in the Target Company; and (ii) the Vendor agreed to assign, and the Purchaser agreed to take the assignment of the Sale Loan at a total consideration of RMB212,961,682.72 (subject to adjustments).

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company indirectly owns 50% shareholding in Lingyu International which is not regarded as subsidiary of the Company. Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng indirectly (through vehicles wholly-owned by them) hold an aggregate of approximately 40% shareholding in Lingyu International. The Purchaser is an indirect wholly-owned subsidiary of Lingyu International.

Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng are executive Directors and controlling shareholders of the Company. Lingyu International and the Purchaser are associates of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng and therefore the connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company under the Listing Rules.

Since certain applicable percentage ratios for the Transaction are above 0.1% but less than 5%, the Transaction is only subject to reporting and announcement requirements and is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

On 2 September 2021, the Vendor (being an onshore subsidiary controlled by the Company), the Purchaser (being an indirect wholly-owned subsidiary of Lingyu International), Ping An Real Estate and the Target Company entered into the Sale and Purchase Agreement in respect of the Transaction.

The principal terms of the Sale and Purchase Agreement are set out below:

Date

2 September 2021

Parties

- (i) the Vendor, an onshore subsidiary controlled by the Company;
- (ii) the Purchaser, an indirect wholly-owned subsidiary of Lingyu International;
- (iii) Ping An Real Estate; and
- (iv) the Target Company.

As at the date of this announcement, Ping An Real Estate holds 70% equity interest in the Target Company. To the best knowledge of the Company based on information available to it, Ping An Real Estate is a company established in the PRC with limited liability and is ultimately owned by Ping An Group, which is deemed to be interested in 546,866,577 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as at the date of this announcement, representing 6.54% of the total issued share capital of the Company. Ping An Real Estate is not a connected person of the Company under the Listing Rules.

Subject Matter

Under the Sale and Purchase Agreement, (i) the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share, representing 30% equity interest in the Target Company; and (ii) the Vendor agreed to assign, and the Purchaser agreed to take the assignment of the Sale Loan for a total consideration of RMB212,961,682.72 (subject to adjustments).

Consideration

The consideration shall be paid by the Purchaser in the following manner:

- (1) 95% of the consideration shall be paid by the Purchaser before 31 December 2021; and
- (2) the remaining 5% of the consideration shall be settled within 15 working days of the first anniversary of the Completion Date.

The total consideration for the disposal of the Sale Share and the assignment of the Sale Loan is RMB212,961,682.72, which is subject to adjustments based on the actual settlement amount of the land value-added tax in relation to, and the total income generated from, the property held by the Target Company.

The consideration payable by the Purchaser has been determined after arm's length negotiation between the Purchaser and the Vendor with reference to, among other things,

- (i) the unaudited consolidated net asset value of the Target Company as at the Reference Date of approximately RMB491,872,000; and
- (ii) the Sale Loan on dollar-to-dollar basis in the amount of approximately RMB52.9 million, which comprises of shareholder loan due to the Vendor by the Target Company in the amount of approximately RMB38.3 million and the dividends payable to the Vendor in the amount of approximately RMB14.6 million as at the Reference Date.

Condition Precedent

The Sale and Purchase Agreement will be conditional upon the satisfaction of the condition precedent that all necessary consents and approvals in relation to the Transaction having been obtained, and all compliance procedures thereof having been completed by the parties to the Sale and Purchase Agreement.

Completion

Completion shall take place on the Completion Date. The Vendor shall handle the required procedures for the transfer of Sale Share with the business administration department within 15 days from the date on which the condition precedent has been fulfilled.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and, as at the date of this announcement, principally engaged in property development and operation. Particularly, the Target Company is the project company undertaking the development and operation of the Pujiang Site located at Pujiang Town, Shanghai. The Pujiang Site has been developed into Linghangshe project, a complex mainly involving apartment, commercial and offices, which are partially developed for sales and partially self-owned for investment purpose.

Set out below are certain consolidated financial information of the Target Company 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 <i>Note</i>	–	242,935
Net profit/(loss) before taxation	(550)	30,727
Net profit/(loss) after taxation	(550)	23,045

Note:

The Target Company did not recognize revenue for the year ended 31 December 2019 as sales and operation of the Linghangshe project commenced in 2020.

Based on the consolidated unaudited financial information of the Target Company, the total assets value and net assets value of the Target Company were approximately RMB1,454,239,000 and RMB582,114,000 respectively as at 30 June 2021.

INFORMATION ON THE GROUP, THE VENDOR AND THE PURCHASER

The Group is principally engaged in the property development and property investment business in the PRC.

The Vendor is a company established in the PRC with limited liability, which is an onshore subsidiary controlled by the Company. The Vendor is principally engaged in property development.

The Purchaser is a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of Lingyu International. Lingyu International and the Purchaser are principally engaged in operation management of leasing apartment, hospitality and related services in the PRC.

FINANCIAL EFFECTS OF THE TRANSACTION AND USE OF PROCEEDS

Immediately upon the completion of the Transaction, the Target Company will cease to be an associate of the Company.

The Company expects to record a net gain of approximately RMB9,356,000 from the Transaction and such proceeds are intended to be used as general working capital of the Group. Apart from the above, the Transaction is not expected to have immediate material impact on the financial position of the Group.

REASONS AND BENEFITS OF THE TRANSACTION

As the properties developed for sales under Linghangshe project have almost been sold, the Board considers that the Transaction gives a good opportunity of the Group to realize its investment in the Target Company and to streamline its business operations. The Company committed as a minor shareholder of the Target Company, offering its resources and network, and more importantly, its experience in property development and investment, to facilitate the development of the Target Company. The disposal of interests in the Target Company aligns with the Company's plan of unloading its initial investment when the platform becomes mature. In addition, Lingyu International is renowned in providing operation management of leasing apartments in Shanghai. It is believed the Purchaser and Lingyu International are experienced and well positioned to provide excellent services on the operation management of the apartments owned by the Target Company. The Company can therefore leverage the capabilities of Lingyu International, in which the Company has equity interest. The Board believes that the Target Company would be complimentary to the Group's core property development/investment business and have great synergies with the Group as "real estate plus" business.

Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, being executive Directors and controlling shareholders of the Company, are considered to have a material interest in the Transaction and therefore have abstained from voting on the Board resolutions of the Company for approving the Transaction. Save as disclosed above, as Ping An Real Estate, a related company of Ping An Investor, is involved in the Transaction, Mr. WANG Wei, the non-executive Director nominated by Ping An Investor has voluntarily abstained from voting on the relevant Board resolutions approving the Transaction.

All the independent non-executive Directors are of the opinion that the Transaction is on normal commercial terms in the ordinary and usual course of business of the Group, and the terms of the Sale and Purchase Agreement, including the consideration thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, the Company indirectly owns 50% shareholding in Lingyu International which is not regarded as subsidiary of the Company. Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng indirectly (through vehicles wholly-owned by them) hold an aggregate of approximately 40% shareholding in Lingyu International. The Purchaser is an indirect wholly-owned subsidiary of Lingyu International.

Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng are executive Directors and controlling shareholders of the Company. Lingyu International and the Purchaser are associates of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng and therefore the connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company under the Listing Rules.

Since certain applicable percentage ratios for the Transaction are above 0.1% but less than 5%, the Transaction is only subject to reporting and announcement requirements and is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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 Date”	the date on which the registration for transfer of the Sale Share is completed and a renewed business license of the Target Company is issued
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholders”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Lingyu International”	LingYu International Group Co., Ltd. (領寓國際集團有限公司), a company incorporated in the Cayman Islands with limited liability

“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
“Ping An Group”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a joint stock company duly incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 2318)
“Ping An Investor”	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Ping An Group
“Ping An Real Estate”	Ping An Real Estate Co., Ltd.* (平安不動產有限公司), a company established in the PRC with limited liability and ultimately owned by Ping An Group
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong and Macau Special Administrative Regions and Taiwan
“Pujiang Site”	site no. 122-5 located at Pujiang Town, Shanghai
“Purchaser”	Shanghai Jiadi Hotel Management Co., Ltd.* (上海家迪酒店管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Lingyu International
“Reference Date”	31 July 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 September 2021 entered into between the Vendor, the Purchaser, Ping An Real Estate and the Target Company in respect of the Transaction
“Sale Loan”	the entire amount of the principal, interest and other sums and indebtedness due, owing or payable to the Vendor by the Target Company as at the Reference Date
“Sale Share”	30% equity interest in the Target Company
“Shareholders”	the shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Anbiao Management Consultancy Co., Ltd.* (上海安標管理諮詢有限公司), a company established in the PRC with limited liability, which is owned as to 30% by the Vendor and 70% by Ping An Real Estate as at the date of this announcement
“Transaction”	the transaction contemplated under the Sale and Purchase Agreement
“Vendor”	Shanghai Changyu Real Estate Co., Ltd.* (上海昌煜置業有限公司), a company established in the PRC with limited liability and an onshore subsidiary controlled by the Company
“%”	per cent.

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

Hong Kong, 2 September 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*