

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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, 05925, 40046, 40120, 40316, 40464, 40519, 40681, 40682, 85926)

(Warrant Stock Codes: 17211, 21305, 24361)

**INSIDE INFORMATION
UPDATE ON THE HOLISTIC SOLUTION FOR
OFFSHORE LIQUIDITY SITUATION
BUSINESS UPDATE
AND
PROFIT WARNING**

This announcement is made by CIFI Holdings (Group) Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to 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).

Reference is made to the inside information announcement of the Company dated 1 November 2022 (the “**November 2022 Announcement**”). Unless otherwise stated, terms used in this announcement shall have the same respective meanings as those defined in the November 2022 Announcement.

UPDATE ON THE HOLISTIC SOLUTION FOR OFFSHORE LIQUIDITY SITUATION

1. Progress on developing the holistic solution

The board of the directors of the Company (the “**Board**”) is pleased to update the market that significant progress has been made to formulate a holistic solution to its current offshore liquidity situation.

The Company continues to work diligently with its professional advisers to develop a holistic solution that treats all stakeholders equitably, resolves the Company’s liquidity issues and secures the long-term future of the Company for the benefit of all its stakeholders.

As mentioned in the November 2022 Announcement, the Company intends to run a professional, efficient and fair process in the quest for a holistic solution of the difficulties faced by it, with the first two phases being the establishment of creditor bodies and the preparation of information including a comprehensive independent business review.

A Co-ordination Committee and an ad hoc group of bondholders (the “**AHG**”) have been formed and constructive discussions are continuing between the Company and these creditor groups or their advisers, with a view to assisting their evaluation of the Company’s overall debt positions and to understanding their concerns, requests and expectations on next steps. Through these continuing, professional and constructive communications and engagement, the Company has obtained significant input from its creditors which has informed and guided the formulation of the holistic solution. The Company values the input from its creditors and would like to express its deepest gratitude to its creditors for the constructive engagement and support.

To provide a common information platform for creditors, the Company has engaged Kroll as an independent financial adviser to perform an independent business review and liquidation analysis on the Group on the basis of a duty of care being owed to the creditors. Significant progress has been made on the independent business review and liquidation analysis, and the Company has begun discussions with the Co-ordination Committee on potential holistic solutions and anticipates commencing such discussions with the AHG or its advisers imminently and no later than 31 March 2023.

The Company is grateful to the offshore creditors 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. Preliminary indicative key terms

The Company would like to update its stakeholders on its current expectations regarding certain key commercial terms of its proposed holistic solution. These terms are subject to change and, in particular, may be amended as a result of further consideration by the Company and its professional advisers and/or discussions with the Co-ordination Committee, the AHG and their professional advisers. These indicative key terms have not been agreed with any person.

- (a) No haircut. The Company is not anticipating creditors being required to accept any reduction in the principal amount of the debt owing to them.
- (b) Equitisation option. The holistic solution may contain an option for some or all creditors to voluntarily convert a proportion of their debt to equity or convertible bonds in the Company.
- (c) Cash-pay interest reduction. The Company’s interest burden will need to be reduced to a sustainable amount in order to allow the Company to return to a position of long-term financial stability. The Company anticipates an initial period where interest will be partially in cash and may be partially in Payment-in-Kind.

- (d) Maturity. The amortization of principal and maturity of the Company's debts will be extended to a date not anticipated to be more than 7 years from the date on which the holistic solution is fully implemented.
- (e) Upfront payment/fees. The Company anticipates that there will be some up-front payment to creditors in the form of partial principal payment and/or consent fee.
- (f) Credit enhancement. The Company is developing a proposal to provide its creditors with appropriate and practical credit enhancement.

The Company is confident that its holistic solution will, if accepted by its creditors and successfully implemented, provide creditors with a significantly better recovery than the estimated recovery on liquidation as calculated by Kroll.

The Company expects to continue the proactive and constructive dialogue and maintain a positive momentum with the Co-ordination Committee and the AHG with a view to negotiating a holistic solution as soon as practical. In this regard, the Company will continue to provide material updates on the process to all stakeholders as appropriate.

BUSINESS UPDATE

1. Ensuring deliveries and normal operations

Given the headwinds facing the Chinese real estate industry, the Group has put tremendous efforts in preserving value for all stakeholders by ensuring delivery of completed units, stabilising its normal business operations and maintaining its onshore financing arrangements. This is evident by the delivery of around 90,000 residential units during 2022 and nearly 10,000 residential units in the first two months of 2023. Onshore sales and cash collection are key to the Group's financial position and business operation. The Group has been working relentlessly and will continue to take all possible measures to expedite such sales and cash collection. To further strengthen the Group's cash position, the Group remains active in taking advantage of any improved market sentiment when it arises to explore disposal of non-core assets. The Group is also continuously adopting appropriate measures to save costs and increase operational efficiency so long as such measures do not affect the deliveries and normal operations.

As announced on 29 December 2022, the Company successfully completed a placing and subscription of shares raising approximately HK\$946 million (after deduction of all relevant fees, costs and expenses to be borne or incurred by the Company). Those funds were used to pay approximately HK\$342 million to its offshore loan lenders, which was sufficient to pay all interest (at non-default rates) for the period to and including 31 December 2022. The remaining funds have been or will be used for the benefit of the holders of the Company's bonds.

2. Cash position

Given the current market conditions and various local governmental policies, the liquidity of the Group is constrained. For example, a substantial amount of the Group's cash is kept at project-level designated bank accounts and subject to stringent pre-sale escrow arrangement for ensuring completion and delivery of properties. Based on its unaudited consolidated management accounts, the aggregate cash and bank balances of the Group was approximately RMB20,500 million as at 31 December 2022 (30 June 2022: approximately RMB31,200 million).

PROFIT WARNING

Based on the preliminary assessment of the unaudited management accounts of the Group for the year ended 31 December 2022 and other information currently available to the Board, it is expected that the Group will record a loss ranging from approximately RMB13,000 million to RMB14,000 million (profit for the year ended 31 December 2021: approximately RMB12,327 million) and core net loss attributable to equity owners ranging from approximately RMB5,100 million to RMB5,600 million (core net profit attributable to equity owners for the year ended 31 December 2021: approximately RMB7,284 million) for the year ended 31 December 2022. The expected loss was primarily attributable to (1) (i) decline in properties delivery leading to decrease in revenue and profit recognised from sales of properties; (ii) increase in provision of impairment for property projects, both affected by the overall unfavourable business environment of the real estate industry and the pandemic in PRC in 2022; (2) a foreign exchange loss arising from the depreciation of Renminbi against U.S. Dollar; and (3) fair value loss recorded from investment properties.

As at the date of this announcement, the annual results of the Group for the year ended 31 December 2022 have not been finalised. The information (including the impairment of the properties of the Group) contained in this announcement is solely based on the Board's preliminary assessment on the unaudited management accounts of the Group for the year ended 31 December 2022 and other information currently available to the Group, which are being audited by the auditors and are subject to the review of the audit committee of the Company and therefore, may be subject to further changes. The Group's consolidated financial information contained in the annual results announcement for the year ended 31 December 2022, which may be different from the information contained in this announcement, is expected to be published in late March 2023.

Holders of securities and potential investors of the Company are advised to read carefully the annual results announcement of the Group for the year ended 31 December 2022.

The Company will keep its shareholders, holders of securities and investors informed of any significant developments and further announcement(s) will be made by the Company as and when appropriate or as required under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 10 March 2023

As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei, Mr. LIN Feng, Mr. RU Hailin and Mr. YANG Xin as executive Directors; and Mr. ZHANG Yongyue, Mr. TAN Wee Seng and Ms. LIN Caiyi as independent non-executive Directors.