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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  
IN RELATION TO  
DISPOSAL OF EQUITY INTEREST IN GUANGZHOU CHANGZHUO**

**THE EQUITY TRANSFER AGREEMENT**

On 18 September 2023 (after trading hours), Guangzhou Changguang (an indirect wholly-owned subsidiary of the Company), Guangzhou Changhui, Guangzhou Changzhuo, CIFI PRC, Henderson China, Xu An (HK), Shanghai Xuhui, Zhongguang Development and Hongqiao Project Company entered into the Equity Transfer Agreement, pursuant to which Guangzhou Changguang conditionally agreed to sell, and Guangzhou Changhui conditionally agreed to purchase, 50% of the equity interest in Guangzhou Changzhuo and the Disposed Loan at an aggregate consideration of RMB240,310,505.84 (equivalent to approximately HK\$261,938,000.00).

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 1% but is less than 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, Henderson Land is a substantial shareholder of certain subsidiaries of the Company, which are not insignificant subsidiaries under Rule 14A.09(1) of the Listing Rules. As each of Henderson China, Guangzhou Changhui and Zhongguang Development is a subsidiary of Henderson Land, they are also connected persons of the Company at the subsidiary level. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, as (1) the Board has approved the Equity Transfer Agreement and the transaction contemplated thereunder; and (2) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable and the Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, by virtue of Rule 14A.101 of the Listing Rules, the Equity Transfer Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

**As the completion of the Disposal is subject to the satisfaction of certain conditions precedent as stated in the Equity Transfer Agreement, the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **THE EQUITY TRANSFER AGREEMENT**

On 18 September 2023 (after trading hours), Guangzhou Changguang (an indirect wholly-owned subsidiary of the Company), Guangzhou Changhui, Guangzhou Changzhuo, CIFI PRC, Henderson China, Xu An (HK), Shanghai Xuhui, Zhongguang Development and Hongqiao Project Company entered into the Equity Transfer Agreement, pursuant to which Guangzhou Changguang conditionally agreed to sell, and Guangzhou Changhui conditionally agreed to purchase, 50% of the equity interest in Guangzhou Changzhuo and the Disposed Loan at an aggregate consideration of RMB240,310,505.84 (equivalent to approximately HK\$261,938,000.00).

The principal terms of the Equity Transfer Agreement are summarised as follows:

### **Date**

18 September 2023 (after trading hours)

### **Parties**

- (1) Guangzhou Changguang (as vendor)
- (2) Guangzhou Changhui (as purchaser)
- (3) Guangzhou Changzhuo
- (4) CIFI PRC
- (5) Henderson China
- (6) Xu An (HK)
- (7) Shanghai Xuhui
- (8) Zhongguang Development
- (9) Hongqiao Project Company

For further details, please refer to the paragraph headed “Information of the Group and Other Parties of the Equity Transfer Agreement”.

## **Subject of the Disposal**

Pursuant to the Equity Transfer Agreement, Guangzhou Changguang conditionally agreed to sell, and Guangzhou Changhui conditionally agreed to purchase, 50% of the equity interest in Guangzhou Changzhuo and the Disposed Loan.

As at the date of this announcement, Guangzhou Changzhuo held 20% of the entire equity interest in the Zengcheng Project Company, which in turn holds and develops the Zengcheng Project. Please refer to the paragraph headed “Information of Guangzhou Changzhuo” for further details.

## **The Consideration**

The consideration (the “**Consideration**”) for the Disposal is RMB240,310,505.84 (equivalent to approximately HK\$261,938,000.00), comprising (i) RMB1.00 for the 50% equity interest in Guangzhou Changzhuo; and (ii) RMB240,310,504.84 for the Disposed Loan.

Pursuant to the Equity Transfer Agreement, the Consideration shall be settled by (i) setting off against the equivalent amounts out of the dividend of the Hongqiao Project Company that Henderson China and/or its associates are entitled to and/or the receivables due to Henderson China and/or its associates on the Hongqiao Project Company and (ii) payment by Henderson China for the shortfall (if any).

The consideration for the Disposal was determined after arm’s length negotiation between the Group and Henderson China, taking into account (i) the market value of the shareholders’ equity of Guangzhou Changzhuo as at 30 June 2023 appraised by an independent valuer using the asset-based approach, being approximately RMB-163,724,200; (ii) the negative net asset value of Guangzhou Changzhuo; (iii) the outstanding amount of the Disposed Loan; (iv) the sales progress of the Zengcheng Project; and (v) the release of the Group from making further capital contribution upon signing of the Equity Transfer Agreement.

## **Conditions precedent**

The completion of the Disposal is conditional upon the following conditions:

- (i) the registration of the change of the shareholding and other relevant changes of Guangzhou Changzhuo with the department of the industry and commerce administration has been completed;
- (ii) the supervisor of the Zengcheng Project Company has been changed to the person designated by Henderson China; and
- (iii) the handover of certain operational and administrative matters to Henderson China on Guangzhou Changzhuo and the Zengcheng Project Company has been completed.

## **The Completion**

The completion of the Disposal shall take place on the day on which the above conditions precedent are satisfied.

The financials of Guangzhou Changzhuo have not been consolidated into the consolidated financial statements of the Group before the entering into of the Equity Transfer Agreement and upon completion of the Disposal, the Group will cease to hold any equity interest in Guangzhou Changzhuo.

## **Guarantee**

Each of CIFI PRC and Henderson China irrevocably guarantees the due and punctual performance by each of Guangzhou Changguang (or any third parties designated by Guangzhou Changguang) and Guangzhou Changhui, respectively, of all its obligations under the Equity Transfer Agreement.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Based on the Consideration for the Disposal and the carrying value of the Disposed Loan, the Company expects to record a loss of approximately RMB91,000,000 from the Disposal. Apart from the above, the Disposal is not expected to have immediate material impact on the financial position of the Group.

The above figure is for illustrative purpose only. The actual loss in connection with the Disposal will be subject to the review and final audit by the independent auditors of the Company.

## **INFORMATION OF GUANGZHOU CHANGZHUO**

Guangzhou Changzhuo is a company established in the PRC with limited liability and owned as to 50% by Guangzhou Changguang and 50% by Guangzhou Changhui as at the date of this announcement. Guangzhou Changzhuo is an investment holding company.

The Zengcheng Project Company is a company established in the PRC with limited liability and owned as to 20% by Guangzhou Changzhuo and 80% by Independent Third Parties as at the date of this announcement. The Zengcheng Project Company is principally engaged in property development and holds and develops the Zengcheng Project. The Zengcheng Project, located at Sanlian Village, Zengcheng District, Guangzhou has a land lot of approximately 85,000 square meters, which is expected to be developed in phrases into high-rise apartments, complemented by commercial and community facilities with a total gross floor area of approximately 256,000 square meters.

Set out below are certain financial information of Guangzhou Changzhuo (as prepared in accordance with the PRC generally accepted accounting principles):

|                                   | <b>For the year ended</b> |                      |
|-----------------------------------|---------------------------|----------------------|
|                                   | <b>31 December</b>        |                      |
|                                   | <b>2022</b>               | <b>2021</b>          |
|                                   | (unaudited)               | (unaudited)          |
|                                   | <i>Approximately</i>      | <i>Approximately</i> |
|                                   | <i>RMB</i>                | <i>RMB</i>           |
| Net (loss)/profit before taxation | (7,503)                   | (287)                |
| Net (loss)/profit after taxation  | (653,895)                 | (287)                |

Based on the unaudited financial information of the Guangzhou Changzhuo, the unaudited total asset value and negative net asset value of Guangzhou Changzhuo as at 30 June 2023 were approximately RMB630,636,000 and RMB18,709,000, respectively.

## **INFORMATION OF THE GROUP AND OTHER PARTIES OF THE EQUITY TRANSFER AGREEMENT**

### **The Group**

The Group is principally engaged in the businesses of property development, property investment and provision of property management services in the PRC.

### **CIFI PRC**

CIFI PRC is a joint stock company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. CIFI PRC, together with its subsidiaries, is principally engaged in property development and property investment in the PRC.

### **Guangzhou Changguang**

Guangzhou Changguang is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Guangzhou Changguang is principally engaged in investment holdings.

### **Guangzhou Changhui**

Guangzhou Changhui is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Henderson Land. Guangzhou Changhui is principally engaged in investment holdings.

### **Henderson China**

Henderson China is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Henderson Land. Henderson China is principally engaged in investment holdings.

## **Xu An (HK)**

Xu An (HK) is a company incorporated in Hong Kong, and a joint venture ultimately owned as to 50% by the Company and 50% by Henderson Land. Xu An (HK) is principally engaged in investment holdings.

## **Shanghai Xuhui**

Shanghai Xuhui is a company established in the PRC with limited liability and an onshore subsidiary controlled by the Company. Shanghai Xuhui is principally engaged in investment holdings.

## **Zhongguang Development**

Zhongguang Development is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Henderson Land. Zhongguang Development is principally engaged in investment holdings.

## **Hongqiao Project Company**

Hongqiao Project Company is a company established in the PRC with limited liability owned as to 56.50% by Xu An (HK), 21.75% by Shanghai Xuhui and 21.75% by Zhongguang Development. Hongqiao Project Company is a joint venture formed by the Group and Henderson China for the purpose of holding and developing a complex project in Hongqiao, Shanghai, the PRC, the financials of which are consolidated into the consolidated financial statements of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Following completion of the Disposal, the Group will be released from the obligation of injecting further capitals into Guangzhou Changzhuo/the Zengcheng Project, which will in turn improve the Group's cash flow. Moreover, the Board believes that the Disposal, by exiting project located in non-key development region and with minor shareholding, will enable the Group to reallocate resources to projects in key development regions and improving the efficiency of capital use and business decision-making process for these projects.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and the Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. None of the Directors who attended the Board meeting has a material interest in the Disposal and therefore, none of them was required to abstain from voting in respect of the Disposal.

## **LISTING RULES IMPLICATIONS**

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As at the date of this announcement, Henderson Land is a substantial shareholder of certain subsidiaries of the Company, which are not insignificant subsidiaries under Rule 14A.09(1) of the Listing Rules. As each of Henderson China, Guangzhou Changhui and Zhongguang Development is a subsidiary of Henderson Land, they are also connected persons of the Company at the subsidiary level. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, as (1) the Board has approved the Equity Transfer Agreement and the transaction contemplated thereunder; and (2) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable and the Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, by virtue of Rule 14A.101 of the Listing Rules, the Equity Transfer Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the ordinary shares, warrants and derivatives of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 31 March 2023 and will remain suspended until the Stock Exchange is satisfied that the Company has fulfilled the requirements prescribed under the Resumption Guidance (as defined in the announcement of the Company dated 23 June 2023).

**As the completion of the Disposal is subject to the satisfaction of certain conditions precedent stated in the Equity Transfer Agreement, the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

|                    |   |
|--------------------|---|
| “associate”        | has the meaning ascribed to it under the Listing Rules  |
| “Board”            | the board of Directors  |
| “CIFIPRC”          | CIFI Group Co., Ltd.* (旭輝集團股份有限公司), 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 |
| “connected person” | has the meaning ascribed to it under the Listing Rules  |

|                             |  |
|-----------------------------|--|
| “Directors”                 | the directors of the Company   |
| “Disposal”                  | the disposal of 50% of the equity interest in Guangzhou Changzhuo and the assignment of the Disposed Loan by Guangzhou Changguang to Guangzhou Changhui pursuant to the terms and conditions of the Equity Transfer Agreement  |
| “Disposed Loan”             | the shareholders’ loan owed by Guangzhou Changzhuo to Guangzhou Changguang and to be assigned to Guangzhou Changhui, the outstanding amount of which was RMB331,405,155.74 as at 30 June 2023  |
| “Equity Transfer Agreement” | the equity transfer agreement dated 18 September 2023 entered into among Guangzhou Changguang, Guangzhou Changhui, Guangzhou Changzhuo, CIFI PRC, Henderson China, Xu An (HK), Shanghai Xuhui, Zhongguang Development and Hongqiao Project Company in relation to the Disposal |
| “Group”                     | the Company and its subsidiaries   |
| “Guangzhou Changguang”      | Guangzhou Changguang Business Consulting Co., Ltd.* (廣州昌廣商務諮詢有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company   |
| “Guangzhou Changhui”        | Guangzhou Changhui Real Estate Development Co., Ltd.* (廣州昌匯房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Henderson Land   |
| “Guangzhou Changzhuo”       | Guangzhou Changzhuo Business Consulting Co., Ltd.* (廣州昌卓商務諮詢有限公司), a company established in the PRC with limited liability and owned as to 50% by Guangzhou Changguang and 50% by Guangzhou Changhui as at the date of this announcement                                       |
| “Henderson China”           | Henderson China Properties Limited (恒基中國地產有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of 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)  |
| “HK\$”                      | Hong Kong dollars, the lawful currency of Hong Kong  |



|                                |  |
|--------------------------------|--|
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC   |
| “Hongqiao Project Company”     | Shanghai Xuhong Real Estate Co., Ltd.* (上海旭弘置業有限公司), a company established in the PRC with limited liability owned as to 56.50% by Xu An (HK), 21.75% by Shanghai Xuhui and 21.75% by Zhongguang Development as at the date of this announcement                                       |
| “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 |
| “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   |
| “Shanghai Xuhui”               | Shanghai Xuhui Enterprise Management Co., Ltd.* (上海旭輝企業管理有限公司), a company established in the PRC with limited liability and an onshore subsidiary controlled by the Company  |
| “Share(s)”                     | the ordinary share(s) of HK\$0.1 each of the Company   |
| “Shareholders”                 | shareholders of the Company  |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited  |
| “Xu An (HK)”                   | Xu An (HK) Co. Limited (旭安(香港)有限公司), a company incorporated in Hong Kong, and a joint venture ultimately owned as to 50% by the Company and 50% by Henderson Land  |
| “Zengcheng Project”            | a residential and commercial project located at Sanlian Village, Zengcheng District, Guangzhou, Guangdong Province, the PRC and wholly-owned and developed by the Zengcheng Project Company  |

|                             |   |
|-----------------------------|---|
| “Zengcheng Project Company” | Guangzhou Zengcheng Runyu Real Estate Co., Ltd.* (廣州增城區潤昱置業有限公司), a company established in the PRC with limited liability and owned as to 20% by Guangzhou Changzhuo and 80% by Independent Third Parties as at the date of this announcement |
| “Zhongguang Development”    | Zhongguang Development Real Estate (Shanghai) Co., Ltd.* (中光發展置業(上海)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Henderson Land  |
| “%”                         | per cent.   |

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.09 has been used, where applicable, for illustration purpose only and does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

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

Hong Kong, 18 September 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 and Mr. TAN Wee Seng and Ms. LIN Caiyi as independent non-executive Directors.*

\* *For identification purposes only*