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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

On 11 January 2018, (i) CIFI (PRC) (being the wholly-owned subsidiary of the Company); (ii) Qingdao Yinshengtai Group; (iii) Ms. Jiang; and (iv) Mr. Ren (together with Ms. Jiang, being the Guarantors and the ultimate beneficial owners controlling Qingdao Yinshengtai Group) entered into the Cooperation Agreement pursuant to which CIFI (PRC) (and through any other designated member of the Group) propose to acquire an aggregate of 50% equity interest in the Target Company thereby the Target Company will be owned as to 50% by the Group and as to 50% by Qingdao Yinshengtai Group, the Guarantors and their associates for the joint development of the property projects. As at 31 December 2017, the Target Company had a total land bank of approximately 1.67 million sq.m. with residential and commercial projects located in Shandong Province (including Qingdao and Jinan) of the PRC. The aggregate consideration payable by the Group for the acquisition of 50% equity interest in the Target Company pursuant to the Cooperation Agreement will be RMB1,519,810,000, of which RMB500,000,000 will be injected into the Target Company and the remaining RMB1,019,810,000 will be payable to the Guarantors. The aggregate amount of RMB1,519,810,000 for the capital injections and the acquisition of equity interest in the Target Company will be payable in cash and will be financed by internal resources of the Group. Upon Completion, the board of directors of the Target Company will comprise 5 directors, 3 of which will be nominated by the Group and 2 of which will be nominated by Qingdao Yinshengtai Group and the Guarantors.

As certain applicable percentage ratios for the Transaction contemplated under the Cooperation Agreement are above 5% but less than 25%, the Transaction constitutes 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.

Reference was made to the announcement of the Company dated 23 October 2017 regarding the signing of the cooperation framework agreement by CIFI (PRC) with Qingdao Yinshengtai Group and its ultimate beneficial owners in respect of the plan to cooperate in developing the property projects located in Shandong Province (including Qingdao and Jinan) of the PRC. On 11 January 2018, the definitive Cooperation Agreement was signed among the parties with details set out below.

THE COOPERATION AGREEMENT

Date

11 January 2018

Parties

- (i) CIFI (PRC)
- (ii) Qingdao Yinshengtai Group
- (iii) Ms. Jiang
- (iv) Mr. Ren

CIFI (PRC) is an indirect wholly-owned subsidiary of the Company.

As at the date of this announcement, the Target Company is beneficially owned by Qingdao Yinshengtai Group as to 85% and Ms. Jiang as to 15%. Qingdao Yinshengtai Group, which is principally engaged in property development and investment in the PRC, is in turn entirely controlled by Ms. Jiang and Mr. Ren directly and indirectly. Ms. Jiang and Mr. Ren, being the Guarantors, are spouses. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Qingdao Yinshengtai Group, Ms. Jiang and Mr. Ren are Independent Third Parties.

The proposed capital injection and the acquisition of equity interest in the Target Company

The registered and paid-up capital of the Target Company was RMB100,000,000 as at the date of this announcement. It is agreed among the parties to the Cooperation Agreement that the Group will acquire 50% equity interest in the Target Company in the following manner:

- (i) Upon signing of the Cooperation Agreement, CIFI (PRC) (or its designated wholly owned subsidiary in the PRC) will, and the Guarantors will procure Ningbo Longxuan and Ningbo Shengyan to inject capital into the Target Company. Each of CIFI (PRC), Ningbo Longxuan and Ningbo Shengyan is expected to inject RMB25,000,000, RMB100,000,000 and RMB25,000,000 respectively into the Target Company. The registered and paid-up capital of the Target Company is expected to increase to RMB250,000,000 and the Target Company is expected to be beneficially owned as to 10% by CIFI (PRC), 40% by Ningbo Longxuan, 10% by Ningbo Shengyan, 34% by Qingdao Yinshengtai Group and 6% by Ms. Jiang.

Ningbo Longxuan is indirectly wholly owned by Auspicious Zone and Ningbo Shengyan is indirectly wholly owned by East Heyday. Both Auspicious Zone and East Heyday are companies incorporated in the British Virgin Islands and in turn entirely controlled by the Guarantors and their associates. Auspicious Zone, East Heyday and their respective wholly owned subsidiaries (including Golden Cosmo directly held by Auspicious Zone) are investment holding companies which are set up to hold the interest in the Target Company pursuant to the proposed joint venture arrangement contemplated under the Cooperation Agreement. The parties to the Cooperation Agreement further agreed that, in contemplation of acquisition of the entire interest in Golden Cosmo by the Group as set out in paragraph (ii) below, the Group will make contribution of RMB100,000,000 for Ningbo Longxuan in the Target Company.

- (ii) Further, CIFI (PRC) will procure an offshore designated member of the Group to acquire the entire interest in Golden Cosmo from Auspicious Zone at the total consideration of RMB1,019,810,000. Upon the completion of the acquisition, the Group will own an aggregate of 50% equity interest in the Target Company, of which 10% will be held directly by CIFI (PRC) (or its designated wholly owned subsidiary in the PRC) and 40% will be held through Golden Cosmo which indirectly owns the entire interest in Ningbo Longxuan. The Target Company will become a joint venture vehicle owned as to 50% by the Group and as to 50% aggregately by Qingdao Yinshengtai Group (34%), Ms. Jiang (6%) and Ningbo Shengyan (10%). The name of the Target Company will then be changed to 青島銀盛泰旭輝房地產有限公司 (Qingdao Yinshengtai CIFI Property Co. Ltd.*).
- (iii) Within 30 days after the acquisition mentioned in (ii) above, the shareholders of the Target Company will make further contribution of capital for the aggregate sum of RMB750,000,000 (or equivalent amount in HKD or USD) on pro-rata basis with reference to their respective shareholding in the Target Company. Accordingly, the total amount of capital to be contributed by the Group will be RMB375,000,000 (or equivalent amount in HKD or USD). The registered and paid-up capital of the Target Company will then further be increased to RMB1,000,000,000 upon completion of the aforesaid capital contribution.

The consideration for the Transaction 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 Company as at 30 September 2017; and (ii) the land bank and value and the development costs of the projects held by the Target Company. The aggregate amount of RMB1,519,810,000 for the capital injections and the acquisition of equity interest in the Target Company mentioned in (i) to (iii) above will be payable in cash and will be financed by internal resources of the Group.

Future funding

It is contemplated that the Target Company shall fund any future development costs of the projects firstly by external bank financing, and, if such third party loans are insufficient to cover the development costs, by further shareholders' loans or capital contributions provided by its shareholders on pro-rata basis with reference to their respective shareholdings in the Target Company.

Board composition

Upon Completion, the board of directors of the Target Company will comprise five directors, three of whom will be nominated by the Group and the remaining two of whom will be nominated by Qingdao Yinshengtai Group and the Guarantors. The chairman of the board of directors of the Target Company will be a director nominated by Qingdao Yinshengtai Group and the Guarantors. The financial performance of the Target Company is intended to be consolidated into the consolidated financial statements of the Group.

Profit and loss sharing

The shareholders of the Target Company will be entitled to share the profit or bear the loss of the Target Company in proportion to their respective equity interest in the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated on 26 June 1998 in the PRC with limited liability and currently has a registered and paid-up capital of RMB100,000,000 as at the date of this announcement. The principal business of the Target Company is property development in Shandong Province (including Qingdao and Jinan) of the PRC.

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 2015 (audited) <i>Approximately (RMB million)</i>	For the year ended 31 December 2016 (audited) <i>Approximately (RMB million)</i>	LR 14.58(7)
Net profit/(loss) before taxation	353.9	201.8	
Net profit/(loss) after taxation	39.1	62.8	
	As at 31 December 2015 (audited) <i>Approximately (RMB million)</i>	As at 31 December 2016 (audited) <i>Approximately (RMB million)</i>	LR 14.58(6)
Total assets value	7,532.6	10,496.9	
Net assets value	729.3	878.2	

Based on the unaudited financial statements of the Target Company under the PRC generally accepted accounting principles, the Target Company had total assets of approximately RMB8,876.2 million as at 30 September 2017, while the unaudited net asset value of the Target Company as at 30 September 2017 was approximately RMB580 million.

As at 31 December 2017, the Target Company had a total land bank of approximately 1.67 million sq.m. with residential and commercial projects located in Shandong Province (including Qingdao and Jinan) of the PRC.

REASONS FOR AND BENEFIT OF THE TRANSACTION

The Group is principally engaged in the property development and property investment in the PRC. It has been one of the key strategies of the Group to have joint venture arrangements with renowned property developers to jointly develop property projects so as to achieve synergy and diversify its financial exposure. The Directors consider that the Cooperation Agreement is consistent with the Group's development strategies and 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 IMPLICATION

As certain applicable percentage ratios for the Transaction contemplated under the Cooperation Agreement are above 5% but less than 25%, the Transaction constitutes 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:

“associates”	has the meaning ascribed thereto under the Listing Rules
“Auspicious Zone”	Auspicious Zone International Limited (瑞域國際有限公司), a company incorporated in the British Virgin Islands with limited liability and is entirely controlled by the Guarantors and their associates
“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 capital injections and the acquisition of equity interest in the Target Company contemplated under the Cooperation Agreement

“Cooperation Agreement”	the agreement dated 11 January 2018 entered into between CIFI (PRC), Qingdao Yinshengtai Group, Ms. Jiang and Mr. Ren in relation to acquisition of 50% equity interest in the Target Company by the Group
“Directors”	the directors of the Company
“East Heyday”	East Heyday Holdings Limited (東盛控股有限公司), a company incorporated in the British Virgin Islands with limited liability and is entirely controlled by the Guarantors and their associates
“Golden Cosmo”	Golden Cosmo Development Limited (金宇發展有限公司), a company incorporated in the British Virgin Islands with limited liability and is directly wholly owned by Auspicious Zone
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, Ms. Jiang and Mr. Ren
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 associate(s)
“Mr. Ren”	Mr. Ren Jun (任軍), one of the ultimate beneficial owners controlling the Target Company as at the date of this Announcement
“Ms. Jiang”	Ms. Jiang Ping (姜萍), one of the ultimate beneficial owners controlling the Target Company as at the date of this Announcement
“Ningbo Longxuan”	寧波江北隆煊貿易有限公司 (Ningbo Jiangbei Longxuan Trading Co., Ltd.*), a company incorporated in the PRC with limited liability and indirectly wholly owned by Golden Cosmo which is in turn wholly owned by Auspicious Zone

“Ningbo Shengyan”	寧波江北聖琰貿易有限公司 (Ningbo Jiangbei Shengyan Trading Co., Ltd.*), a company incorporated in the PRC with limited liability and indirectly wholly owned by East Heyday
“PRC”	The People’s Republic of China
“Qingdao Yinshengtai Group”	青島銀盛泰集團有限公司 (Qingdao Yinshengtai Group Co. Ltd.*), a company incorporated in the PRC with limited liability and directly and indirectly controlled by Ms. Jiang and Mr. Ren as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	青島銀盛泰房地產有限公司 (Qingdao Yinshengtai Property Co. Ltd.*), a company incorporated in the PRC with limited liability
“Transaction”	the transaction contemplated under the Cooperation Agreement
“USD”	United States dollars, the lawful currency of United States of America
“%”	per cent.

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

Hong Kong, 12 January 2018

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. ZHOU Yimin 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