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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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO APARTMENTS LEASING AND
RENOVATION MASTER AGREEMENT**

APARTMENTS LEASING AND RENOVATION MASTER AGREEMENT

Reference is made to the Announcement in relation to the capital contribution into Lingyu Apartment Management by CIFI (PRC). As disclosed in the Announcement, Lingyu Apartment Management is principally engaged in provision of apartment rental and related services in the PRC. On 30 June 2017, after arms' length negotiation, the Company (for itself and on behalf of other members of the Group) and Lingyu Apartment Management (for itself and on behalf of other members of the Lingyu Apartment Management Group) entered into the Apartments Leasing and Renovation Master Agreement whereby the Group will lease to Lingyu Apartment Management Group relevant Properties held by the Group and provide renovation contracting services to the Lingyu Apartment Management Group. Lingyu Apartment Management will then sub-lease the apartments at the Properties to individual customers who are Independent Third Parties and render related management and hospitality services. The Apartments Leasing and Renovation Master Agreement became effective on 30 June 2017 and will expire on 31 December 2019.

LISTING RULES IMPLICATIONS

Upon completion of the said capital contribution, Lingyu Apartment Management became an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng pursuant to Rule 14A.12(1)(c) of the Listing Rules, and thus a connected person of the Company. Accordingly, the transactions contemplated under the Apartments Leasing and Renovation Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Annual Caps exceed 0.1% but do not exceed 5%, the Continuing Connected Transactions are only subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to the capital contribution of into Lingyu Apartment Management by CIFI (PRC). Upon completion of the said capital contribution, Lingyu Apartment Management became an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng pursuant to Rule 14A.12(1)(c) of the Listing Rules, and thus a connected person of the Company. Accordingly, any transactions between any member of the Group and the Lingyu Apartment Management Group constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

THE APARTMENTS LEASING AND RENOVATION MASTER AGREEMENT

On 30 June 2017, after arms' length negotiation, the Company (for itself and on behalf of the other members of the Group) and Lingyu Apartment Management (for itself and on behalf of other members of the Lingyu Apartment Management Group) entered into the Apartments Leasing and Renovation Master Agreement whereby the Group will lease to Lingyu Apartment Management Group relevant Properties held by the Group and provide renovation contracting services to Lingyu Apartment Management Group. Lingyu Apartment Management will then sub-lease the apartments at the Properties to individual customers who are Independent Third Parties and render related management and hospitality services.

The principal terms of the Apartments Leasing and Renovation Master Agreement are set out below:

Date	:	30 June 2017
Parties	:	(1) the Company (for itself and on behalf of other members of the Group) (2) Lingyu Apartment Management (for itself and on behalf of other members of the Lingyu Apartment Management Group)
Term	:	Effective from 30 June 2017 to 31 December 2019 (both days inclusive) renewable upon mutual consent and subject to applicable laws and regulations

Scope of services : Leasing of the Properties held by the Group to Lingyu Apartment Management Group and provision of renovation services by the Group to the Lingyu Apartment Management Group, including but not limited to interior renovation, refurbishment and electromechanical services

Pricing : The rental payable in relation to the leasing of any particular Property and the fee payable in relation to renovation services shall be reflected in the Specific Agreements and determined after arm's length negotiations among the Group and the Lingyu Apartment Management Group with reference to the prevailing market conditions including (i) the market rental of comparable properties charged by the Independent Third Parties; (ii) the location, condition and size of the particular Property; (iii) the cost and period involved in the renovation.

Independent valuer will also be engaged to opine on the fairness and reasonableness of the rental payable by the Lingyu Apartment Management Group to the Group.

Other terms : The parties to the Apartments Leasing and Renovation Master Agreement have agreed as follows:

- (a) the parties shall enter into the Specific Agreements to set out the detailed terms for the Continuing Connected Transactions after arm's length negotiations on normal commercial terms; and
- (b) the Specific Agreements shall conform with the principals and provisions set out in the Apartments Leasing and Renovation Master Agreement.

The Annual Caps and their basis

The Annual Caps are as follows:

Year ending 31 December 2017 (RMB'000)	Year ending 31 December 2018 (RMB'000)	Year ending 31 December 2019 (RMB'000)
600,000	700,000	800,000

The Annual Caps have been determined with reference to (i) the prevailing market prices for (a) the rental of comparable properties; and (b) the provision of renovation contracting services of comparable properties; (ii) the expected scale of area and number of Properties which are expected to be leased by the Group to the Lingyu Apartment Management Group; and (iii) the expected amount of renovation contracting services to be provided by the Group to the Lingyu Apartment Management Group.

The payments made by the Lingyu Apartment Management Group to the Group under the Apartments Leasing and Renovation Master Agreement are expected to be applied by the Group as working capital.

INFORMATION OF THE GROUP AND LINGYU APARTMENT MANAGEMENT

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

Lingyu Apartment Management is principally engaged in provision of apartment rental and related services in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE APARTMENTS LEASING AND RENOVATION MASTER AGREEMENT

The Properties to be leased by the Group to the Lingyu Apartment Management Group are held by the Group for rental income purpose. Driven by the growing affluence and desire of population in pursuing elegant living style in the PRC, the Group expects there is increasing demand for quality and well-furnished apartments served with hospitality services. The lease out of the Properties and the provision of renovation contracting services will enhance the income of the Group and provide steady sources of revenues to the Group.

LISTING RULES IMPLICATIONS

Lingyu Apartment Management is an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng pursuant to Rule 14A.12(1)(c) of the Listing Rules it is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Apartments Leasing and Renovation Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Annual Caps exceed 0.1% but do not exceed 5%, the Continuing Connected Transactions are only subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, being executive Directors, are considered to have a material interest in the Apartments Leasing and Renovation Master Agreement and therefore have abstained from voting on the Board resolutions of the Company for the approval of the Apartments Leasing and Renovation Master Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors have any material interest in the transactions under the Apartments Leasing and Renovation Master Agreement nor is any of them required to abstain from voting in respect of the relevant Board resolutions.

All the independent non-executive Directors and the executive Directors (in respect of the executive Directors, they have expressed their views although they have abstained from voting) are of the opinion that the Apartments Leasing and Renovation Master Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Apartments Leasing and Renovation Master Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 21 March 2017 in relation to capital investment into Lingyu Apartment Management
“Annual Caps”	the annual aggregate maximum amounts of fee payable by Lingyu Apartment Management Group to the Group under the Continuing Connected Transactions for the three financial years ending 31 December 2019 as set out in the sub-section headed “The Annual Caps and their basis” under the section headed “The Apartments Leasing and Renovation Master Agreement” of this announcement
“Apartments Leasing and Renovation Master Agreement”	the master agreement dated 30 June 2017 entered into between the Company and Lingyu Apartment Management in relation to leasing of the relevant properties and provision of renovation contracting services by the Group to Lingyu Apartment Management Group
“associate”	has the same meaning ascribed to it 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
“CIFI (PRC)”	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
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions of the Company constituted by the transactions contemplated under the Apartments Leasing and Renovation Master Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“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) and Directors, chief executive or substantial shareholders, or the Company, its subsidiaries or any of their respective associate(s)
“Lingyu Apartment Management”	Shanghai Lingyu Apartment Management Co., Ltd.* (上海領昱公寓管理有限公司), a joint venture company established in the PRC with limited liability and a connected person
“Lingyu Apartment Management Group”	Lingyu Apartment Management and its subsidiaries
“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
“Properties”	the relevant properties developed and leased by the Group to the Lingyu Apartment Management Group under the respective Specific Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao 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
“Specific Agreement(s)”	the specific agreement(s) to be entered into between members of the Group and members of the Lingyu Apartment Management Group regarding the leasing of the relevant properties and the incidental provision of the renovation contracting services by the Group to the Lingyu Apartment Management Group in accordance with the terms of the Apartments Leasing and Renovation Master Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Xuhui Enterprise”

Shanghai Xuhui Enterprise Development Co., Ltd.* (上海旭輝企業發展有限公司), an investment holding company established in the PRC with limited liability and a connected person of the Company

“%”

per cent

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

Hong Kong, 30 June 2017

As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as executive Directors; and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as independent non-executive Directors.

* *For identification purposes only*