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**DFL**  
DAFA LAND

**DaFa Properties Group Limited**  
**大发地产集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6111)**

**DISCLOSEABLE TRANSACTION**

**DISPOSAL OF 100% EQUITY INTERESTS IN  
ANQING YINYI REAL ESTATE CO., LTD.**

**THE EQUITY TRANSFER AGREEMENT**

The Board hereby announces that on 17 June 2020, Shanghai Dafa (an indirect wholly-owned subsidiary of the Company), YinYi Hong Kong (an indirect wholly-owned subsidiary of the Company) and Wenzhou Hanying entered into the Equity Transfer Agreement, pursuant to which Shanghai Dafa and YinYi Hong Kong have agreed to sell and Wenzhou Hanying has agreed to purchase the 100% equity interest in the Target Company at the total consideration of RMB344,659,505.88.

**IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but all are below 25%, the Disposal constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**INTRODUCTION**

The Board hereby announces that on 17 June 2020, Shanghai Dafa (an indirect wholly-owned subsidiary of the Company), YinYi Hong Kong (an indirect wholly-owned subsidiary of the Company) and Wenzhou Hanying entered into the Equity Transfer Agreement, pursuant to which Shanghai DaFa and YinYi Hong Kong have agreed to sell and Wenzhou Hanying has agreed to purchase the 100% equity interest in the Target Company at the total consideration of RMB344,659,505.88.

## **THE EQUITY TRANSFER AGREEMENT**

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

### **Date**

17 June 2020

### **Parties**

- (a) Shanghai Dafa (as vendor);
- (b) YinYi Hong Kong (as vendor); and
- (c) Wenzhou Hanying (as purchaser).

### **Subject Matter**

Pursuant to the Equity Transfer Agreement, each of Shanghai Dafa and YinYi Hong Kong have agreed to sell 73.68% and 26.32% of the equity interest in the Target Company at the consideration of RMB253,945,123.93 and RMB90,714,381.95, respectively, and Wenzhou Hanying has agreed to purchase such equity interest held by each of Shanghai Dafa and YinYi Hong Kong.

As at the date of this announcement, the Target Company is directly held by Shanghai Dafa and YinYi Hong Kong as to 73.68% and 26.32%, respectively.

### **Consideration**

The total consideration payable by Wenzhou Hanying for the acquisition of the Target Equity Interest shall be RMB344,659,505.88.

The consideration for the Target Equity Interest was determined after arm's length negotiations between Shanghai Dafa, YinYi Hong Kong and Wenzhou Hanying, taking into account the unaudited consolidated net asset value of the Target Company as at 31 May 2020.

### **Payment terms**

The total consideration of the Target Equity Interest of RMB344,659,505.88 shall be paid in one lump sum before 30 June 2020.

### **Completion**

The parties shall cooperate to ensure that the registration filings of the equity transfer contemplated under the Equity Transfer Agreement are accepted by the relevant administration of industry and commerce of the PRC after completion of the payment of consideration and before 30 June 2020, upon which Wenzhou Hanying shall be entitled to the profits and assume the losses of the Target Company.

Upon completion, the Target Company will cease to be a subsidiary of the Company.

## INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. It is principally engaged in property development. The principal asset of the Target Company is Anqing Dafa Bilss Project\* (安慶大發融悅項目), which is a residential property project located in Anqing, Anhui Province, the PRC, currently under construction.

Set out below is the net loss (both before and after taxation) of the Target Company (as prepared in accordance with International Financial Reporting Standards for the two years ended 31 December 2018 and 31 December 2019).

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2019</b>
	(Unaudited)	(Unaudited)
	(RMB'000)	(RMB'000)
<b>Net loss before taxation</b>	21,080	22,242
<b>Net loss after taxation</b>	15,881	16,819

The unaudited net asset value of the Target Company as at 31 May 2020 was approximately RMB341,393,000.

## FINANCIAL EFFECTS FROM THE DISPOSAL

Upon completion of the Disposal, it is estimated that the Company would record a gain on the Disposal (before taxation) of approximately RMB3.3 million, being the difference between the total consideration for the Target Equity Interest of RMB344,659,505.88 and the unaudited net asset value of the Target Company. The actual gain as a result of the Disposal to be recorded by the Group shall be subject to final audit to be performed by the Company's auditors.

The Group intends to apply the sale proceeds for general working capital and potential acquisitions and investments as and when opportunities arise.

## **INFORMATION ON THE RELEVANT PARTIES**

### **The Group**

The Group is principally engaged in property development and property investment in the PRC, among which, property development is the main source of the income for the Group.

### **Shanghai Dafa**

Shanghai Dafa is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development and the operation of commercial complexes in the PRC.

### **YinYi Hong Kong**

YinYi Hong Kong is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

### **Wenzhou Hanying**

Wenzhou Hanying is a company established under the laws of the PRC with limited liability. It is principally engaged in investment holding and its ultimate beneficial owners are Ms. Zhou Yangyan (周洋燕) and Mr. Lou Ruiyan (婁瑞琰).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wenzhou Hanying and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT**

The Group is an expanding real estate developer in the Yangtze River Delta Region focusing on the development and sales of residential properties. Headquartered in Shanghai, the Group has an active presence in the Yangtze River Delta Region.

The Target Company mainly holds the Anqing Dafa Bilss Project\* (安慶大發融悅項目). The Company expects that the Disposal will improve the Group's asset turnover rate and generate additional cash inflow, which would enhance the Group's ability to acquire or invest in other land parcels or property projects.

On the basis of the above, the Directors are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but all are below 25%, the Disposal constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the meanings as set out below:

“Board”	the board of Directors
“Company”	DaFa Properties Group Limited, an exempted company incorporated under the laws of Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6111)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of 100% equity interest in the Target Company by Shanghai Dafa and YinYi Hong Kong to Wenzhou Hanying pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 17 June 2020 entered into among Shanghai Dafa (an indirect wholly-owned subsidiary of the Company), YinYi Hong Kong (an indirect wholly-owned subsidiary of the Company) and Wenzhou Hanying in respect of the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Dafa”	Shanghai Dafa Land Group Co., Ltd.* (上海大發房地產集團有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interest”	100% equity interest in the Target Company, of which 73.68% is held by Shanghai Dafa and 26.32% is held by YinYi Hong Kong

“Target Company”	Anqing Yinyi Real Estate Co., Ltd.* (安慶市垠壹置業有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company, which is held as to 73.68% and 26.32% by Shanghai Dafa and YinYi Hong Kong respectively
“Wenzhou Hanying”	Wenzhou Hanying Trading Company Limited* (溫州市瀚盈貿易有限公司), a limited liability company established in the PRC
“YinYi Hong Kong”	YinYi Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board  
**DaFa Properties Group Limited**  
**Ge Yiyang**  
*Chairman*

Hong Kong, 17 June 2020

*As at the date of this announcement, the Board comprises Mr. Ge Yiyang, Mr. Liao Lujiang, Mr. Chi Jingyong and Mr. Yang Yongwu as the executive Directors, and Mr. Gu Jiong, Mr. Sun Bing and Mr. Fok Ho Yin Thomas as the independent non-executive Directors.*

\* *For identification purposes only.*