

*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.*



**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 TRANSACTIONS**

**IN RELATION TO**

**(1) DISPOSAL OF 88.3% EQUITY INTEREST IN  
NINGBO YUYAO KAIRUN REAL ESTATE CO., LTD.**

**AND**

**(2) DISPOSAL OF 100% EQUITY INTEREST IN  
WUHU YINYI REAL ESTATE CO., LTD.**

**INTRODUCTION**

The Board hereby announces that on 13 November 2020, (i) Ningbo Kairen (an indirect wholly-owned subsidiary of the Company) and Ningbo Tianyi entered into the Kairun Equity Transfer Agreement, pursuant to which Ningbo Kairen has agreed to sell and Ningbo Tianyi has agreed to purchase the 88.3% equity interest in Yuyao Kairun at a total consideration of RMB11,126,000; and (ii) Nanjing Geyang (an indirect wholly-owned subsidiary of the Company), YinYi Hong Kong (an indirect wholly-owned subsidiary of the Company) and Wuhu Yinjiu entered into the YinYi Equity Transfer Agreement, pursuant to which Nanjing Geyang and YinYi Hong Kong have agreed to sell and Wuhu Yinjiu has agreed to purchase 100% equity interest in Wuhu YinYi at a total consideration of RMB86,784,245.94.

**IMPLICATIONS UNDER THE LISTING RULES**

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

## **INTRODUCTION**

The Board hereby announces that on 13 November 2020, (i) Ningbo Kairen (an indirect wholly-owned subsidiary of the Company) and Ningbo Tianyi entered into the Kairun Equity Transfer Agreement, pursuant to which Ningbo Kairen has agreed to sell and Ningbo Tianyi has agreed to purchase the 88.3% equity interest in Yuyao Kairun at a total consideration of RMB11,126,000; and (ii) Nanjing Geyang (an indirect wholly-owned subsidiary of the Company), YinYi Hong Kong (an indirect wholly-owned subsidiary of the Company) and Wuhu Yinjiu entered into the YinYi Equity Transfer Agreement, pursuant to which Nanjing Geyang and YinYi Hong Kong have agreed to sell and Wuhu Yinjiu has agreed to purchase 100% equity interest in Wuhu YinYi at a total consideration of RMB86,784,245.94.

## **THE KAIRUN EQUITY TRANSFER AGREEMENT**

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

### **Date**

13 November 2020

### **Parties**

- (a) Ningbo Kairen (as vendor); and
- (b) Ningbo Tianyi (as purchaser).

### **Subject Matter**

Pursuant to the terms and conditions of the Kairun Equity Transfer Agreement, Ningbo Kairen has agreed to sell 88.3% of the equity interest in Yuyao Kairun at the consideration of RMB11,126,000, and Ningbo Tianyi has agreed to purchase such equity interest held by Ningbo Kairen.

As at the date of this announcement, Yuyao Kairun is directly held by Ningbo Kairen and Ningbo Kaiyin Enterprise Management Partnership (Limited Partnership)\* (寧波凱垠企業管理合夥企業(有限合夥)) (being an independent third party of the Company) as to 88.3% and 11.7%, respectively.

### **Consideration**

The total consideration payable by Ningbo Tianyi for the acquisition of the Kairun Target Equity Interest shall be RMB11,126,000.

The consideration for the Kairun Target Equity Interest was determined after arm's length negotiations between Ningbo Kairen and Ningbo Tianyi, taking into account the unaudited net asset value of Yuyao Kairun as at 30 September 2020.

### **Payment terms**

The total consideration of the Kairun Target Equity Interest of RMB11,126,000 shall be paid by Ningbo Tianyi to Ningbo Kairen in one lump sum before 15 December 2020.

## **Completion**

Within 5 days after the signing of the Kairun Equity Transfer Agreement, the parties shall sign all the documents required for the registration of equity transfer contemplated under the Kairun Equity Transfer Agreement and assist Yuyao Kairun with the registration filings for such equity transfer with the relevant industrial and commercial authorities in the PRC.

The completion of the Kairun Equity Transfer Agreement shall take place on the date on which (i) the Kairun Target Equity Interest has been transferred by Ningbo Kairen to Ningbo Tianyi; and (ii) the industrial and commercial registration of such equity transfer has been completed.

Upon completion, Ningbo Tianyi shall be entitled to the rights and obligations as a shareholder of Yuyao Kairun in accordance with its shareholding interests to Yuyao Kairun and the articles of association of Yuyao Kairun, and upon completion, Yuyao Kairun will cease to be a subsidiary of the Company.

## **THE YINYI EQUITY TRANSFER AGREEMENT**

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

### **Date**

13 November 2020

### **Parties**

- (a) Nanjing Geyang (as vendor);
- (b) YinYi Hong Kong (as vendor); and
- (c) Wuhu Yinjiu (as purchaser).

### **Subject Matter**

Pursuant to the terms and conditions of the YinYi Equity Transfer Agreement, each of Nanjing Geyang and YinYi Hong Kong has agreed to sell 51% and 49% of the equity interest in the Wuhu YinYi at a consideration of RMB44,259,965.43 and RMB42,524,280.51, respectively, and Wuhu Yinjiu has agreed to purchase such equity interest held by each of Nanjing Geyang and YinYi Hong Kong.

As at the date of this announcement, Wuhu YinYi is directly held by Nanjing Geyang and YinYi Hong Kong as to 51% and 49%, respectively.

## **Consideration**

The total consideration payable by Wuhu Yinjiu for the acquisition of the YinYi Target Equity Interest shall be RMB86,784,245.94.

The consideration for the YinYi Target Equity Interest was determined after arm's length negotiation amongst Nanjing Geyang, YinYi Hong Kong and Wuhu Yinjiu, taking into account (i) the unaudited net asset value of Wuhu YinYi as at 30 September 2020; and (ii) the valuation of the YinYi Target Equity Interest of approximately RMB86,784,000 by an independent third party valuer.

## **Payment terms**

As at the date of this announcement, Nanjing Geyang is an indirect wholly-owned subsidiary of YinYi Hong Kong. Pursuant to the terms of the YinYi Equity Transfer Agreement, YinYi Hong Kong confirms that the consideration of RMB42,524,280.51 receivable by YinYi Hong Kong, will be paid to Nanjing Geyang on its behalf.

The total consideration of the YinYi Target Equity Interest of RMB86,784,245.94 shall be paid by Wuhu Yinjiu to Nanjing Geyang in one lump sum before 30 November 2020.

## **Completion**

Within 5 days after the signing of the YinYi Equity Transfer Agreement, the parties shall sign all the documents required for the registration of equity transfer contemplated under the YinYi Equity Transfer Agreement and assist Wuhu YinYi with the registration filings for such equity transfer with the relevant industrial and commercial authorities in the PRC.

The completion of the YinYi Equity Transfer Agreement shall take place on the date on which (i) the YinYi Target Equity Interest has been transferred by Nanjing Geyang and YinYi Hong Kong to Wuhu Yinjiu; and (ii) the industrial and commercial registration of such equity transfer has been completed.

Upon completion, Wuhu Yinjiu shall be entitled to the rights and obligations as a shareholder of Wuhu YinYi in accordance with its shareholding interests to Wuhu YinYi and the articles of association of Wuhu YinYi, and upon completion, Wuhu YinYi will cease to be a subsidiary of the Company.

## **INFORMATION ON YUYAO KAIRUN AND WUHU YINYI**

### **Yuyao Kairun**

Yuyao Kairun is a company established in the PRC with limited liability. It is principally engaged in property development. The principal assets of Yuyao Kairun are several completed properties held for sale, including parking spaces, with GFA of approximately 1,000 sq.m. of Yuyao Bliss Mansion\* (余姚融悦府), which is a residential property project located at the north of the intersection of Yuyao Dahuan Road and Xueqian Road, Yuyao City, Ningbo, Zhejiang Province, the PRC and the construction of which was completed as at the date of this announcement.

Set out below is the net profit/loss (both before and after taxation) of Yuyao Kairun (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)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b>Net (loss)/profit before taxation</b>	(1,801)	48,759
<b>Net (loss)/profit after taxation</b>	(1,801)	31,050

The unaudited net asset value of Yuyao Kairun as at 30 September 2020 was approximately RMB12,601,000.

### **Wuhu YinYi**

Wuhu YinYi is a company established in the PRC with limited liability. It is principally engaged in property development. The principal assets of Wuhu YinYi are several completed properties held for sale, including parking spaces, with GFA of approximately 164,000 sq.m. of Dafa Bliss Oriental (Wuhu)\* (大發融悅東方(蕪湖)), which is a residential property project located in the area with the Yintang Lake in the east, Yongjin Road in the south, Jiujiang North Road in the west, and the project courtyard wall in the north, Wuhu, Anhui Province, the PRC and the construction of which was completed as at the date of this announcement.

Set out below is the net profit/loss (both before and after taxation) of Wuhu YinYi (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)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b>Net (loss)/profit before taxation</b>	(28,486)	57,714
<b>Net (loss)/profit after taxation</b>	(21,444)	41,760

The unaudited net asset value of Wuhu YinYi as at 30 September 2020 was approximately RMB12,428,000.

## **FINANCIAL EFFECTS FROM THE KAIRUN DISPOSAL AND YINYI DISPOSAL**

### **Kairun Disposal**

Upon completion of the Kairun Disposal, it is estimated that no gain or loss (before taxation) would be recorded for the Company on the Kairun Disposal, after considering the difference between the total consideration for the Kairun Target Equity Interest of RMB11,126,000 and the carrying amount of the Kairun Target Equity Interest attributable to the Company of approximately RMB11,126,000 as at 30 September 2020. The actual gain or loss as a result of the Kairun Disposal to be recorded by the Group shall be subject to final audit to be performed by the Company's auditors.

## **YinYi Disposal**

Upon completion of the YinYi Disposal, it is estimated that the Company would record a gain on the YinYi Disposal (before taxation) of approximately RMB74.4 million, being the difference between the total consideration for the YinYi Target Equity Interest of RMB86,784,245.94 and the carrying amount of the YinYi Target Equity Interest of approximately RMB12,428,000 as at 30 September 2020. The actual gain as a result of the YinYi 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 from the Kairun Disposal and YinYi Disposal 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.

### **Ningbo Kairen**

Ningbo Kairen is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

### **Ningbo Tianyi**

Ningbo Tianyi is a company established under the laws of the PRC with limited liability. It is principally engaged in investment holding and its sole shareholder is Dong Zheng (董征).

### **Nanjing Geyang**

Nanjing Geyang is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

### **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.

### **Wuhu Yinjiu**

Wuhu Yinjiu is a company established under the laws of the PRC with limited liability. It is principally engaged in investment holding and its sole shareholder is Zhang Xiaolei (張小磊).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Ningbo Tianyi and Wuhu Yinjiu and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

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

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.

Yuyao Kairun mainly holds the Yuyao Bliss Mansion\* (余姚融悦府). Wuhu YinYi mainly holds the Dafa Bliss Oriental (Wuhu)\* (大發融悦東方(蕪湖)). The Company expects that the Kairun Disposal and YinYi 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 Kairun Equity Transfer Agreement and YinYi 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 each of the Kairun Disposal and YinYi Disposal exceeds 5% but all are below 25%, the Kairun Disposal and YinYi Disposal constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are 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
“Kairun Disposal”	the disposal of 88.3% equity interest in Yuyao Kairun by Ningbo Kairen to Ningbo Tianyi pursuant to the Kairun Equity Transfer Agreement
“Kairun Equity Transfer Agreement”	the equity transfer agreement dated 13 November 2020 entered into between Ningbo Kairen (an indirect wholly-owned subsidiary of the Company) and Ningbo Tianyi in respect of the Kairun Disposal
“Kairun Target Equity Interest”	88.3% equity interest in Yuyao Kairun held by Ningbo Kairen

“GFA”	gross floor area
“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
“Nanjing Geyang”	Nanjing Geyang Real Estate Co., Ltd.* (南京歌陽置業有限公司) a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Ningbo Kairen”	Ningbo Kairen Real Estate Co., Ltd.* (寧波凱仁置業有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Ningbo Tianyi”	Ningbo Tianyi Properties Development Company Limited* (寧波市天逸房地產開發有限公司), a limited liability company established in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wuhu Yinjiu”	Wuhu Yinjiu Real Estate Co., Ltd.* (蕪湖市垠鳩置業有限公司), a limited liability company established in the PRC
“Wuhu YinYi”	Wuhu YinYi Real Estate Co., Ltd.* (蕪湖垠壹置業有限公司) a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company, which is held as to 51% by Nanjing Geyang and 49% by YinYi Hong Kong respectively
“YinYi Disposal”	the disposal of 100% equity interest in the Wuhu YinYi by Nanjing Geyang and YinYi Hong Kong to Wuhu Yinjiu pursuant to the YinYi Equity Transfer Agreement



“YinYi Equity Transfer Agreement”	the equity transfer agreement dated 13 November 2020 entered into among Nanjing Geyang (an indirect wholly-owned subsidiary of the Company), YinYi Hong Kong (an indirect wholly-owned subsidiary of the Company) and Wuhu Yinjiu in respect of the YinYi Disposal
“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
“YinYi Target Equity Interest”	100% equity interest in Wuhu YinYi, of which 51% is held by Nanjing Geyang and 49% is held by YinYi Hong Kong
“Yuyao Kairun”	Ningbo Yuyao Kairun Real Estate Co., Ltd.* (寧波余姚市凱潤置業有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company, which is held as to 88.3% by Ningbo Kairen and 11.7% by Ningbo Kaiyin Enterprise Management Partnership (Limited Partnership)* (寧波凱垠企業管理合夥企業(有限合夥))
“%”	per cent

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

Hong Kong, 13 November 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.*