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**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  
IN RELATION TO  
ACQUISITION OF EQUITY INTERESTS IN ZHEJIANG XINYUAN**

**THE SHARE TRANSFER AGREEMENT**

The Board hereby announces that on 25 June 2021, Wenzhou Kaixuan (a wholly-owned subsidiary of the Company) and Wenzhou Ruishun entered into the Share Transfer Agreement, pursuant to which Wenzhou Kaixuan has agreed to purchase and Wenzhou Ruishun has agreed to sell 26% of the equity interests in Zhejiang Xinyuan at a consideration of RMB2.6 million.

As at the date of this announcement, Zhejiang Xinyuan is an associated company of the Company, which is held as to 70% and 30% by Wenzhou Ruishun and Wenzhou Kaixuan (a wholly-owned subsidiary of the Company), respectively. Upon completion of the Acquisition, Wenzhou Kaixuan and Wenzhou Ruishun will hold 56% and 44% of the equity interests in Zhejiang Xinyuan, respectively. Accordingly, Zhejiang Xinyuan will become a subsidiary of the Company and the financial results of the Zhejiang Xinyuan Group will be consolidated into the consolidated financial statements of the Group.

**IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is lower than 25%, the Acquisition constitutes 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 25 June 2021, Wenzhou Kaixuan (a wholly-owned subsidiary of the Company) and Wenzhou Ruishun entered into the Share Transfer Agreement, pursuant to which Wenzhou Kaixuan has agreed to purchase and Wenzhou Ruishun has agreed to sell 26% of the equity interests in Zhejiang Xinyuan at a consideration of RMB2.6 million.

## **THE SHARE TRANSFER AGREEMENT**

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

### **Date**

25 June 2021

### **Parties**

- (a) Wenzhou Ruishun (as vendor); and
- (b) Wenzhou Kaixuan (as purchaser)

### **Subject Matter**

Pursuant to the terms and conditions of the Share Transfer Agreement, Wenzhou Ruishun has agreed to sell 26% of the equity interests in Zhejiang Xinyuan and Wenzhou Kaixuan has agreed to purchase such equity interests from Wenzhou Ruishun at the consideration of RMB2.6 million.

### **Consideration**

The consideration payable by Wenzhou Kaixuan to Wenzhou Ruishun for the acquisition of the Target Equity Interest shall be RMB2.6 million.

The consideration for the Target Equity Interest was determined after arm's length negotiations between Wenzhou Kaixuan and Wenzhou Ruishun, taking into account (i) the unaudited consolidated net liabilities of the Zhejiang Xinyuan Group as at 31 May 2021; (ii) the valuation of the properties held by the Zhejiang Xinyuan Group by an independent third party valuer; and (iii) the property market dynamics in Wenzhou, Zhejiang Province, the PRC.

The consideration for the Target Equity Interest will be financed by the internal resources of the Group.

### **Payment terms**

The consideration for the Target Equity Interest of RMB2.6 million shall be paid by Wenzhou Kaixuan to Wenzhou Ruishun in one lump sum in cash within ten days after the execution of the Share Transfer Agreement, i.e. on or before 5 July 2021.

## Completion

After the execution of the Share Transfer Agreement, the parties shall cooperate to ensure that the registration filings of the equity transfer contemplated under the Share Transfer Agreement are accepted by the relevant administration of industry and commerce of the PRC, upon which Wenzhou Kaixuan shall be entitled to the profits and assume the losses of Zhejiang Xinyuan.

Upon completion, Wenzhou Kaixuan shall be entitled to the rights and obligations as a shareholder of Zhejiang Xinyuan in accordance with its capital contribution to Zhejiang Xinyuan and the articles of association of Zhejiang Xinyuan. Furthermore, after completion of the Acquisition, the articles of association of Zhejiang Xinyuan will be amended to the effect that the board of directors of Zhejiang Xinyuan shall comprise three directors, among whom two directors shall be nominated by Wenzhou Kaixuan and one director shall be nominated by Wenzhou Ruishun.

## INFORMATION ON ZHEJIANG XINYUAN

Zhejiang Xinyuan is a company established in the PRC with limited liability. It is principally engaged in investment holding. Zhejiang Xinyuan directly holds 100% equity interests of Yongjia Hongrui, which is principally engaged in property development. The principal asset of Yongjia Hongrui is Wenzhou Yongjia Clearwater Bay\* (溫州永嘉清水灣項目), which is a residential property project located in Wenzhou, Zhejiang Province, the PRC, currently under construction as at the date of this announcement.

Set out below is the consolidated net loss (both before and after taxation) of the Zhejiang Xinyuan Group as prepared in accordance with International Financial Reporting Standards for the two years ended 31 December 2019 and 31 December 2020.

	For the year ended 31 December	
	2019	2020
	(Unaudited)	(Unaudited)
	(RMB'000)	(RMB'000)
<b>Net loss before and after taxation</b>	17,355	48,552

The unaudited consolidated total assets and the unaudited consolidated net liabilities value of the Zhejiang Xinyuan Group as at 31 May 2021 were approximately RMB2,416,459,000 and approximately RMB47,382,000, respectively.

As at the date of this announcement, Zhejiang Xinyuan is an associated company of the Company, which is held as to 70% and 30% by Wenzhou Ruishun and Wenzhou Kaixuan (a wholly-owned subsidiary of the Company), respectively.

Upon completion of the Acquisition, Wenzhou Kaixuan and Wenzhou Ruishun will hold 56% and 44% of the equity interests in Zhejiang Xinyuan, respectively. Accordingly, Zhejiang Xinyuan will become a subsidiary of the Company and the financial results of the Zhejiang Xinyuan Group will be consolidated into the consolidated financial statements of the Group.

## **WENZHOU YONGJIA CLEARWATER BAY**

Wenzhou Yongjia Clearwater Bay is located at intersection of Nanjiang East Road and Nanxijiang Bridge, Yongjia County, Wenzhou, Zhejiang Province, the PRC. The project has a site area of 69,851 sq.m. and a gross floor area of 249,952 sq.m. The development mainly includes high-rise residential blocks as well as auxiliary facilities. The project is well-positioned and enjoys geographical advantages in Wenzhou.

## **INFORMATION ON THE 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.

### **Wenzhou Kaixuan**

Wenzhou Kaixuan is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in property development in the PRC.

### **Wenzhou Ruishun**

Wenzhou Ruishun is a company established under the laws of the PRC with limited liability. It is principally engaged in investment holdings, and its ultimate shareholders are Li Borui (李柏瑞) and Li Yurong (李芋蓉) as to 75% and 25% of its equity interests, respectively.

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

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

As disclosed in the 2020 annual report of the Company dated 25 March 2021, the Group will adhere to the "1+1+X" strategic layout and continue to deeply penetrate the Yangtze River Delta Economic Region of the PRC.

The Group believes that the Acquisition represents an excellent investment opportunity for the Group to further enhance the influence of its brand in Wenzhou and better consolidate and utilize the brand advantages of the Group in the region. Meanwhile, the Group can expand its land bank in Wenzhou, which is in line with the Group's "1+1+X" strategy layout for land development and brings synergy to the Group's existing property development projects in the region.

On the basis of the above, the Directors are of the view that the terms of the Share 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 Acquisition exceeds 5% but is lower than 25%, the Acquisition constitutes 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:

“Acquisition”	the acquisition by Wenzhou Kaixuan of the Target Equity Interest pursuant to the Share Transfer Agreement
“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
“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
“Share Transfer Agreement”	the agreement dated 25 June 2021 entered into by Wenzhou Kaixuan and Wenzhou Ruishun, pursuant to which Wenzhou Kaixuan has agreed to purchase and Wenzhou Ruishun has agreed to sell 26% of the equity interests in Zhejiang Xinyuan at a consideration of RMB2.6 million

“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interest”	26% of equity interests in Zhejiang Xinyuan held by Wenzhou Ruishun as at the date of this announcement
“Wenzhou Kaixuan”	Wenzhou Kaixuan Real Estate Co., Ltd.* (溫州市凱沄置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Wenzhou Ruishun”	Wenzhou Ruishun Real Estate Co., Ltd.* (溫州瑞順置業有限公司), a company established under the laws of the PRC with limited liability
“Yongjia Hongrui”	Yongjia Hongrui Real Estate Co., Ltd.* (永嘉鴻瑞置業有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Zhejiang Xinyuan as at the date of this announcement
“Zhejiang Xinyuan”	Zhejiang Xinyuan Investment Management Ltd.* (浙江欣元投資管理有限公司), a company established under the laws of the PRC with limited liability, and an associated company of the Company as at the date of this announcement
“Zhejiang Xinyuan Group”	Zhejiang Xinyuan and Yongjia Hongrui
“%”	per cent.

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

Hong Kong, 25 June 2021

*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.*