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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)

**OFFER TO EXCHANGE AND CONSENT SOLICITATION
RELATING TO THE OUTSTANDING 9.95% SENIOR NOTES DUE 2022
(THE “EXISTING NOTES”)
(STOCK CODE: 40549)**

Introduction

On January 19, 2021 and June 10, 2021, the Company issued the Existing Notes in an aggregate principal amount of US\$280,000,000 at 9.95% per annum, payable in arrears on July 19, 2021 and January 18, 2022. The Existing Notes are listed on the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). The ISIN and Common Code are XS2286017640 and 228601764, respectively, for the Existing Notes. As of the date of this announcement, the outstanding principal amount are US\$184,500,000 under the Existing Notes.

On the date of this announcement, the Company commenced the offer to exchange for at least US\$166,050,000, or 90%, of the outstanding principal amount of the Existing Notes (the “**Minimum Acceptance Amount**”) upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum. In conjunction with the Exchange Offer, the Company is also soliciting from the Holders consents to the Proposed Waivers and Amendments.

The Exchange Offer, once consummated, and the Proposed Waivers and Amendments, once adopted and effected, will extend our debt maturity profile, strengthen our balance sheet and improve cash flow management.

Once the Proposed Waivers and Amendments become effective and operative, non-tendering Holders of the Existing Notes will not be entitled to the benefit of substantially all of the restrictive covenants and certain events of default or other provisions under the Existing Notes Indenture in relation to their Existing Notes, and all Holders of the Existing Notes will be bound by the provisions of the Supplemental Indenture. For further details, please refer to “The Exchange Offer and Consent Solicitation” below.

Background and Purpose of the Exchange Offer and Consent Solicitation

During the latter half of 2021, Chinese property developers and the capital markets that have funded growth and development of the sector have experienced a turning point. Reduced bank lending for real estate development has adversely affected access by property developers to onshore capital. Reduced bank lending for mortgage finance for buyers, combined with buyers’ concern about the ability of property developers to complete projects, has adversely affected property sales. In addition, the use of pre-sale proceeds is also restricted under the applicable PRC laws. Negative reaction to these onshore events by offshore capital markets has curtailed the Company’s funding sources to address upcoming maturities.

Despite the adverse market environment, as of the date of the Exchange Offer and Consent Solicitation Memorandum, the Company is not in breach of any of its debt obligations. The Company is working on generating sufficient cash flow to meet its financial commitments, including, among others, through extension of its existing credit facilities, opportunistic financing and expenditure conservation. As part of these efforts, the Company is conducting the Exchange Offer and Consent Solicitation to extend its debt maturity profile, strengthen its balance sheet and improve cash flow management. As the timetable of the Exchange Offer and Consent Solicitation makes it impossible for the Company to satisfy certain timing requirements under the Existing Notes Indenture, the Company is also seeking to waive such requirements in connection with the Exchange Offer and Consent Solicitation. The Company is offering Eligible Holders of the Existing Notes an opportunity to exchange their Existing Notes for New Notes with an extended maturity and terms designed to allow the Company to improve its financial condition and stability.

If the Exchange Offer and Consent Solicitation are not successfully consummated, the Company may not be able to fully redeem the Existing Notes upon maturity on January 18, 2022.

The Exchange Offer and Consent Solicitation

The Exchange Offer and Consent Solicitation for the Existing Notes commenced on January 6, 2022 and will expire at 4:00 p.m., London time, on January 12, 2022 (the “**Expiration Deadline**”), unless otherwise extended or earlier terminated by the Company. An appropriate announcement will be made if and when the applicable Expiration Deadline is extended or earlier terminated.

Subject to the terms and conditions set forth in the Exchange Offer and Consent Solicitation Memorandum, the Company is offering to exchange at least the Minimum Acceptance Amount of the Company’s outstanding Existing Notes held by Eligible Holders and soliciting consents from Eligible Holders to certain proposed waivers and amendments to the Existing Notes Indenture, and to the execution by the Company, the Existing Notes Subsidiary Guarantors and the Existing Notes Trustee of an amendment to the Existing Notes Indenture giving effect to the Proposed Amendments (the “**Supplemental Indenture**”), for the Exchange and Consent Consideration. As of the date of the Exchange Offer and Consent Solicitation Memorandum, US\$184,500,000 in aggregate principal amount of the Company’s Existing Notes is outstanding.

Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer and Consent Solicitation will, from and including the Settlement Date, waive any and all rights with respect to the Existing Notes (other than the right to receive the Exchange and Consent Consideration) and will release and discharge the Company from any and all claims such holders may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon. Any tendering Eligible Holder must tender its entire holding of Existing Notes for exchange.

By validly tendering the Existing Notes in the Exchange Offer, Eligible Holders will be deemed to have given Consent in the Consent Solicitation. Eligible Holders may not give Consent only without tendering Existing Notes. All Consents delivered and accepted will be deemed to be Consents to the Proposed Waivers and Amendments as a whole.

Each Eligible Holder will be deemed to have provided its Consent under the Consent Solicitation upon its tender of the Existing Notes. The Proposed Waivers and Amendments will be binding on all holders of Existing Notes upon our receipt of not less than a majority in aggregate principal amount of the Existing Notes outstanding (the “**Requisite Consents**”). The Proposed Waivers will become effective upon receipt of Requisite Consents, and the Proposed Amendments will become effective upon execution of the Supplemental Indenture. The Proposed Waivers and Amendments will not become operative until the payment of Cash Consideration has been made and the Exchange Offer and Consent Solicitation have been consummated. If the Proposed Waivers and Amendments are accepted and effected, Existing Notes that are not tendered and accepted pursuant to the Exchange Offer will be subject to the Proposed Waivers and Amendments. A separate instruction needs to be submitted per each beneficial owner of the Existing Notes held through Euroclear and Clearstream. Instructions in connection with the Exchange Offer and Consent Solicitation are irrevocable.

The Proposed Waivers and Amendments would waive any potential breaches that may arise as a result of the events described in “Background and Purpose of the Exchange Offer and Consent Solicitation” and remove substantially all of the restrictive covenants including but not limited to those described in the announcement made on the Stock Exchange by the Company on January 19, 2021 in connection with the issuance of the Existing Notes.

Exchange and Consent Consideration

The total Exchange and Consent Consideration for each US\$1,000 principal amount of the Existing Notes validly tendered prior to the Expiration Deadline and accepted for exchange (the “**Exchange and Consent Consideration**”) shall be a purchase price equal to:

- (i) US\$40 principal repayment (the “**Upfront Principal Payment**”) in cash;
- (ii) US\$10 in cash (“**Cash Consideration**”);
- (iii) US\$960 in aggregate principal amount of the US\$ denominated Senior Notes due 2022 (the “**New Notes**”); and
- (iv) any Accrued Interest (paid in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards).

The New Notes will mature on June 30, 2022. The New Notes will bear interest at 12.5% per annum payable upon the maturity date.

Application will be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the Exchange Offer, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors or any of their respective subsidiaries or associated companies, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Minimum Acceptance Amount

The minimum aggregate principal amount of the Existing Notes, being US\$166,050,000, or 90%, of the outstanding principal amount of the Existing Notes, for which valid tenders are received and that the Company will determine, in its sole discretion, whether it will accept for exchange pursuant to the Exchange Offer and Consent Solicitation. In the event that the final acceptance rate is below 90%, the Exchange Offer and Consent Solicitation shall lapse automatically.

Summary Timetable

The following summarizes the anticipated timetable for the Exchange Offer and Consent Solicitation.

Date	Event
January 6, 2022	Commencement of the Exchange Offer and Consent Solicitation and announcement via the websites of the Stock Exchange and the Exchange and Consent Website and through Euroclear or Clearstream, as applicable. Exchange Offer and Consent Solicitation Memorandum will be made available to Eligible Holders of the Existing Notes on the Exchange and Consent Website.
January 12, 2022 (4:00 p.m., London time)	Expiration Deadline. This being the last date and time on which Eligible Holders of the Existing Notes who validly tender Existing Notes (and as such, are deemed to have provided a Consent under the Consent Solicitation) are eligible to receive the relevant Exchange and Consent Consideration, as this is the last date and time for Eligible Holders of the Existing Notes to participate in the Exchange Offer and Consent Solicitation.
As soon as practicable after the Expiration Deadline	Announcement of the amount of tenders for exchange received (and as such, the amount of Consents received) prior to the Expiration Deadline, whether Requisite Consent has been received, and the final total aggregate principal amount of the New Notes to be issued to Eligible Holders in exchange for the Existing Notes validly tendered, accepted and exchanged.
On or about January 14, 2022	Subject to satisfaction of the conditions as set forth in the Exchange Offer and Consent Solicitation Memorandum, settlement of the New Notes, delivery of the Exchange and Consent Consideration to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange, and execution of the Supplemental Indenture.
On or about January 17, 2022	Listing of the New Notes on the SGX-ST.

Conditions to the Exchange Offer and Consent Solicitation

The acceptance for exchange and the Company's obligation to consummate the Exchange Offer and Consent Solicitation, are conditional upon, among other things:

- (a) there being no material adverse change in the market from the date of the Exchange Offer and Consent Solicitation Memorandum to the Settlement Date;
- (b) an affirmative determination by us that accepting the exchanges, paying the Exchange and Consent Consideration and effecting the transactions contemplated hereby are in the Company's best interests; and
- (c) satisfaction of certain other conditions as set forth in the Exchange Offer and Consent Solicitation Memorandum;

Subject to applicable law, the Company may terminate or withdraw the Exchange Offer and Consent Solicitation if any of the conditions are not satisfied or waived by the Company by the Settlement Date. The Company may also extend the Exchange Offer and Consent Solicitation from time to time until the conditions are satisfied or waived. Although the Company have no present plans or arrangements to do so, the Company reserves the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer and Consent Solicitation, subject to applicable law. The Company will give you notice of any amendments, modifications or waivers as and if required by applicable law.

Purpose of the Exchange Offer and Consent Solicitation

The purpose of the Exchange Offer and Consent Solicitation is to extend our debt maturity profile, strengthen our balance sheet and improve cash flow management. Please refer to the section headed "Background and Purpose of the Exchange Offer and Consent Solicitation" of this announcement.

Further Details

The Company has appointed Guotai Junan Securities (Hong Kong) Limited as the Dealer Manager, and D.F. King Ltd as Information, Exchange and Tabulation Agent with respect to the Exchange Offer and Consent Solicitation (each as stipulated in the Exchange Offer and Consent Solicitation Memorandum and its related documents). The Exchange Offer and Consent Solicitation Memorandum, this announcement and all documents related to the Exchange Offer and Consent Solicitation can be found on the Exchange and Consent Website: <https://sites.dfkingltd.com/DaFa>. Requests for copies of the Exchange Offer and Consent Solicitation Memorandum and its related

documents may be directed to the Information, Exchange and Tabulation Agent at the address and telephone number as set forth below. The contact information of Guotai Junan Securities (Hong Kong) Limited and D.F. King Ltd is set out as follows:

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block, Grand Millennium Plaza

181 Queen's Road Central, Hong Kong

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Attention: Fixed Income, Currencies & Commodities Department

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Exchange and Consent Website: <https://sites.dfkingltd.com/DaFa>

THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, THE EXISTING NOTES. AN OFFER MAY ONLY BE MADE PURSUANT TO THE TERMS OF THE EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM.

SHAREHOLDERS, ELIGIBLE HOLDERS OF THE EXISTING NOTES AND POTENTIAL INVESTORS SHOULD NOTE THAT COMPLETION OF THE EXCHANGE OFFER AND THE CONSENT SOLICITATION IS SUBJECT TO THE FULFILLMENT OR WAIVER OF THE CONDITIONS PRECEDENT TO THE EXCHANGE OFFER AND THE CONSENT SOLICITATION AS SET FORTH IN THE EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM AND SUMMARIZED IN THE ANNOUNCEMENT. NO ASSURANCE CAN BE GIVEN THAT THE EXCHANGE OFFER AND CONSENT SOLICITATION WILL BE COMPLETED AND THE COMPANY RESERVES THE RIGHT TO AMEND, WITHDRAW OR TERMINATE THE EXCHANGE OFFER AND CONSENT SOLICITATION WITH OR WITHOUT CONDITIONS.

THE COMPANY MAY, IN ITS SOLE DISCRETION, AMEND OR WAIVE CERTAIN OF THE CONDITIONS PRECEDENT TO THE EXCHANGE OFFER AND CONSENT SOLICITATION. AS THE EXCHANGE OFFER AND CONSENT SOLICITATION MAY OR MAY NOT PROCEED, SHAREHOLDERS, HOLDERS OF THE EXISTING NOTES AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY OR THE EXISTING NOTES.

The Exchange Offer and Consent Solicitation are not being made to (nor will the tender of the Existing Notes and delivery of Consents be accepted from or on behalf of) Holders in any jurisdiction where the making or acceptance of the Exchange Offer and Consent Solicitation would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction in which the making of the Exchange Offer and Consent Solicitation or the delivery of Consents

would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort, if any, the Company cannot comply with any such law, the Exchange Offer and Consent Solicitation will not be made to (nor will tenders or Consents be accepted from or on behalf of) any Holder residing in such jurisdiction.

FORWARD LOOKING STATEMENTS

Forward-looking statements in this announcement, including those statements relating to the Exchange Offer and Consent Solicitation, are based on current expectations, assumptions, estimates and projections about the Company and its industry. These statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements in this announcement. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Important factors that could cause those differences include, but are not limited to, changes in the competitive environment and regulatory environment of the industry in the PRC relevant to the business of the Company, changes in the business and financial condition of the Company and its subsidiaries and changes in the general economic trend in the PRC.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

“Accrued Interest”	Accrued and unpaid interest on any Existing Notes validly tendered by Eligible Holders and accepted for exchange, up to but not including the Settlement Date, will be payable in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards;
“Board”	the board of Directors of the Company;
“Clearstream”	Clearstream Banking S.A.;
“Company”	DaFa Properties Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 6111);
“Consent Solicitation”	solicitation from the Company seeking Consents to all of the Proposed Waivers and Amendments to the Existing Notes Indenture as a single proposal;
“Consents”	the consent of a Holder to the applicable Proposed Waivers and Amendments;
“Director(s)”	the director(s) of the Company;

“Eligible Holders”	holders who are non-U.S. persons (as those terms are defined under Regulation S) located outside the United States and hold the Existing Notes through Euroclear or Clearstream, or certain fiduciaries holding accounts for the benefit of non-U.S. persons (as those terms are defined under Regulation S) outside the United States and holding the Existing Notes through Euroclear or Clearstream;
“Euroclear”	Euroclear Bank SA/NV;
“Exchange Offer”	the offer made by the Company upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum;
“Exchange Offer and Consent Solicitation Memorandum”	the exchange offer and consent solicitation memorandum dated January 6, 2022 in relation to the Exchange Offer and Consent Solicitation;
“Existing Notes”	the 9.95% senior notes issued by the Company due 2022;
“Existing Notes Indenture”	the indenture dated as of January 19, 2021 in relation to the Existing Notes;
“Existing Notes Subsidiary Guarantors”	certain subsidiaries of the Company which provide unconditional and irrevocable guarantees to secure the Company’s obligations under the Existing Notes;
“Group”	the Company and its subsidiaries;
“Holder”	the holder of the Existing Notes;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Original Issue Date”	the date on which the New Notes are originally issued under the indenture in relation to the New Notes;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposed Amendments”	certain proposed amendments as mentioned and defined in the Exchange Offer and Consent Solicitation Memorandum;
“Regulation S”	Regulation S under the U.S. Securities Act;
“Settlement Date”	on or about January 14, 2022, unless the Exchange Offer and Consent Solicitation is extended or earlier terminated;

“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.” or “United States”	the United States of America;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

By order of the Board
DaFa Properties Group Limited
Ge Yiyang
Chairman

Hong Kong, January 6, 2022

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.