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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)

**CONSENT SOLICITATION RELATING
TO THE OUTSTANDING 12.375% SENIOR NOTES DUE 2022**

(the “2022 Notes”) (ISIN: XS2182881388;

Common Code: 218288138; Stock code: 40328) AND

THE OUTSTANDING 13.5%

**SENIOR NOTES DUE 2023 (the “2023 Notes”) (ISIN: XS2400512146; Common
Code: 240051214; Stock code: 40894)**

On January 7, 2022, the Company is soliciting consents from the Notes Holders to certain proposed amendment to the 2022 Notes Indenture and the 2023 Notes Indenture pursuant to the Consent Solicitation as described in the Consent Solicitation Statement.

The principal purpose of this Consent Solicitation and the Proposed Amendment is to amend the events of default provision in the Indentures to carve out any default or event of default in respect of each Series of Notes as a result of a default or event of default occurring under the January 2022 Notes.

The Company also commenced the Concurrent Exchange Offer and Consent Solicitation with respect to the January 2022 Notes held by non-U.S. persons outside the United States. The Concurrent Exchange Offer and Consent Solicitation is being made upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum, and is announced in a separate announcement dated January 6, 2022.

INTRODUCTION

On the date of this announcement, the Company is soliciting consents from the Notes Holders (as defined below) to the Proposed Amendment to (i) the indenture dated as of July 30, 2020 (as amended or supplemented to the date hereof, the “**2022 Indenture**”), by and among the Company, the Subsidiary Guarantors (as defined therein) and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司), as trustee, governing its 12.375% Senior Notes due 2022 (ISIN: XS2182881388; Common Code: 218288138) (the “**2022 Notes**”); and (ii) the indenture dated as of October 28, 2021 (as amended or supplemented to the date hereof, the “**2023 Indenture**”), by and among the Company, the Subsidiary Guarantors (as defined therein) and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司), as trustee, governing its 13.5% Senior Notes due 2023 (ISIN: XS2400512146; Common Code: 240051214) (the “**2023 Notes**”), upon the terms and subject to the conditions set forth in the Consent Solicitation Statement.

The Company also commenced a Concurrent Exchange Offer and Consent Solicitation on January 6, 2022 for its outstanding January 2022 Notes upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum. The purpose of the Concurrent Exchange Offer and Consent Solicitation is to extend our debt maturity profile, strengthen our balance sheet and improve cash flow management.

Unless otherwise defined, capitalized terms in this announcement will have the same meaning as those defined in the Exchange Offer and Consent Solicitation Memorandum and the Consent Solicitation Statement.

CONSENT SOLICITATION

Background and Purpose of the 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’ concerns 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 our funding sources to address upcoming maturities.

Despite the adverse market environment, as of the date of the Consent Solicitation Statement, we are not in breach of any of our debt obligations. We are working on generating sufficient cash flow to meet our financial commitments, including, among others, through extension of our existing credit facilities, opportunistic financing and expenditure conservation. As part of these efforts, we are conducting the Concurrent Exchange Offer and Consent Solicitation to extend our debt maturity profile, strengthen our balance sheet and enhance cash flow management.

The principal purpose of this Consent Solicitation is to obtain the Requisite Consents to amend the events of default provisions in each Indenture to carve out any default or event of default in respect of each Series of Notes as a result of a default or event of default occurring under the January 2022 Notes, in accordance with the terms and subject to the conditions set forth herein.

We commenced the Concurrent Exchange Offer and Consent Solicitation on January 6, 2022 by offering certain holders of the January 2022 Notes an opportunity to exchange their January 2022 Notes for the new notes to be issued with an extended maturity and terms designed to allow us to improve our financial condition and stability. We believe the Concurrent Exchange Offer and Consent Solicitation, if successfully consummated, will help us further improve our financial stability.

Summary of the Terms of the Consent Solicitation

The Company is soliciting consents from Notes Holders to Proposed Amendment to the Indentures, and to be entered into by and among the Company, the Subsidiary Guarantors and the Trustee of a supplemental indenture in relation to the 2022 Notes and a supplemental indenture in relation to the 2023 Notes giving effect to the Proposed Amendment (each such supplemental indenture, a “**Supplemental Indenture**” or the relevant “**Supplemental Indenture**” and, collectively, the “**Supplemental Indentures**”). As of the date of the Consent Solicitation Statement, US\$360,000,000 and US\$100,000,000, respectively, in aggregate principal amount of the Company’s 2022 Notes and 2023 Notes are outstanding.

By validly delivering consents pursuant to the instructions set out in the Consent Solicitation Statement, Notes Holders will be deemed to have given Consent in the Consent Solicitation. A consenting Notes Holder must consent to the Proposed Amendment as an entirety and may not consent selectively with respect to certain aspect of the Proposed Amendment. All Consents delivered and accepted will be deemed to be Consents to the Proposed Amendment as a whole.

If Requisite Consents are received with respect to each Series of Notes and the Proposed Amendment becomes effective for such Series of Notes, the Proposed Amendment will be binding on all Holders of such Series of Notes, including non-consenting Holders. The Proposed Amendment will become effective upon execution of and delivery to the Trustee the Supplemental Indentures to the Indentures.

Consent Fee

With respect to the 2022 Notes and 2023 Notes, the Company is offering the holders of record of the relevant Series of Notes as of the record date a consent fee of US\$2 for each US\$1,000 in principal amount of the Notes (the “**Consent Fee**”), in respect of which any Notes Holder has validly delivered a consent on or prior to the expiration date of the Consent Solicitation as described above. The Company’s obligation to accept consents and pay the Consent Fee is conditioned on, among other things, there being validly delivered consents from the Notes Holders of not less than a majority in aggregate principal amount of the outstanding Notes of each Series (the “**Requisite Consents**”). For the avoidance of doubt, the Company’s acceptance of consents for any Series is not dependent on the receipt of the Requisite Consents of any other Series of Notes.

Summary Timetable of the Consent Solicitation

The following summarizes the anticipated timetable for the Consent Solicitation.

Event	Time and Date	Description
Launch Date	January 7, 2022	The Consent Solicitation is announced. The Consent Solicitation Statement is available from the Information and Tabulation Agent, and the Consent Solicitation Statement delivered to the Clearing Systems for communication to Direct Participants and published on the Consent Website.
Record Date	January 7, 2022	Only the Notes Holders of record as of the Record Date are eligible to consent to the Proposed Amendment.
Expiration Date	4:00 p.m., London Time, January 13, 2022, unless extended by us or terminated.	In order to be eligible to receive the Consent Fee, Consents must be validly delivered on or prior to the Expiration Date.
Announcement of Results	As soon as reasonably practicable after the Expiration Deadline.	Announcement of whether the Company has received the Requisite Consents necessary for the Proposed Amendment to the Indentures.
Payment of Consent Fee	Expected to be January 21, 2022 or, if earlier, as soon as practicable after the Expiration Date and the conditions to this Consent Solicitation are met (or waived by us).	Subject to satisfaction of the conditions for payment of the Consent Fee, the Company will pay the Consent Fee to each Notes Holder who has validly delivered its Consent on or prior to the Expiration Date.

Conditions to the Consent Solicitation

Company's obligation to accept the Consent Solicitation and pay the Consent Fee, is conditional upon, among other things:

- (a) receipt of the Requisite Consents in respect of each Series of Notes being validly delivered pursuant to the terms of this Consent Solicitation on or prior to the Expiration Date;
- (b) execution of each of the Supplemental Indentures by each of the parties contemplated therein;
- (c) the absence of any law or regulation which would, and the absence of any pending or threatened injunction or other proceeding which (if adversely determined) would, make unlawful or invalid or enjoin the implementation of the Proposed Amendment or the payment of the Consent Fee, or that would question the legality or validity thereof; and
- (d) (A) no change (or development involving a prospective change) shall have occurred or shall be threatened in our business, properties, assets, liabilities, financial condition, operations, or results of operations, and (B) no change (or development involving a prospective change) shall have occurred in financial markets generally or affecting our equity, or the 2022 Notes, or the 2023 Notes, or our other indebtedness, that, in our reasonable judgment in the case of either (A) or (B) above, is or may be adverse to us or has or may have a material adverse effect upon the contemplated benefits to us and/or any of our affiliates of this Consent Solicitation.

Unless all other conditions have been satisfied (or waived by the Company), receipt of the Requisite Consents by the Information and Tabulation Agent will not obligate us to accept the Consents or pay the Consent Fee to consenting Notes Holders, or obligate the Company, the Subsidiary Guarantors or the Trustee to execute the Supplemental Indentures.

If any of the conditions are not satisfied (or not waived by the Company) on or prior to the Expiration Date, the Company may, in our sole discretion and without giving any notice, allow this Consent Solicitation to lapse or extend the solicitation period and continue soliciting Consents pursuant to this Consent Solicitation. Subject to applicable law, this Consent Solicitation may be abandoned or terminated at any time prior to the valid delivery of Consents, for any reason, in which case any Consents received will be voided and no Consent Fee will be paid.

Further Details

The Company has appointed Guotai Junan Securities (Hong Kong) Limited as the Solicitation Agent, and D.F. King Ltd as Information and Tabulation Agent with respect to the Consent Solicitation. The Consent Solicitation Statement, this announcement and all documents related to the Consent Solicitation can be found on the Consent Website: <https://sites.dfkingltd.com/DaFaConsents>. Requests for copies of the Consent Solicitation Statement and their related documents may be directed to the Information and Tabulation Agent at the address and telephone number as set forth below. The contact information of D.F. King Ltd and Guotai Junan Securities (Hong Kong) Limited is set out as follows:

D.F. King Ltd

In London:

65 Gresham Street
London EC2V 7NQ
United Kingdom
Telephone: + 44 20 7920 9700

In Hong Kong:

Suite 1601, 16th Floor, Central Tower
28 Queen's Road Central
Hong Kong
Telephone: + 852 3953 7231

Email: Dafa@dfkingltd.com

Consent Website: <https://sites.dfkingltd.com/DaFaConsents>

Guotai Junan Securities (Hong Kong) Limited

Address:

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Fax: +852 2509 0030

Attention: Fixed Income, Currencies & Commodities Department

THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, THE 2022 OR 2023 NOTES.

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

THE COMPANY MAY, IN ITS SOLE DISCRETION, AMEND OR WAIVE CERTAIN OF THE CONDITIONS PRECEDENT TO THE CONSENT SOLICITATION. AS THE CONSENT SOLICITATION MAY OR MAY NOT PROCEED, SHAREHOLDERS, NOTES HOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY OR THE 2022 NOTES OR 2023 NOTES.

The Consent Solicitation is not being made to (nor will the delivery of Consents be accepted from or on behalf of) Notes Holders in any jurisdiction where the making or acceptance of the 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 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, and Consent Solicitation will not be made to (nor will tenders or Consents be accepted from or on behalf of) any Notes Holders residing in such jurisdiction.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this announcement 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:

“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);
“Concurrent Exchange Offer and Consent Solicitation”	the exchange offer and consent solicitation made by the Company upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum;
“Consents”	the consent of a Notes Holder to the applicable Proposed Amendment;
“Consent Fee”	the fee by the Company to the holders of record of the relevant Series of Notes as of the record date of US\$2 for each US\$1,000 in principal amount of the Notes, in respect of which any Notes Holder has validly delivered a consent on or prior to the expiration date of the Consent Solicitation;
“Consent Solicitation”	solicitation from the Company seeking Consents to the Proposed Amendment to the Indentures as a single proposal;
“Consent Solicitation Statement”	the consent solicitation statement dated January 7, 2022 in relation to the Consent Solicitation;
“Director(s)”	the director(s) of the Company;
“Euroclear”	Euroclear Bank SA/NV;
“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;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Indentures”	the indenture dated as of July 30, 2020 in relation to the 2022 Notes and the indenture dated as of October 28, 2021 in relation to the 2023 Notes;
“January 2022 Notes”	the 9.95% senior notes due 2022;
“Notes Holder”	the registered holder of the 2022 Notes or the 2023 Notes, as the case may be and, all Notes Holders collectively, “Notes Holders”;
“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 Amendment”	the proposed amendment as mentioned and defined in the Consent Solicitation Statement;
“Regulation S”	Regulation S under the U.S. Securities Act;

“Requisite Consents”	the consents being validly delivered from the Notes Holders of not less than a majority in aggregate principal amount of the outstanding Notes of each Series of the Notes;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Guarantors”	certain of the Company’s offshore subsidiaries that provide guarantees to the 2022 Notes and the 2023 Notes;
“Supplemental Indenture”	the supplemental indenture to be entered into by and among the Company, the Subsidiary Guarantors and the Trustee in relation to the 2022 Notes or the 2023 Notes giving effect to the Proposed Amendment and, collectively, the “Supplemental Indentures”;
“Trustee”	China Construction Bank (Asia) Corporation Limited, trustee to the 2022 Notes and the 2023 Notes;
“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;
“2022 Notes”	the 12.375% senior notes issued by the Company due 2022;
“2022 Indenture”	the indenture dated as of July 30, 2020, as amended or supplemented prior to the date hereof, by and among the Company, the Subsidiary Guarantors and the Trustee, governing the 2022 Notes;
“2023 Notes”	the 13.5% senior notes issued by the Company due 2023 and, together with the 2022 Notes, the “Notes” and each, a “Series of Notes”;
“2023 Indenture”	the indenture dated as of October 28, 2021, as amended or supplemented prior to the date hereof, by and among the Company, the Subsidiary Guarantors and the Trustee, governing the 2023 Notes;
“%”	per cent.

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

Hong Kong, 7 January 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.