达飞控股
Dafy Holdings

Dafy Holdings Limited
達飛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1826)

DISCLOSEABLE TRANSACTION: ACQUISITION OF 19.48% EQUITY INTERESTS IN THE TARGET COMPANY

SHARES TRANSFER AGREEMENTS

The Board is pleased to announce that on 24 September 2019 (after trading hours), the Purchaser entered into the Shares Transfer Agreements with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell 19.48% of the equity interests in the Target Company for the Consideration of RMB58,440,000 (equivalent to approximately HK$64,307,000) in accordance with the terms and conditions of the Shares Transfer Agreements.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As an ordinary and usual course of business of the Group, the Group has been diverting potential and suitable clients who have financial needs to the Target Group and as a result of which, the Group will receive remuneration for every successful introduction. Therefore the Group has established business relationship with the Target Group with mutual benefits. The Board is of the view that the Acquisition would enhance such business relationship.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the transactions contemplated under the Shares Transfer Agreements are more than 5% but less than 25%, the Shares Transfer Agreements and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Rule 14.07 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SHARES TRANSFER AGREEMENTS

The Board is pleased to announce that on 24 September 2019 (after trading hours), the Purchaser entered into the Shares Transfer Agreements with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell 19.48% of the equity interests in the Target Company for the Consideration of RMB58,440,000 (equivalent to approximately HK$64,307,000) in accordance with the terms and conditions of the Shares Transfer Agreements. The principal terms of the Shares Transfer Agreements are set out below:

Date: 24 September 2019

Parties:

(1) Purchaser: Shenzhen Qianhai Weiyuan Zhicheng Operation Management Technology Co., Ltd* (深圳前海微遠至誠運營管理科技有限公司)

(2) Vendors: Ms. Shen Dan* (沈丹女士) and Mr. Yang Xianfeng* (楊險峰先生)

The Purchaser is a company established in the PRC with limited liability. By virtue of the VIE Structure, the Purchaser is treated as a subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are Independent Third Parties.

Acquisition

Pursuant to the Shares Transfer Agreements, the Purchaser has conditionally agreed to purchase the Equity Interests, representing 19.48% of the equity interests in the Target Company as at the date of this announcement.

Consideration

The Consideration is RMB58,440,000 (equivalent to approximately HK$64,307,000). The Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser, having considered the net assets value, the business prospects and the latest trading price of the Target Company on NEEQ. The Consideration will be funded by internal resources of the Group and satisfied by the Purchaser in cash on or before the Completion Date.

Having considered the factors taken into account by the parties in arriving at the Consideration, the Directors are of the view that the Consideration is fair and reasonable.

Conditions precedent and completion

The completion of the Shares Transfer Agreements shall take place on the Completion Date subject to the fulfilment of the following conditions precedent:

(1) the Purchaser and the Vendors have duly signed and delivered the Shares Transfer Agreements;

(2) the Shares Transfer Agreements and the transactions contemplated thereunder have been duly approved by the Board;

(3) the Purchaser and the Vendors having obtained all necessary consent, approval or waivers from any government or regulatory authority, including the Stock Exchange, or third parties (including the Target Company) in connection with the execution and performance of the Shares Purchase Agreement and the transactions contemplated thereunder, where required;

(4) between the date of the Shares Transfer Agreements and the Completion Date, the trading of the shares of the Target Company quoted on the NEEQ has not been suspended for more than 10 consecutive days;

(5) the listing status of the shares of the Target Company quoted on the NEEQ has not been cancelled or withdrawn;

(6) between the date of the Shares Transfer Agreements and the Completion Date, there is no material investigation conducted by China Securities Regulatory Commission or other regulatory authority which will cause the trading of the shares of the Target Company quoted on the NEEQ to be suspended, cancelled or withdrawn; and

(7) between the date of the Shares Transfer Agreements and the Completion Date, the Vendors have not materially breached any warranties under the Shares Transfer Agreements which will cause material adverse effect to the Target Company.

As confirmed by the PRC legal adviser of the Company, there will be no general offer obligation imposed on the part of the Purchaser to the existing shareholders of the Target Company upon completion of the Acquisition.

INFORMATION ON THE TARGET COMPANY

According to publicly available information, the Target Company is a company established in the PRC whose shares are quoted on the NEEQ (stock code: 832382). It is principally engaged in the finance industry involving provision of microfinance, internet microfinance, mortgage, vehicle loans, management and consultation service to companies and individuals in the PRC.

Set out below are the unaudited consolidated financial information of the Target Group for the six months ended 30 June 2019 as extracted from its published interim report, and the audited consolidated financial information for the two years ended 31 December 2017 and 2018 as extracted from its published annual reports:

	For the six months ended 30 June 2019 (unaudited) *RMB'000*	**For the year ended 31 December 2018 (audited)** *RMB'000*	**For the year ended 31 December 2017 (audited)** *RMB'000*
Net profit/(loss) before tax	4,760	(5,306)	14,150
Net profit/(loss) after tax	4,872	(6,571)	9,482

According to the consolidated financial information of the Target Group, the net assets of the Target Group as at 30 June 2019 (unaudited) and 31 December 2018 (audited) were approximately RMB240,305,000 (equivalent to approximately HK$264,432,000) and RMB235,433,000 (equivalent to approximately HK$259,070,000), respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) contracting services for alteration and addition works, maintenance, specialist works and new development; (ii) consulting services for alteration and addition works, new development, licensing, building services, and architectural design for buildings in Hong Kong; and (iii) provision of financial information and technology services to individuals in the PRC. The Group has developed a range of high integrity and user-friendly platforms for the users in the PRC, and acting as a nationwide enterprise with diverse products in the financial related service industry.

As an ordinary and usual course of business of the Group, the Group has been diverting potential and suitable clients who have financial needs to the Target Group and as a result of which, the Group will receive remuneration for every successful introduction. Therefore the Group has established business relationship with the Target Group with mutual benefits. The Board is of the view that the Acquisition would enhance such business relationship.

The Board has also considered the businesses of the Target Group and reviewed its latest published interim reports and annual reports, and the Board is of the view that the business of the Target Group, including but not limited to its internet microfinance business, are in line with the direction and the business segment of the Group in relation to provision of financial information and technology services to individuals in the PRC. The Board believes that the Acquisition may provide an investment opportunity to expand the business of the Group and may bring positive return to the Group in future.

In addition, upon completion of the Acquisition, (a) the Purchaser will become the single largest shareholder of the Target Company; and (b) as confirmed by the PRC legal adviser of the Company, the Purchaser will be entitled to nominate one director to the Target Company and convene shareholders' meetings of the Target Company. Therefore the Directors are of the view that the Acquisition can enhance the existing business relationship with the Target Group.

The terms of the Shares Transfer Agreements were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice and the financial position and results of the Target Company.

In view of the above, the Board considers that the terms of the Shares Transfer Agreements and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable, and is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the transactions contemplated under the Shares Transfer Agreements are more than 5% but less than 25%, the Shares Transfer Agreements and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Rule 14.07 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

"Acquisition"	the acquisition of the Equity Interests by the Purchaser from the Vendors pursuant to the terms and conditions of the Shares Transfer Agreements
"Board"	the board of Directors
"Company"	Dafy Holdings Limited (達飛控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange (stock code: 1826)
"Completion Date"	on or before 18 October 2019 (or any other date agreed by the Purchaser and the Vendors in writing)
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Consideration"	the cash consideration payable by the Purchaser for the Equity Interests under the Shares Transfer Agreements on or before the Completion Date
"Director(s)"	the director(s) of the Company
"Equity Interests"	38,960,000 shares of the Target Company, representing 19.48% of the equity interests in the Target Company as contemplated under the Shares Transfer Agreements
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	party(ies) who is/are person(s) independent of the Company and its connected persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"NEEQ"	National Equities Exchange and Quotations
"PRC"	the People's Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, Taiwan and Macao Special Administrative Region of the PRC
"Purchaser"	Shenzhen Qianhai Weiyuan Zhicheng Operation Management Technology Co., Ltd.* (深圳前海微遠至誠運營管理科技有限公司), a company established in the PRC with limited liability, which is legally owned as to 99% and 1% by Mr. Gao Yunhong and Shangrao Yaxin, respectively. By virtue of the VIE Structure, the Purchaser is treated as a subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Shangrao Yaxin"	Shangrao Yaxin Technology Co., Ltd.* (上饒市亞鑫科技有限公司), a company established in the PRC with limited liability, which is legally and wholly owned by Mr. Gao Yunhong
"Shareholder(s)"	holder(s) of issued share(s) of the Company
"Shares Transfer Agreements"	collectively, the (1) shares transfer agreement dated 24 September 2019 entered into between Ms. Shen Dan and the Purchaser in relation to the transfer of 19,960,000 shares of the Target Company, representing 9.98% of the equity interests in the Target Company; and (2) shares transfer agreement dated 24 September 2019 entered into between Mr. Yang Xianfeng and the Purchaser in relation to the transfer of 19,000,000 shares of the Target Company, representing 9.50% of the equity interests in the Target Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Datong Development Zone Sunshine Micro-credit Co., Ltd.* (大同開發區陽光小額貸款股份有限公司), a company established in the PRC with limited liability whose shares are quoted on the NEEQ (stock code: 832382)
"Target Group"	Target Company and its subsidiaries

"Vendors"	Ms. Shen Dan* (沈丹女士) and Mr. Yang Xianfeng* (楊險峰先生)
"VIE"	variable interest entity, being an entity (the investee) in which the investor holds a controlling interest that is not based on the majority of voting rights
"VIE Structure"	the structure established through the entering into of the relevant VIE agreements, which enables the Group to effectively hold and control the Purchaser. For details of the VIE Structure, please refer to the circular of the Company dated 21 August 2019
"%"	per cent.

By order of the Board
Dafy Holdings Limited
Feng Xuelian
Executive Director

Hong Kong, 24 September 2019

The English transliteration of the Chinese name(s) in this announcement, where indicated with "", is/are included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK$ at the rate of RMB1.00 to HK$1.1004. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

As at the date of this announcement, the executive Directors are Mr. Gao Yunhong (Chairman), Mr. Lu Xin, Ms. Feng Xuelian and Mr. Ng Kin Siu; and the independent non-executive Directors are Mr. Chan Yuk Sang, Mr. Wan Chi Wai Anthony and Mr. Lau Kwok Fai Patrick.