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DA YU FINANCIAL HOLDINGS LIMITED

大 禹 金 融 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1073)

**DISCLOSEABLE TRANSACTION
IN RELATION TO ACQUISITION OF MORTGAGE LOANS**

THE ACQUISITIONS

On 24th March, 2022 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), as purchaser and assignee, and Vendor A and Vendor B, as sellers and assignors, entered into the Deed of Assignments respectively, pursuant to which:

- 1) Vendor A has agreed to sell, assign and transfer to the Purchaser all its rights, title and interests in relation to the Loans A and all collateral and security of any kind for or in respect of the Loans A at a cash consideration of approximately HK\$17.3 million; and
- 2) Vendor B has agreed to sell, assign and transfer to the Purchaser all its rights, title and interests in relation to the Loans B and all collateral and security of any kind for or in respect of the Loans B at a cash consideration of approximately HK\$26.3 million.

The Acquisitions, in substance, will result in the Purchaser advancing to the Borrowers the Loans in the aggregate principal amount of approximately HK\$42.7 million, each bearing the interest rate and with the maturity period as specified in the respective loan agreements, and secured by the collaterals provided in the respective security documents.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisitions (on aggregation basis) is more than 5% but less than 25%, the Acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements of the Listing Rules.

THE ACQUISITIONS

On 24th March, 2022 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), as purchaser and assignee, and Vendor A and Vendor B, as sellers and assignors, entered into the Deed of Assignments respectively, pursuant to which:

- 1) Vendor A has agreed to sell, assign and transfer to the Purchaser all its rights, title and interests in relation to the Loans A and all collateral and security of any kind for or in respect of the Loans A at a cash consideration of approximately HK\$17.3 million; and
- 2) Vendor B has agreed to sell, assign and transfer to the Purchaser all its rights, title and interests in relation to the Loans B and all collateral and security of any kind for or in respect of the Loans B at a cash consideration of approximately HK\$26.3 million.

A summary of the principal terms of the Deed of Assignments and the Loans are set out below.

THE DEED OF ASSIGNMENTS

	Deed of Assignment A	Deed of Assignment B
Date:	24th March, 2022	24th March, 2022
Parties:	- The Purchaser as the purchaser / assignee; - Vendor A as the seller / assignor	- The Purchaser as the purchaser / assignee; - Vendor B as the seller / assignor

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

Consideration

The aggregated consideration for the Acquisitions is approximately HK\$43.7 million, which will be satisfied by the Purchaser in cash on or before 30th April, 2022, or such other date as agreed between the Purchaser and the Vendors in writing. The Group intends to fund the Acquisitions by its own cash resources.

The consideration for the Acquisitions shall be adjusted (i) downward on a dollar-for-dollar basis by the outstanding principal amount of the Loans repaid by the Borrowers before completion of the Acquisitions; and (ii) upward by the amount of the accrued but unpaid interest in respect of the Loans as at the date of the completion of the Acquisitions.

The consideration for the Acquisitions was determined after arm's length negotiation between the Vendors and the Purchaser with reference to the outstanding principal amount of the Loans of approximately HK\$42.7 million.

Condition

Completion of the Acquisitions is conditional on each of the representations and warranties provided by the Vendors remaining true and accurate and not misleading in any respect.

THE LOANS

The Loans A comprise 32 mortgage loans with outstanding principal amount of approximately HK\$16.9 million and the Loans B comprise 12 mortgage loans with outstanding principal amount of approximately HK\$25.8 million, a summary of which is as follows:-

	Outstanding principal amount of each loan	Interest rate per annum (Note)	Maturity
Loans A	HK\$9,016 – HK\$ 2,005,241	6.3% - 18%	April 2022 – May 2035
Loans B	HK\$ 47,359 – HK\$18,547,176	4% - 10%	June 2022 – May 2031

Note: Based on the prime rate of 5% per annum as at the date of this announcement.

The Acquisitions, in substance, will result in the Purchaser advancing to the Borrowers the Loans in the aggregate principal amount of approximately HK\$42.7 million, each bearing the interest rate and with the maturity period as specified in the respective loan agreements, and secured by the collaterals provided in the respective security documents.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrowers and their ultimate beneficial owners are Independent Third Parties.

Based on the interest rate and maturity of the Loans, it is expected that the Loans will generate an interest income of approximately HK\$2.1 million to the Group in 2022 assuming completion takes place on 31st March, 2022.

INFORMATION ON THE PURCHASER AND THE VENDORS

The Purchaser is a company incorporated in Hong Kong with limited liability. It holds the Money Lenders License to carry on money lending business in Hong Kong.

The Vendors are companies incorporated in Hong Kong with limited liability and are principally engaged in money lending. Based on public information, the Vendors are indirect non-wholly owned subsidiaries of AGL, a company listed on the Main Board of the Stock Exchange. As at the date of this announcement, AGL is interested in approximately 5.31% issued shares of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in activities including dealing in securities, advising on securities, advising on corporate finance, asset management, securities broking and money lending.

Taking into account the principal business activities of the Group, the Acquisitions are transactions carried out as part of the ordinary and usual course of business of the Group. It is expected that the acquisition of the Loans will form a good foundation of mortgage loan portfolio of the Purchaser, generate stable interest income using the retained earnings of the Group and spearhead the growth of the lending business.

Having considered the repayment records of the Borrowers, the value of collateral of and the stable interest income to be generated from the Loans, the Directors are of the view that the terms of the Acquisitions are on normal commercial terms and fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisitions (on aggregation basis) is more than 5% but less than 25%, the Acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements of the Listing Rules.

DEFINITIONS

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

“Acquisitions”	the acquisition of the Loans pursuant to the terms and conditions of the Deed of Assignments
“AGL”	Allied Group Limited, a company listed on Stock Exchange with the stock code 373
“Board”	the board of Directors
“Borrowers”	the borrowers of the Loans
“Company”	Da Yu Financial Holdings Limited, a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1073)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Deed of Assignment A”	the deed of assignment dated 24th March, 2022 entered into between the Purchaser and Vendor A in connection with the assignment of the Loans A by Vendor A to the Purchaser
“Deed of Assignment B”	the deed of assignment dated 24th March, 2022 entered into between the Purchaser and Vendor B in connection with the assignment of the Loans B by Vendor B to the Purchaser
“Deed of Assignments”	collectively, Deed of Assignment A and Deed of Assignment B
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), 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 third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans A”	32 mortgage loans with outstanding principal amount of approximately HK\$16.9 million to be assigned by Vendor A to the Purchaser under the Deed of Assignment A
“Loans B”	12 mortgage loans with outstanding principal amount of approximately HK\$25.8 million to be assigned by Vendor B to the Purchaser under the Deed of Assignment B
“Loans”	collectively, Loans A and Loans B
“Money Lenders License”	the money lenders licence(s) granted by the licensing court to the Purchaser pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and the Money Lenders Regulations for carrying on money lending business in Hong Kong
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macao Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Morgan Finance Limited

“Shares”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Vendors”	collectively, Vendor A and Vendor B
“Vendor A”	A money lender indirectly and non-wholly owned subsidiary of AGL
“Vendor B”	A money lender indirectly and non-wholly owned subsidiary of AGL
“%”	per cent.

By Order of the Board
DA YU FINANCIAL HOLDINGS LIMITED
Lee Wa Lun, Warren
Managing Director

Hong Kong, 24th March, 2022

As at the date of this announcement, the Non-Executive Director is Mr. Kuo Jen-Hao (Chairman), the Executive Directors are Mr. Lee Wa Lun, Warren (Managing Director), Mr. Lam Chi Shing and Ms. Li Ming, and the Independent Non-Executive Directors are Mr. Chan Sze Chung, Mr. Sum Wai Kei, Wilfred and Mr. Suen Chi Wai.