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**Dafy Holdings Limited**  
**達飛控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1826)**

**INSIDE INFORMATION**  
**MEMORANDUM OF UNDERSTANDING**  
**IN RELATION TO POSSIBLE ACQUISITION OF 30% EQUITY INTEREST**  
**IN A COMPANY ENGAGING IN AUTO LEASING**  
**IN THE PEOPLE'S REPUBLIC OF CHINA**

This announcement is made by Dafy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) is pleased to announce that on 29 May 2018 (after trading hours), the Company as purchaser entered into a memorandum of understanding (the “**MOU**”) with Mr. Gao Yunhung (“**Mr. Gao**”) as vendor and the Target Company (as defined below) in relation to the possible acquisition (the “**Possible Acquisition**”) by the Company of the entire issued shares of a company incorporated in Hong Kong held by Mr. Gao (the “**Target Company**”) together with the related shareholder’s loan (if any) (the “**Sale Interests**”). The Target Company in turn owns 30% equity interest in the PRC Company (as defined below). Pursuant to the MOU, the Possible Acquisition is subject to the entering into of a formal agreement to be executed by the Company, Mr. Gao and the Target Company in respect of the acquisition of the Sale Interests (the “**Formal Agreement**”).

The Target Company is a company incorporated in Hong Kong with limited liability, which is beneficially and wholly-owned by Mr. Gao. To the best of the Directors’ knowledge, belief and information, the Target Company is principally engaged in investment holding and holds 30% equity interest in a company established in the People’s Republic of China (the “**PRC**”) which principally engages in the business of auto leasing in the PRC with a registered capital of US\$30 million (the “**PRC Company**”). Based on the information provided by Mr. Gao, the PRC Company provides customised finance and operating leasing solutions of automobiles to both individual and corporate clients in the PRC. Its business model covers both sale-leaseback transactions (i.e. where customers sell the automobiles to the PRC Company who then leases the automobiles back to the customers in return for

periodic lease payments) and direct finance leasing (i.e. where the PRC Company purchases specific automobiles from the supplier and leases the automobiles to its customers for use in return for periodic lease payments).

To the best of the Directors' knowledge, belief and information, the PRC Company has obtained the financial licence issued by the China Banking Regulatory Commission (中國銀行業監督管理委員會). It is intended that through the Possible Acquisition, the Company will be able to diversify the Group's business and enhancing the long-term growth potential of the Company and its shareholders' value.

As at the date of this announcement, the consideration of the Possible Acquisition had yet to be determined and shall be subject to arm's length negotiation between the Company and Mr. Gao. After signing of the MOU, the Company (and/or its professional adviser(s)) shall be entitled to carry out due diligence on the Target Company and its assets, business operations and documents.

Mr. Gao is the chairman of the Board, an executive Director and a controlling shareholder (as defined under the Listing Rules) of the Company. Therefore, Mr. Gao is a connected person (as defined under the Listing Rules) of the Company. The Possible Acquisition, if materialised, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

The MOU contains certain legally binding obligations regarding, among others, due diligence and validity. However, other terms contained in the MOU, in particular, the transaction contemplated thereunder, are not legally binding. The terms of the Formal Agreement have yet to be agreed upon by the parties to the MOU.

**The Board would like to emphasise that no legally binding agreement in relation to the Possible Acquisition has been entered into by the Company as at the date of this announcement (save for certain obligations under the MOU) and the Possible Acquisition may be subject to certain conditions. As such, the Possible Acquisition may or may not proceed. The Possible Acquisition, if it materialised, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Dafy Holdings Limited**  
**Qi Gang**  
*Executive Director*

Hong Kong, 29 May 2018

*As at the date of this announcement, the executive Directors are Mr. Gao Yunhong, Ms. Zhu Wenhui, Mr. Qi Gang 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.*