

TARGET

Intelligence Report

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T U E S D A Y

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DAFA PROPERTIES GROUP LTD: IS THIS COMPANY LIKELY TO HEAD FOR THE HILLS ?

Global Sparkle Holdings IV Ltd, a corporate entity, domiciled in the **British Virgin Islands (BVI)**, has lodged a Writ of Summons in the High Court of The **Hongkong Special Administrative Region (HKSAR)** of The **People's Republic of China (PRC)**, naming the following two gentlemen as the Defendants to Action Number 651 of 2024:

Mr Ge Yi Yang (葛一陽)

First Defendant

Mr Ge He Kai (葛和凱)

Second Defendant

In the Indorsement of Claim with regard to Action Number 651 of 2024, the Plaintiff claims against the two Defendants:

- 1. The Plaintiff is a beneficial holder of the 12.375% Senior Notes due 2022 (“**2022 Notes**”) issued by DaFa Properties Group Limited (大發地產集團有限公司) (“**Issuer**”). The Plaintiff holds beneficial interests in the 2022 Notes in the aggregate principal amount of US\$50,000,000.*
- 2. On 17 July 2020, the 1st and 2nd Defendants executed an Offshore Personal Guarantee in favour of the Plaintiff (“**Offshore Personal Guarantee**”), pursuant to which the 1st and 2nd Defendants, inter alia, irrevocably and unconditionally, jointly and severally: -*
 - (a) guarantee to the Plaintiff the punctual performance of the Issuer and/or other guarantors’ obligations under the 2022 Notes;*
 - (b) undertake to pay to the Plaintiff immediately on demand, if any of the Issuer and/or other guarantors fails to pay any amount due under the 2022 Notes; and*
 - (c) if, for any reason, any amount claimed by the Plaintiff under the Offshore Personal Guarantee is not recoverable on the basis of a guarantee, the Defendants will be liable as principal debtors and primary obligors to indemnify the Plaintiff against any cost, loss or liability incurred as a result of the Issuer and/or other guarantors’ failure to pay any amount due under the 2022 Notes.*

- ‘3. According to the Issuer’s announcement dated 2 March 2022 published on The Stock Exchange of Hong Kong Limited (“**SEHK**”), the Issuer has failed to make payment of the interest under the 2022 Notes in the amount of US\$22,275,000 which fell due on 30 January 2022. Such default has continued for a period of 30 consecutive days and remains continuing and hence constitutes an event of default under the 2022 Notes (“**Event of Default**”).
- ‘4. According to the Issuer’s announcement dated 1 April 2022 published on SEHK, the Issuer received a notice of acceleration with respect to the 2022 Notes by virtue of the Event of Default, and thus the principal of, premium, if any, and accrued and unpaid interest on the 2022 Notes has become immediately due and payable.
- ‘5. However, wrongfully and in breach of the Offshore Personal Guarantee, the Defendants failed and/or refused to honour their obligations under the Offshore Personal Guarantee, despite multiple demands of payment being made by the Plaintiff to the Defendants.
- ‘6. Accordingly, the Plaintiff claims against the 1st Defendant and 2nd Defendant for their breaches of the Offshore Personal Guarantee and seeks the following relief against the Defendants: -
- (1) The sum of US\$64,312,403 or its Hong Kong dollars equivalent at the time of payment, being the outstanding principal and accrued interest owed by the Issuer to the Plaintiff as of 15 February 2024;
 - (2) Interest on the sum of US\$50,000,000 or its Hong Kong dollars equivalent at the rate of 12.375% per annum from 16 February 2024 until payment under the 2022 Notes;
 - (3) Further or alternatively, interest pursuant to sections 48 and/or 49 of the High Court Ordinance (Cap. 4) at such rate and for such period as the Court shall think fit;
 - (4) Further or alternatively, all losses and/or damages and other relief arising from breach of the Offshore Personal Guarantee;
 - (5) Costs; and
 - (6) Further and/or other relief as this Honourable Court may think fit.’

About the two Defendants in Action Number 651 of 2024, according to the database of TOLFIN (泰達資訊), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, they are, respectively, son and father.

THE MARCH 22, 2024, PUBLIC ANNOUNCEMENT

On or about March 22, 2024, DaFa Properties Group Ltd (大發地產集團有限公司) published and disseminated, in the HKSAR, the following public announcement, headlined:

***(1) CHANGE OF EXECUTIVE DIRECTOR AND CHAIRMAN;
(2) RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR;
(3) CHANGE IN COMPOSITION OF BOARD COMMITTEES;
AND
(4) NON-COMPLIANCE WITH LISTING RULES REQUIREMENTS***

‘RESIGNATION OF EXECUTIVE DIRECTOR AND CHAIRMAN

*‘The board (the “**Board**”) of directors (the “**Directors**”) of DaFa Properties Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that Mr. Ge Yiyang (“**Mr. Ge**”) has tendered his resignation as an executive Director and the chairman of the Board (the “**Chairman**”) with effect from 22 March 2024 due to his personal health issues.*

‘The Board would like to express its sincere gratitude to Mr. Ge for his valuable contributions to the Board during his tenure of service as an executive Director and the Chairman. Mr. Ge has been appointed as the strategic development consultant of the Group with immediate effect and will continue to provide guidance to the Group in terms of strategic development and operation excellence.

‘RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

‘The Board ... [CLICK TO ORDER FULL ARTICLE](#)

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