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DIFFER GROUP HOLDING COMPANY LIMITED

鼎豐集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6878)

DISCLOSABLE TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL AND SALE LOAN OF KARHOE COMPANY LIMITED

THE DISPOSAL

The Board is pleased to announce that on 25 June 2019 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, representing the entire issued share capital of the Target Company, and the Sale Loan at the total Consideration of RMB279,379,667 (equivalent to approximately HK\$317,477,000) (comprising RMB44,000,000 (equivalent to approximately HK\$50,000,000) being the consideration for the Sale Shares and RMB235,379,667 (equivalent to approximately HK\$267,477,000) for the consideration of the Sale Loan).

Upon Completion, the Group will cease to have any interest in the Target Group and the financial results of the Target Group will cease to be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all relevant percentage ratios in respect of the Disposal are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 25 June 2019 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, representing the entire issued share capital of the Target Company, and the Sale Loan at the total Consideration of RMB279,379,667 (equivalent to approximately HK\$317,477,000) (comprising RMB44,000,000 (equivalent to approximately HK\$50,000,000) being the consideration for the Sale Shares and RMB235,379,667 (equivalent to approximately HK\$267,477,000) for the consideration of the Sale Loan).

The Agreement

Date: 25 June 2019

Parties: (i) the Vendor; and
(ii) the Purchaser.

As advised by the Purchaser, the Purchaser is a businesswoman and PRC resident. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Share, representing the entire issued share capital of the Target Company, and the Sale Loan.

As at the date of this announcement,

- (i) the Target Company directly owns the entire share capital of the Target Subsidiary A;
- (ii) the Target Subsidiary A owns the entire equity interest in the Target Subsidiary B;
- (iii) the Target Subsidiary B owns the entire equity interest in the Target Subsidiary C;
- (iv) the Sale Loan of RMB235,379,667 (equivalent to approximately HK\$267,477,000) represents the amount due from the Target Group to the Vendor as at the date of the Agreement.

The Target Subsidiary C currently owns the Property Development located at the Target Land, which is also owned by the Target Subsidiary C and is situate at Yingkou City, Liaoning Province, the PRC. The Property Development is a residential and commercial development with total site area of approximately 125,513 square meter and Phase 1 of the Property Development is currently open for sale.

The Target Group currently owes the Loan to the Creditor.

Upon Completion, the Group will cease to have any interest in the Target Group and the financial results of the Target Group will cease to be consolidated into the financial statements of the Group.

Consideration

The Consideration for the Disposal is RMB279,379,667 (equivalent to approximately HK\$317,477,000) (comprising RMB44,000,000 (equivalent to approximately HK\$50,000,000) being the consideration for the Sale Shares and RMB235,379,667 (equivalent to approximately HK\$267,477,000) for the consideration of the Sale Loan), will be satisfied in the following manners:

- (i) RMB44,000,000 (equivalent to approximately HK\$50,000,000) shall be payable by the Purchaser to the Vendor within 10 working days from the date of signing of the Agreement;
- (ii) RMB235,379,667 (equivalent to HK\$267,477,000) (the “**Balance**”), being the balance of the Consideration, together with the interest accrued from the outstanding amount shall be payable by the Purchaser to the Vendor, in instalments or as a lump sum, on or before 31 March 2021. The interest shall be calculated at the rate of 10% per annum.

Pursuant to the Agreement, the Purchaser has irrevocably undertaken to repay and/or procure the repayment of the Loan to the Creditor within 60 working days from the date of the Agreement. The Purchaser will procure the Target Subsidiary B to pledge (the “**Pledge**”) the entire equity interest in the Target Subsidiary C owned by the Target Subsidiary B in favour of the Vendor and/or the Creditor to secure the payment obligation in respect of Balance, the interest and/or the Loan at the cost of the Purchaser.

The Consideration was determined after arm’s length negotiations between the Company and the Purchaser taking into account, among other things, (i) the latest financial position of the Target Group (i.e the unaudited consolidated net liabilities of the Target Group of approximately RMB1,447,000 as at 31 May 2019); (ii) the Sale Loan of approximately RMB235,379,667; and (iii) the factors stated in the section headed “Reasons for and benefits of the disposal” set out below.

Completion

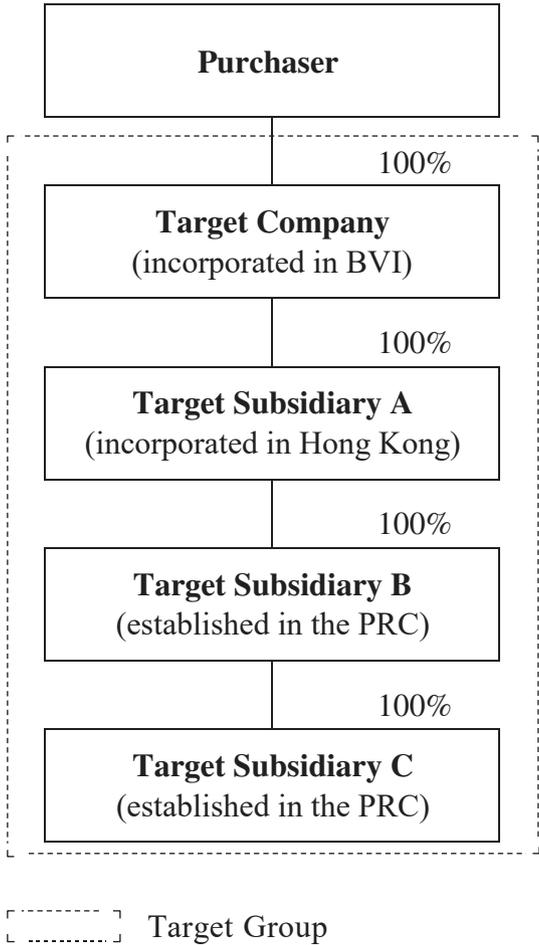
The Completion shall take place on the Completion Date. If the Purchaser fails to provide the Pledge to the satisfaction of the Vendor, the Vendor shall not be obliged to complete and the Purchaser shall have no claims against the Vendor.

INFORMATION ON THE TARGET GROUP

- (i) The Target Company is a limited liability company incorporated in the British Virgin Islands on 15 March 2018 and its principal activity is investment holding;

- (ii) The Target Subsidiary A is a direct wholly-owned subsidiary of the Target Company, which is a limited company incorporated in Hong Kong on 29 March 2018 and its principal activity is investment holding;
- (iii) The Target Subsidiary B is a direct wholly-owned subsidiary of Target Subsidiary A, which is a limited company established in the PRC on 28 May 2018 and is principally engaged in, among other things, business information consultation and corporate management consultation; and
- (iv) The Target Subsidiary C is a direct wholly-owned subsidiary of Target Subsidiary B, which is a limited company established in the PRC on 14 March 2011 and is principally engaged in, among other things, real estate development and management.

The following diagram illustrates the corporate structure of the Company and the Target Group immediately after Completion:



FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are (i) the financial information of the Target Subsidiary C for the financial year ended 31 December 2017; and (ii) the consolidated financial information of the Target Group for the financial year ended 31 December 2018 (for illustration purposes only):

	For the year ended 31 December 2017 (unaudited) RMB'000	For the year ended 31 December 2018 (audited) RMB'000
Net loss before taxation	5,266	5,727
Net loss after taxation	5,266	5,727

The audited total asset values of the Target Group as at 31 December 2018 and the unaudited total asset values of the Target Group as at 31 May 2019 were approximately RMB446,595,000 and RMB453,265,000 respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of (i) asset management services (including investment in properties, equities and distressed assets); (ii) finance lease services and (iii) financial services (including express loan services, financial consultancy services, guarantee services and supply chain agency services).

Based on (i) the preliminary assessment on the financial information of the Target Group as at 31 May 2019 and (ii) the Consideration, it is estimated that the Company will realise an unaudited gain on the Disposal of approximately RMB45,447,000 (equivalent to approximately HK\$51,644,000) before tax, relevant interests to be received from Sale Loan and consideration of other transaction costs as a result of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to a final audit to be performed by the auditors of the Company.

It is currently intended that the net proceeds from the Disposal will be applied as: (i) lending to the Group's customers and acquisition of valuable assets in the ordinary and usual course of the Group's business; and (ii) general working capital of the Group.

The Target Group formed part of the Group's asset management segment. The Board is of the view that the Disposal offers an opportunity for the Group to dispose of its interest in the Target Group to realise the gain arising from holding of the interest in the Target Land through the Target Group. The Board is of the view the Disposal will enable the Group to reallocate the financial resources for and direct its focus on other existing business of the Group.

Based on the above, the Board is of the view that the terms of the Agreement and the Consideration are fair and reasonable and on normal commercial terms and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all relevant percentage ratios in respect of the Disposal are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 25 June 2019 entered into between the Vendor and the Purchaser in respect of the Disposal
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Differ Group Holding Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Completion Date”	30 June, 2019, the date of completion of the Agreement, or such other date as the Purchaser and the Vendor shall agree in writing)
“connected person”	has the meanings as ascribed thereto under the Listing Rules
“Consideration”	RMB279,379,667, being the total consideration for the disposal of the Sale Shares and the Sale Loan

“Creditor”	Differ Group (China) Company Limited* (鼎豐集團(中國)有限公司), an indirect wholly-owned subsidiary of the Company, which is a limited company established in the PRC
“Directors”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor pursuant to the terms of the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the amount due from the Target Group to the Creditor, as at the date of the Agreement, in the sum of RMB52,952,340, in accordance with the Agreement
“Purchaser”	Wang Yanxuan* (王燕旋), a resident and businessman in the PRC, who is an Independent Third Party
“PRC”	the People’s Republic of China, and for the purpose of this Agreement, excluding Taiwan, Hong Kong and Macau Special Administrative Region
“Property Development”	Yu Hu Zun Di* (御湖尊邸), a property development project owned by the Target Subsidiary C, situate at the Target Land
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Loan”	the amount due from the Target Group to the Vendor, as at the date of the Agreement, in the sum of RMB235,379,667, in accordance with the Agreement
“Sale Shares”	the entire issued share capital of the Target Company which is fully paid
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Karhoe Company Limited (嘉禾有限公司), a limited company incorporated in the British Virgin Islands and its principal activity is investment holding
“Target Group”	collectively, the Target Company and the Target Subsidiaries
“Target Land”	the land parcel situate at Yingkou City, Liaoning Province with total site area of approximately 125,513 square meter owned by the Target Subsidiary C
“Target Subsidiaries”	collectively, the Target Subsidiary A, Target Subsidiary B and Target Subsidiary C
“Target Subsidiary A”	Karhoe Asset Management Company Limited (嘉禾資產管理有限公司), a direct wholly-owned subsidiary of the Target Company, which is a limited company incorporated in Hong Kong
“Target Subsidiary B”	Xiamen Kai Tou Sheng Business Consultation Company Limited* (廈門凱投盛商務諮詢有限公司), a direct wholly-owned subsidiary of Target Subsidiary A, which is a limited company established in the PRC
“Target Subsidiary C”	Yingkou City Dong Yu Bai Sheng Properties Company Limited* (營口市東宇百勝置業有限公司), a direct wholly-owned subsidiary of Target Subsidiary B, which is a limited company established in the PRC

“Vendor” Differ Cultural and Creative Investment Company Limited (鼎豐文創投資有限公司), a direct wholly-owned subsidiary of the Company, which is a limited company incorporated in the British Virgin Islands and is principally engaged in investment holding

“%” per cent.

* *For identification purpose only.*

By order of the Board
Differ Group Holding Company Limited
HONG Mingxian
Chairman and Executive Director

Hong Kong, 25 June 2019

* *In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.*

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of HK\$1=RMB0.88. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

As at the date of this announcement, the executive Directors are Mr. HONG Mingxian and Mr. NG Chi Chung; the non-executive Directors are Mr. CAI Huatan and Mr. WU Qinghan; and the independent non-executive Directors are Mr. CHAN Sing Nun, Mr. LAM Kit Lam and Mr. ZENG Haisheng.