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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE EQUITY INTEREST IN
JINGNING OUTDOOR RESIDENCE TOUR INVESTMENT
DEVELOPMENT CO., LIMITED**

THE ACQUISITION

The Board is pleased to announce that on 18 June 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) has agreed to acquire, and the Vendor has agreed to sell, the Target Shares, being the entire equity interest in the Target Company.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but fall below 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting and announcement requirements.

THE AGREEMENT

On 18 June 2021 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Target Shares, being the entire equity interest of the Target Company at the Consideration.

Set out below are the summary of the principal terms of the Agreement:

Date : 18 June 2021 (after trading hours)

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

The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in, among other things, investment holding in the PRC.

INFORMATION ON THE GROUP AND THE VENDOR

As advised by the Vendor, the Vendor is principally engaged in, investment holding in the PRC and has no significant business operations. As at the date of this announcement, the Vendor is held directly as to 51% by Zhongcheng and 49% by Differ Construction. The ultimate beneficial owners of Zhongcheng are (i) State Council of the PRC* (中華人民共和國國務院); (ii) Ministry of Finance of the PRC* (中華人民共和國財政部); and (iii) National Council for Social Security Fund* (全國社會保障基金理事會), which are all set up by PRC governmental bodies and together indirectly hold approximately 30% equity interest in Zhongcheng. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save that the Vendor is held directly as to 49% by Differ Construction, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Group is principally engaged in the (i) assets management business (including (a) property development and investment and (b) distressed assets, equities investment and fund management), (ii) provision of financial related services (including finance lease services, express loan services, consultancy services, guarantee services and security brokerage services) and (iii) commodity trading business.

INFORMATION ON THE TARGET COMPANY AND ASSETS TO BE ACQUIRED

The Target Company is an associate of the Company and is principally engaged in, among other things, property development and management in the PRC.

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Target Shares, being 100% of the equity interest in the Target Company, free from encumbrances.

The principal asset of the Target Company is the land use rights for the Land, which is a commercial development called She People Ancient City* (畚鄉古城), formerly known as Phoenix Ancient Town* (鳳凰古鎮), which is currently on sale and comprises a total saleable gross floor area of approximately 155,741 sq.m. as at 31 May 2021.

CONSIDERATION

Pursuant to the Agreement, the Purchaser shall pay to the Vendor a sum of RMB490,000,000 (equivalent to approximately HK\$590,361,446), being the Consideration for the Target Shares, in the following manner:

- (i) RMB100,001,300, to be paid by the Purchaser to the Vendor by way of cash; and
- (ii) RMB389,998,700, to be paid by way of setting off the Debt currently due from the Vendor to the Purchaser.

Basis of the Consideration

The Consideration was determined by the Purchaser and the Vendor after arm's length negotiations on normal commercial terms with reference to the unaudited adjusted net asset value of Target Company (the "**Adjusted NAV**") as at 31 May 2021. The Adjusted NAV of RMB490,182,000 (equivalent to approximately HK\$590,580,723) represents an aggregate value of: (a) the unaudited consolidated net asset of Target Company as at 31 May 2021 in the amount of approximately RMB486,604,000 (equivalent to approximately HK\$586,269,880); plus (b) the amount of (i) the valuation of the market value of the Land held by the Target Company as at 31 May 2021 as determined by an independent valuer by using the market approach in the sum of RMB1,722,000,000 (equivalent to approximately HK\$2,074,698,795); less (ii) the relevant book value in the sum of RMB1,718,422,000 (equivalent to approximately HK\$2,070,387,952), in the amount of approximately RMB3,578,000 (equivalent to approximately HK\$4,310,843).

Set out below financial information of the Target Company, for the two financial years ended 31 December 2019 and 2020 and five months ended 31 May 2021 (for illustration purpose only):

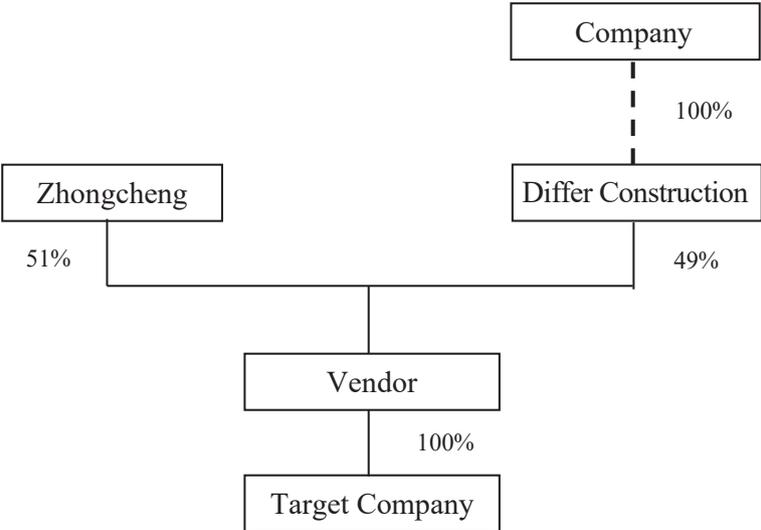
	Year ended 31 December 2019 (Audited) RMB'000	Year ended 31 December 2020 (Audited) RMB'000	Five months ended 31 May 2021 (Unaudited) RMB'000
Revenue	222,385	102,936	14,359
Profit/(Loss) before tax	77,410	(15,467)	(2,479)
Profit/(Loss) after tax	53,197	(14,747)	(2,479)

The unaudited consolidated net asset value and total asset value of the Target Company as at 31 May 2021 amounted to approximately RMB486,604,000 (equivalent to approximately HK\$586,269,880) and RMB1,800,935,000 (equivalent to approximately HK\$2,169,801,205) respectively.

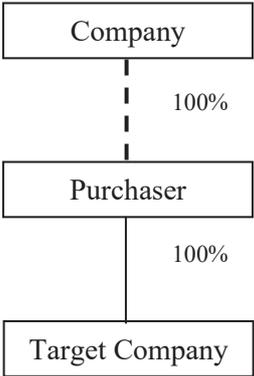
COMPLETION

Completion of the Acquisition has immediately taken place upon signing of the Agreement. Prior to the Acquisition, the Target Company was an associate of the Company and the Group had shared the financial results of the Target Company as associate. In accordance with the terms of the Agreement, (i) the Vendor shall transfer the Target Shares to the Purchaser upon Completion; and (ii) the Purchaser shall pay the Consideration to the Vendor within 60 days after execution of the Agreement. After Completion, the Target Company will cease to be a subsidiary of the Vendor and will become an indirect wholly-owned subsidiary of the Company. As a result, the financial results of the Target Company will be consolidated with the Group's financial statements.

Set out below is the relevant corporate structure as at the date of this announcement:



Set out below is the relevant corporate structure after Completion.



- - - - - indirectly held
 _____ directly held

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the (i) assets management business (including a) property development and investment and b) distressed assets, equities investment and fund management), (ii) provision of financial related services (including finance lease services, express loan services, consultancy services, guarantee services and the security brokerage services) and (iii) commodity trading business.

Prior to the Acquisition, the equity interest in the Target Company was held indirectly as to 49% by Differ Construction and 51% by Zhongcheng. The main reason for the Acquisition was due to the conflicting views between the Group and Zhongcheng in respect of the commercial positioning and future development strategies of the Target Company and the Land. Further, Zhongcheng did not manage to provide the anticipated resources to the Target Company as originally expected by the Group. As such, the parties decided to terminate their cooperation in operating the Target Company and development of the Land, which led to the Acquisition.

After Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, which will enable the Group to obtain full control over the management, business and operations of the Target Company, which would include the commercial development on the Land, therefore providing greater flexibility to the Group. It will also allow the Group to enjoy the economic benefits in full as the Group can retain all of the future profits generated from the property sales on the Land and businesses on the commercial development.

As the Acquisition is being conducted after arm's length negotiations based on normal commercial terms, the Directors consider that the Acquisition is in the ordinary and usual course of business, and that the terms of the Agreement 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.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but fall below 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting and announcement requirements.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Shares by the Purchaser from the Vendor pursuant to the terms of the Agreement
“Agreement”	the written agreement dated 18 June 2021 entered into by the Purchaser and the Vendor in respect of the sale and purchase of the Target Shares
“associate”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Differ Group Holding Company Limited (鼎豐集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board (Stock Code: 6878)
“Completion”	completion of the Acquisition pursuant to the terms of the Agreement

“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	a sum of RMB490,000,000 (equivalent to approximately HK\$590,361,446), payable by the Purchaser for the Target Shares pursuant to the Agreement
“Debt”	a sum of RMB389,998,700 (equivalent to approximately HK\$469,877,952), being a debt owed by the Vendor to the Purchaser
“Differ Construction”	Xiamen Differ Construction and Development Co., Limited* (廈門鼎造城市開發有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the two land parcels legally owned by the Target Company situated at Northern side of Renmin North Road and the Eastern side of Waishe Road, Waishe Zone, Jingning Town, Lishui City, Zhejiang Province, the PRC, with a total site area of approximately 173,934 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange
“Purchaser”	Xiamen Differ Cultural Tourism Group Co., Limited* (廈門鼎豐文化旅遊集團有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“Share(s)”	the ordinary share(s) of par value of HK\$0.0025 each in the issued share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jingning Outdoor Residence Tour Investment Development Co., Limited* (景寧外舍古鎮旅遊投資發展有限公司), a company incorporated in the PRC with limited liability and an associate of the Company
“Target Shares”	100% of the entire equity interest in the Target Company, as held by the Vendor
“Vendor”	Fujian Zhongcheng Chuangzhan Urban Development Co., Limited* (福建中城創展城市開發有限公司), formerly known as Fujian China Overseas Urban Development Co., Limited* (福建中海外城市開發有限公司), a company incorporated in the PRC with limited liability, which is held as to 51% by Zhongcheng and 49% by Differ Construction as at the date of this announcement
“Zhongcheng”	Zhongcheng Chuangzhan Urban Development Group Co., Limited* (中城創展城市開發集團有限公司), formerly known as Zhongcheng Chuangzhan City Construction Limited* (中城創展城市開發建設有限公司), a company incorporated in the PRC with limited liability, which holds 51% of the entire equity interest of the Vendor as at the date of this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meter
“%”	per cent

* For identification purpose only

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

Hong Kong, 18 June 2021

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1: RMB0.83. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

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.

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. CHEN Naike.