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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 DISPOSAL OF 100% EQUITY INTEREST IN DIFFER DIGITAL COMPANY LIMITED**

#### **THE DISPOSAL**

On 23 December 2021, the Purchaser (an Independent Third Party) entered into the Agreement with the Vendor, which is an indirect wholly-owned subsidiary of the Company, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share for the Consideration. Pursuant to the Agreement, the Vendor will sell the Disposal Group to the Purchaser.

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

#### **THE DISPOSAL**

On 23 December 2021, the Purchaser entered into the Agreement with the Vendor, an indirect wholly-owned subsidiary of the Company, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share for the Consideration of RMB175,000,000 (equivalent to approximately HK\$213,415,000).

Set out below are the key terms of the Agreement:

Date: 23 December 2021

Parties: (1) Purchaser : Prestige Eagle Investments Limited, which is an Independent Third Party

As advised by the Purchaser, the Purchaser is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding.

As advised by the Purchaser, Mr. Lam Kiu San, a Hong Kong resident and a businessman, is the sole shareholder of the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

(2) Vendor : Differ Construction and City Development Company Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company. The principal business of the Vendor is investment holding.

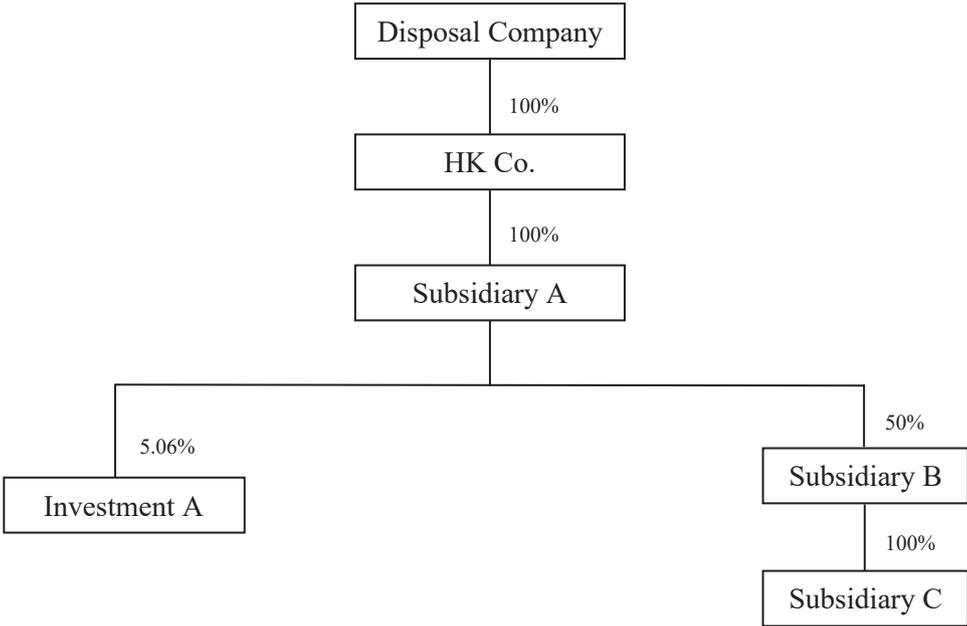
## **INFORMATION ON THE GROUP**

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

## **ASSETS TO BE DISPOSED**

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share, which comprises 100% of the entire issued share capital of the Disposal Company.

Set out below is the group structure of the Disposal Group as at the date of this announcement:



**INFORMATION ON THE DISPOSAL GROUP**

The Disposal Company is incorporated in the British Virgin Islands with limited liability on 11 May 2021 and is principally engaged in investment holding and has no significant business operation.

The HK Co. is incorporated in Hong Kong with limited liability on 16 January 2020 and principally engaged in investment holding and has no significant business operation.

The Subsidiary A is a company established in the PRC with limited liability on 12 October 2021 and principally engaged in investment holding in the PRC and has no significant business operation.

Subsidiary A held 5.06% of the equity interest of the Investment A. Investment A is a company established in the PRC with limited liability and principally engaged in property development and investment, trading of construction material, rental of construction machinery and property management business in the PRC.

The Subsidiary B is a company established in the PRC with limited liability on 7 January 2020 and principally engaged in investment holding and has no significant business operation, which Subsidiary A held 50% of its equity interest.

The Subsidiary C is a company established in the PRC with limited liability on 21 January 2020 and principally engaged in property development and management in the PRC. The principal asset of Subsidiary C is the Land Plot. The Land Plot is located at junction of Erhuan Road South and West Ring Road West (二環路南側，西環路西側), Lincheng Town, Shanghang County, Longyan, Fujian Province, the PRC\*, with a total site area of 52,221 sq.m.. The Land Plot shall be used for residential purposes for 70 years and commercial purposes for 40 years.

The Land Plot is expected to be developed into a residential and commercial complex, named Differ Fortune Plaza\* (鼎豐財富中心), with residential units, offices and restaurants. The buildings on the Land Plot are currently under construction and, as at the date of this announcement, expected comprises a total saleable gross floor area of approximately 156,663 sq.m..

Set out below are the unaudited combined financial information of the HK Co, Subsidiary B and Subsidiary C for the financial year ended 31 December 2020 and the unaudited consolidated financial information of the Disposal Group for the eleven months ended 30 November 2021 (for illustration purpose only):

	<b>Year ended 31 December 2020 (Unaudited) RMB'000</b>	<b>Eleven months ended 30 November 2021 (Unaudited) RMB000</b>
Revenue	—	—
(Loss)/Profit before tax	(2,881)	16,590
(Loss)/Profit after tax	(2,162)	12,443

The Disposal Company and the Subsidiary A were incorporated in 2021. The unaudited combined total asset value of the HK Co., Subsidiary B and Subsidiary C as at 31 December 2020 amounted to approximately RMB665,683,000 and the unaudited consolidated total asset value of the Disposal Group as at 30 November 2021 amounted to RMB988,265,000.

## **CONSIDERATION**

Subject to the Completion, the Consideration for the sale and purchase of the Sale Share is RMB175,000,000 (equivalent to approximately HK\$213,415,000) shall be paid by the Purchaser in the following manner:

1. RMB90,000,000 (equivalent to approximately HK\$109,756,000) on or before 31 July 2022;
2. RMB85,000,000 (equivalent to approximately HK\$103,659,000) on or before 30 April 2023.

In order to secure the payment obligation of the Consideration, on or before the Completion, the Purchaser shall, at its own cost, procure and the HK Co. shall pledge all the shares of the Subsidiary A (“**Pledged Shares**”) to the Vendor and/or person designated by the Vendor as security for payment.

### **Basis of the Consideration**

The Consideration was determined by the Purchaser and the Vendor after arm’s length negotiation with reference to the equity interest attributable to the Company of the unaudited adjusted consolidated net asset value of Disposal Group (the “**Adjusted NAV**”) as at 30 November 2021. The Adjusted NAV in the amount of RMB161,636,000 (equivalent to approximately HK\$197,117,000) represents an aggregate value of:

- (a) the unaudited consolidated net assets of the Disposal Group as at 30 November 2021 in the amount of approximately RMB35,281,000; plus
- (b) the amount of (i) the valuation of the market value, by using the market value approach of the Land Plot as determined by an independent valuer in the sum of approximately RMB914,000,000; less (ii) the relevant book value as at 30 November 2021 in the sum of approximately RMB696,679,000; and less (iii) the relevant deferred tax amount of approximately RMB54,330,000, in the amount of approximately RMB162,991,000; plus
- (c) the amount of (i) the valuation of the market value, by using the market value approach of the equity interest of Investment A held by Subsidiary A as determined by an independent valuer in the sum of approximately RMB150,000,000; less (ii) the relevant book value as at 30 November 2021 in the sum of RMB75,000,000, in the amount of approximately RMB75,000,000; less
- (d) the adjusted value of non-controlling interest of the Disposal Group as at 30 November 2021 of approximately RMB111,636,000.

The Consideration is greater than the Adjusted NAV. Although the Purchaser will fully satisfy the Consideration after the Completion Date, the Purchaser, as disclosed above, will pledge the Pledged Shares to the Vendor as security for payment. Accordingly, the Board considers that the Consideration and the terms and conditions of the Agreement are to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### **COMPLETION**

The Completion will take place on the Completion Date.

## **DEBT OWED BY THE DISPOSAL GROUP**

As at the date of this announcement, the Disposal Group is indebted to the Group in the aggregate sum of RMB260,000,000 (equivalent to approximately HK\$317,073,000), (the “**Debt**”) which is unsecured and interest-free. The Debt should be settled by the Disposal Group on or before 31 August 2023.

Pursuant to the Agreement, the Purchaser shall, at its own cost, procure and the HK Co. shall further pledge all the Pledged Shares to the Vendor and/or person designated by the Vendor as security for repayment of the Debt.

The applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of the provision of the Debt were less than 5%, the Debt does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The assets ratio as defined under Rule 14.07(1) of the Listing Rules in respect of the amount of the cap of the Debt does not exceed 8%, accordingly the Debt is not subject to the general disclosure obligations under Rule 13.13 of the Listing Rules.

## **POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon the Completion, the Group will not hold any equity interest in the Disposal Company. The Disposal Company, HK Co., Subsidiary A, Subsidiary B and Subsidiary C will then all cease to be indirect subsidiaries of the Company. As a result, the financial results of the Disposal Company, HK Co., Subsidiary A, Subsidiary B and Subsidiary C will cease to be consolidated with the Group’s financial statements.

Based on the preliminary assessment (i) on the financial information of the Disposal Group as at 30 November 2021 and (ii) the Consideration, it is estimated that the Company will realise an unaudited gain on the Disposal of approximately RMB169,860,000 (equivalent to approximately HK\$207,146,000) before tax and 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.

The Board intends to apply the net proceeds from the Disposal of approximately RMB169,860,000 for the general working capital of the Group.

## **REASONS FOR THE DISPOSAL**

The Disposal Group is principally engaged in property development. After the Completion, the Group will not hold any equity interest in the Disposal Company. The Directors consider that it is a good opportunity for the Group to dispose the equity interest so as to realise a profit from the Disposal and release funds which will be used for ordinary course of businesses and general working capital of the Group.

The Directors further consider the Disposal will be a good opportunity for the Group to dispose the Sale Share at this stage in order to lock in the profit and to mitigate future risk from potential fluctuations in the property market in the PRC. The Board is of the view that the Disposal offers an opportunity for the Group to dispose of its interest in the Disposal Group to realise the gain arising from holding of the interest in the Land Plot and the Investment A through the Disposal Group. The Consideration to be received by the Vendor will improve the Group's overall cashflow and liquidity.

Furthermore, the completion of the Disposal means that the Company will no longer need to contribute to the construction or management costs of the Disposal Group. This means that the Company will have increased funds to be used in other aspects of the Group's businesses, such as for the other ordinary course of businesses and general working capital. As such, the Directors consider that it is an opportunity for the Group to dispose of its interest in the Disposal Group to realise profit from the Disposal and release funds for the future business which will be used for the purposes mentioned above.

As the Disposal is being conducted after arm's length negotiations based on normal commercial terms, and the Group is expected to make a gain on the Disposal, the Directors are of the view that the Disposal is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATION**

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

## **DEFINITIONS**

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

“Agreement”	the sale and purchase agreement dated 23 December 2021 entered into between the Purchaser and the Vendor in relation to the Disposal
“Board”	the board of Directors of the Company
“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 and the issued Shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to this term under the Listing Rules

“Consideration”	the consideration of RMB175,000,000 (equivalent to approximately HK\$213,415,000) payable by the Purchaser for the Sale Share pursuant to the Agreement
“Completion”	completion of the sale and purchase of the Sale Share in accordance with the terms and conditions of the Agreement
“Completion Date”	24 December 2021 or any other date as agreed in writing between the Vendor and the Purchaser, being the date on which the Completion will be taken place
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share by the Vendor to the Purchaser as contemplated under the Agreement
“Disposal Company”	Differ Digital Company Limited (鼎豐數碼科技有限公司), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Disposal Group”	collectively the Disposal Company, the HK Co., Subsidiary A, Subsidiary C, 50% equity interests of Subsidiary B and 5.06% equity interests of Investment A
“Group”	the Company and its subsidiaries
“HK Co.”	Differ Planning & Marketing Company Limited (鼎豐營銷策劃有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by the Disposal Company as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment A”	Ding Sheng Property Company Limited* (鼎盛置業股份有限公司), a company incorporated in the PRC with limited liability, of which Subsidiary A held 5.06% of its equity interest

“Independent Third Party”	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, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Land Plot”	a parcel of land owned by the Subsidiary C which is located at junction of Erhuan Road South and West Ring Road West* (二環路南側，西環路西側), Lincheng Town, Shanghang County, Longyan, Fujian Province, the PRC, with a total land area of 52,221 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Quanzhou Runyu”	Quanzhou Runyu Real Estate Development Co., Ltd* (泉州潤宇房地產開發有限公司), a company incorporated in the PRC with limited liability
“Purchaser”	Prestige Eagle Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party, as advised by the Purchaser, which is entirely held by Mr. Lam Kiu San, who is a Hong Kong resident and a businessman
“Shares”	the ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Shareholder”	the holder(s) of the Shares(s)
“Sale Share”	one share, being 100% of the entire issued share capital of the Disposal Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary A”	Xiamen Yisheng Enterprise Management Co., Ltd* (廈門市繹昇企業管理有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Disposal Company

“Subsidiary B”	Xiamen Ding Feng Sheng Enterprise Management Co., Ltd* (廈門鼎豐盛企業管理有限公司), a company incorporated in the PRC with limited liability, owned (i) 50% by Subsidiary A; and (ii) 50% by Quanzhou Runyu
“Subsidiary C”	Longyan Ding Feng Sheng Enterprise Management Co., Ltd* (龍岩鼎豐盛企業管理有限公司), a company incorporated in the PRC with limited liability, wholly-owned by Subsidiary B
“Vendor”	Differ Construction and City Development Company Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, 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, 23 December 2021

*For the purpose of illustration in this announcement only, the translation of RMB into HK\$ is based on the rate of HK\$1: RMB0.82. The above conversion rates are for illustrative purpose only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforesaid or any other rates or 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, Mr. NG Chi Chung and Dr. FENG Xiaogang; 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.*