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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
XIAMEN DINGZAO COMMERCIAL OPERATION
MANAGEMENT COMPANY LIMITED*
AND
LISHUI FU FENG CULTURAL TOURS COMPANY LIMITED***

THE ACQUISITION

The Board is pleased to announce that on 11 July 2022 (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 Companies.

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 11 July 2022 (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 Companies at the Consideration.

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

Date : 11 July 2022 (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 Guanzhou Wending. The ultimate beneficial owners of Zhongcheng are (i) State-owned Assets Supervision and Administration Commission* (國有資產監督管理委員會); (ii) State Council of the PRC* (中華人民共和國國務院); (iii) Ministry of Finance of the PRC* (中華人民共和國財政部); and (iv) 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 65% 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 Guanzhou Wending, 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 securities brokerage services), (iii) commodity trading business and (iv) automobile e-commerce business.

INFORMATION ON THE TARGET COMPANIES AND ASSETS TO BE ACQUIRED

The Target Company A is, a company incorporated under the laws of the PRC, principally engaged in, among other things, property management service in the PRC.

The Target Company B is, a company incorporated under the laws of the PRC, and is principally engaged in tourism project development and investment in the PRC. The principal asset of the Target Company B is the land use rights for the Land, which is a commercial/cultural development called Chu Zhou Fu Cheng (處州府城). The properties are leased or intended to be leased out as commercial properties for a short to medium-term (i.e. approximately 2 to 15 years) or a long term (i.e. more than 20 years) and comprise a total gross floor area of approximately 42,611 sq.m as at 31 May 2022.

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 Companies, free from encumbrances.

CONSIDERATION

Pursuant to the Agreement, the Purchaser shall pay to the Vendor a sum of RMB290,000,000 (equivalent to approximately HK\$341,176,000), being the Consideration for the Target Shares, in the following manner:

- (i) RMB50,000,000, to be paid by the Purchaser to the Vendor by way of cash; and
- (ii) RMB240,000,000, 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 total unaudited adjusted net asset value of the Target Companies (the "Adjusted NAV") as at 31 May 2022. The Adjusted NAV of RMB327,889,000 (equivalent to approximately HK\$385,752,000) represents an aggregate value of: (a) the unaudited consolidated net asset of Target Companies as at 31 May 2022 in the amount of approximately RMB329,871,000 (equivalent to approximately HK\$388,084,000); minus (b) the amount of (i) the book value of the Land and properties held by the Target Company B as at 31 May 2022 in the sum of RMB562,982,000 (equivalent to approximately HK\$662,332,000); less (ii) the relevant valuation of the market value as determined by an independent valuer by using the market approach in the sum of RMB561,000,000 (equivalent to approximately HK\$660,000,000), in the amount of approximately RMB1,982,000 (equivalent to approximately HK\$2,332,000).

Set out below financial information of the Target Company A for the two financial years ended 31 December 2020 and 2021 and five months ended 31 May 2022 (for illustration purpose only):

	Year ended 31 December 2020 (Unaudited) RMB'000	Year ended 31 December 2021 (Unaudited) RMB'000	Five months ended 31 May 2022 (Unaudited) RMB'000
Revenue	10,253	12,312	5,821
Profit before tax	3,419	4,002	4,473
Profit after tax	3,419	4,002	4,473

The unaudited consolidated net asset value and total asset value of the Target Company A as at 31 May 2022 amounted to approximately RMB6,356,000 (equivalent to approximately HK\$7,478,000) and RMB39,765,000 (equivalent to approximately HK\$46,782,000) respectively.

Set out below financial information of the Target Company B for the two financial years ended 31 December 2020 and 2021 and five months ended 31 May 2022 (for illustration purpose only):

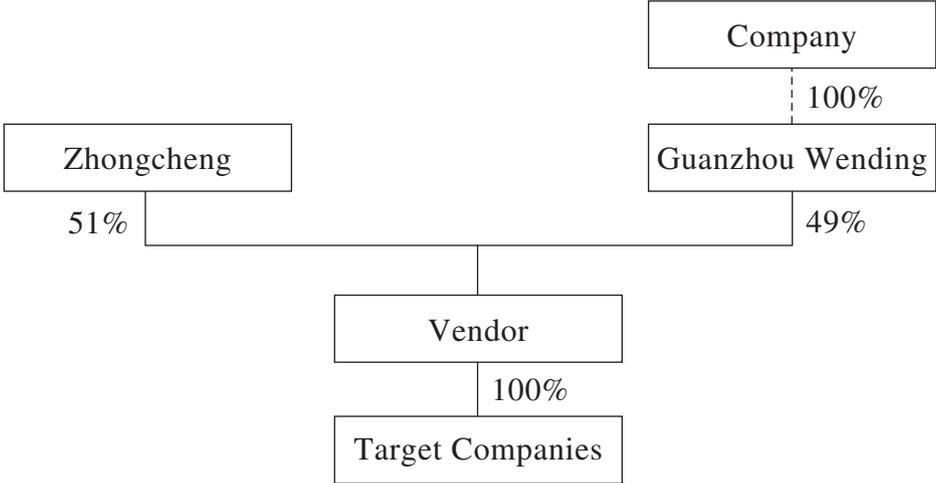
	Year ended 31 December 2020 (Unaudited) RMB'000	Year ended 31 December 2021 (Unaudited) RMB'000	Five months ended 31 May 2022 (Unaudited) RMB'000
Revenue	8,926	28,050	8,262
Loss before tax	(359)	(19,973)	(15,094)
Profit/(Loss) after tax	1,236	(19,973)	(15,094)

The unaudited consolidated net asset value and total asset value of the Target Company B as at 31 May 2022 amounted to approximately RMB323,515,000 (equivalent to approximately HK\$380,606,000) and RMB755,541,000 (equivalent to approximately HK\$888,872,000) respectively.

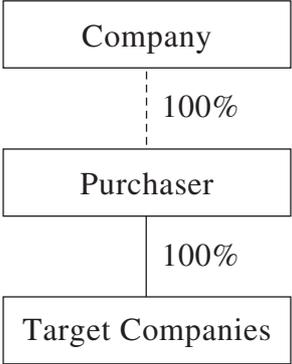
COMPLETION

Completion of the Acquisition will take place immediately after signing of the Agreement. Prior to the completion of the Acquisition, the Target Companies were associates of the Company and the Group had shared the financial results of the Target Companies 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 Companies will cease to be subsidiaries of the Vendor and will become indirect wholly-owned subsidiaries of the Company. As a result, the financial results of the Target Companies 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 securities brokerage services), (iii) commodity trading business and (iv) automobile e-commerce business.

“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 RMB290,000,000 (equivalent to approximately HK\$341,176,000), payable by the Purchaser for the Target Shares pursuant to the Agreement
“Debt”	a sum of RMB315,765,300 (equivalent to approximately HK\$371,489,000), being a debt owed by the Vendor to the Purchaser
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guanzhou Wending”	Ganzhou Wending Asset Management Company Limited* (贛州市問鼎資產管理有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the two land parcels legally owned by the Target Company B situated at northwest side of the intersection of Dayou Street and Dayang Road, Lishui, Zhejiang Province, the PRC, with a total site area of approximately 74,721 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 Yield Cultural Tourism Group Co., Limited* (廈門鼎繹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 Companies”	collectively the Target Company A and Target Company B
“Target Company A”	Xiamen Dingzao Commercial Operation Management Company Limited* (廈門鼎造商業運營管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Vendor
“Target Company B”	Lishui Fu Feng Cultural Tours Company Limited* (麗水市富豐文化旅遊有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Vendor
“Target Shares”	collectively Target Shares A and Target Shares B
“Target Shares A”	100% of the entire equity interest in the Target Company A held by the Vendor
“Target Shares B”	100% of the entire equity interest in the Target Company B held by the Vendor
“Vendor”	Zhongcheng City Development Group Co., Limited* (中城城開集團有限公司), a company incorporated in the PRC with limited liability, which is held as to 51% by Zhongcheng and 49% by Guanzhou Wending as at the date of this announcement

“Zhongcheng”	Zhongcheng Chuangzhan Group Co., Limited* (中城創展集團有限公司), 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
Ng Chi Chung
Chairman and Executive Director

Hong Kong, 11 July 2022

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1: RMB0.85. 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. NG Chi Chung and Dr. FENG Xiaogang; the non-executive Directors are Mr. KANG Fuming and Mr. XU Yiwei; and the independent non-executive Directors are Mr. CHAN Sing Nun, Mr. LAM Kit Lam and Mr. CHEN Naike.