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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 DISTRESSED ASSETS

THE ACQUISITION

The Board is pleased to announce that on 15 January 2019 (after trading hours), Party A, an indirect wholly-owned subsidiary of the Company, and Party B received a Notification from the Administrator that the court has formally approved the Party A and Party B to become the reforming parties and participate into the Restructuring Plan of the Target Company in accordance with the Corporate Bankruptcy Law* of the PRC under the supervision of the Administrator.

Pursuant to the Notification, Xiamen Differ (as designated nominee of Party A) and Party B will acquire 51% and 49% of the Distressed Assets respectively without payment of any consideration.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but all relevant percentage ratios in respect of the Acquisition are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the notification and announcement requirements under the Listing Rules.

Although the previous entering of the Cooperation Agreement alone is not a notifiable transaction (as the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Cooperation Agreement do not exceed 5%), for prudent purpose, the Company has aggregated the figures of the Acquisition and the Cooperation Agreement for calculation of the applicable percentage ratio. As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition together with Cooperation Agreement exceeds 5% but all relevant percentage ratios in respect of the Acquisition are less than 25%, the Acquisition together with Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition and Cooperation Agreement are subject to the notification and announcement requirements under the Listing Rules.

I. BACKGROUND

A creditor of the Target Company has applied for winding up of the Target Company for the Target Company failed to pay its debt on time. The Court has accepted the application from the respective creditor and appointed the Administrator to act as administrator of the Target Company for reorganization of the Target Company in accordance with the Corporate Bankruptcy Law* (企業破產法) of the PRC. The Administrator has published an announcement on 28 December 2017 to recruit potential reforming parties (重整方) to submit draft restructuring plan for its review. Party A and Party B have submitted a draft of restructuring plan to the Administrator. The Administrator has then selected and submitted the draft Restructuring Plan, which was prepared by Party A and Party B, to the creditors of the Target Company for approval and the respective creditors has approved the Restructuring Plan. Pursuant to the Restructuring Plan, the Investors shall give up the Distressed Assets, being all their interest in the Target Company, to the reforming parties (重整方) or its designated nominee without payment of any consideration. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Investors are Independent Third Parties.

The Administrator then, on 12 May 2018, submitted the Restructuring Plan to the Court for approval. On 12 June 2018, the Court, issued the Civil Ruling Paper (民事裁定書) ((2017) Lu 1003 Min Po No. 2-2), adjudicated the approval of the Restructuring Plan.

The following information of the Target Company was provided by the Administrator in the Restructuring Plan:

The registered capital of the Target Company is RMB50,000,000 which is currently owned by the following persons in the following percentage:

Name of Investors	Shareholding in the Target Company
Yu Yinqiang* (余印強)	57.5%
Xu Yunfen* (許韻芬)	30.0%
Shi Xiuyu* (施修玉)	7.0%
Yu Zhijian* (余至堅)	5.5%

The major asset of the Target Company was the land use rights for the Subject Land, which was for residential, commercial and community development and on which a property development project named Longdu Lijing Community* (龍都麗景小區) (the “**Project**”) is currently under construction and not yet fully completed and developed. The principal business of the Target Company was property development and the sale of construction material.

In order to minimize Party A's risk in the Acquisition, the Board considers including Party B as a partner to reduce Party A's exposure in the Reorganization Plan. Accordingly, Party A had entered into the Cooperation Agreement with Party B, pursuant to which Party A and Party B will cooperate and become the joint reforming parties (重整方) of the Restructuring Plan and implement the Restructuring Plan of the Target Company together in accordance with the terms and conditions of the Cooperation Agreement and the Restructuring Plan.

The Reforming Parties have agreed the amount of start-up fund, including a sum of RMB20,000,000 (equivalent to approximately HK\$22,989,000) (the "Sum"), for implementation of the Restructuring Plan will be RMB21,000,000 (equivalent to approximately HK\$24,138,000) which will be contributed by Party A and Party B in the proportion of 51% to 49% (the "Contribution Proportion"). The start-up fund will cover all expenses incurred in the Restructuring Plan, such as, travel expenses, accommodation expenses, legal and professional fees. The start-up fund will be recorded as investment cost of the Target Company and to be borne by the Target Company.

As at the date of this announcement, apart from the Sum, the Reforming Parties agreed to further inject RMB30,000,000 (equivalent to approximately HK\$34,483,000) to the Target Company in accordance with the progress of the restructure and the capital plan. Any future capital requirements shall be subject to the approval by the Reforming Parties. Based on the above, the Board is of the view that the terms of the Cooperation Agreement and are fair and reasonable and on normal commercial terms and that the entering into of the Cooperation Agreement is in the interests of the Company and the Shareholders as a whole.

II. THE ACQUISITION

On 15 January 2019 (after trading hours), Party A, an indirect wholly-owned subsidiary of the Company, and Party B received a Notification from the Administrator that the court has formally approved the Party A and Party B to become the reforming parties (重整方) and take part into the Restructuring Plan of the Target Company, as an reforming investor, in accordance with the Corporate Bankruptcy Law* (企業破產法) of the PRC under the supervision of the Administrator.

Pursuant to the Notification, Xiamen Differ (as designated nominee of Party A) and Party B will acquire 51% and 49% of the Distressed Assets respectively without payment of any consideration.

Set out below are the parties involved in the acquisition of the Distressed Assets:

- (i) the Administrator;
- (ii) Party A; and
- (iii) Party B

As advised by the Administrator, the Administrator is a company established in the PRC and, is principally engaged in, among other things, handling corporate bankruptcy liquidation and non-bankruptcy liquidation. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Administrator and its ultimate shareholders are Independent Third Parties.

Party A is, an indirect wholly-owned subsidiary of the Company and, is principally engaged in, among other things, asset management business.

As advised by Party B, Party B is a company established in the PRC and, is principally engaged in, among other things, property development. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Party B and its ultimate shareholders are Independent Third Parties.

Assets to be acquired

Pursuant to the Restructuring Plan, the Administrator will continue to be responsible for the obligations of an administrator of the Target Company in accordance with the relevant laws. Pursuant to the Restructuring Plan, Party A and Party B in turn will be responsible to implement the Restructuring Plan in accordance with law of the PRC under the supervision of the Administrator.

Prior to the date of this announcement, the Reforming Parties have paid the Sum to the Administrator to indicate their intention to become reforming parties (重整方) of the Restructuring Plan of the Target Company. The amount of RMB10,200,000 (equivalent to approximately HK\$11,724,000) and RMB9,800,000 (equivalent to approximately HK\$11,264,000), out of the Sum, were contributed by Party A and Party B respectively. The amount of the Sum was determined by the Administrator to be paid by any potential reforming party when the Administrator recruiting reforming party.

Upon completion of the handover of the Target Company with the Administrator, Party A, and Party B will duly become the reforming parties (重整方) of the Target Company and the Sum will be converted to form part of the fund to be injected by the Reforming Parties during the implementation of the Restructuring Plan. Upon completion of the relevant registration process and of Xiamen Differ, as designated nominee of Party A, and Party B, will become the registered owners of the 51% and 49% of the Distressed Assets respectively. It is expected the Completion will take place on or before 1 February 2019.

As disclosed above, pursuant to the Restructuring Plan, the Investors shall give up all their interest in the Distressed Assets to the reforming parties (重整方) or its designated nominee without payment of any consideration. Accordingly, the Reforming Parties will become the registered owner of the Distressed Assets without payment of any consideration.

Set out below is the unaudited financial information of the Target Company for the financial years ended 31 December 2016 and 31 December 2017, the turnover and net loss (before and after taxation) of the Target Company are as follows:

	For the year ended 31 December 2016 RMB'000 (unaudited)	For the year ended 31 December 2017 RMB'000 (unaudited)
Turnover	–	N/A <i>Note</i>
Loss before taxation	908	N/A <i>Note</i>
Loss after taxation	908	N/A <i>Note</i>

Note: As the Target Company has commenced winding up on 6 June 2017, no business has been operated since then. Accordingly the figures of the turnover, loss before and after taxation are not available.

As disclosed in the Restructuring Plan, it was estimated that the Target Company has estimated assets of approximately RMB416,267,000 (equivalent to approximately HK\$478,468,000), and estimated liabilities, after taking into account of the hair cut accepted by respective creditors, of approximately RMB416,267,000 (equivalent to approximately HK\$478,468,000) as at 4 April 2018, date of the Reorganization Plan. The Company believes, after the completion of the construction of the Project, the realized value for the said estimated assets will be sufficient to repay the said estimated liabilities with surplus.

The implementation period for the Restructuring Plan is 36 months, unless extended with approval by the Court, from the date of approval of the Restructuring Plan by the Court. During the said period, the Target Company had to strictly adhere to the Restructuring Plan, under supervision of the Administrator, to deal with its assets, settle the liquidation fee and repay the debt.

REASONS OF AND BENEFITS FOR THE ACQUISITION

The Group is a provider of short to medium-term financing and financing-related solutions in the PRC and Hong Kong and is principally engaged in the provision of (i) assets management business (including investments in properties, distressed assets and equities), (ii) finance lease services and (iii) financial services (including financial consultancy services, express loan services, guarantee services and supply chain services).

For the benefit of the Company and its Shareholders as a whole, the Group used to actively explore opportunities to acquire distressed assets, which is one of the above mentioned ordinary business of the Group, from banks or other entities. The Directors consider that the Acquisition represents an opportunity for the Group to further develop its asset management business and to profit from the disposal of the property erected on the Subject Land after the Reorganization Plan has fully implemented.

The Target Company will become a subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial results of the Group.

The Company believes the Acquisition will complement the Group's assets management business (including investments in properties, distressed assets and equities), diversify the Group's business portfolio and provide a source of income to the Group. The Board is optimistic about the Acquisition and is of the view that the Acquisition will bring benefits and create additional value for Shareholders.

Based on the Group's internal assessment having regard to the Restructuring Plan and the recent market transactions of similar properties in the vicinity of the Project, the Company believes, after the completion of the construction of the Project, the realized value for the said estimated assets will be sufficient to repay the said estimated liabilities with surplus.

Accordingly, the Directors consider that the Acquisition is in the ordinary and usual course of its asset management business, and that the terms of the Acquisition are fair and reasonable and on normal commercial terms and that the entering into of the Acquisition is in the interests of the Company and the Shareholders as a whole.

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but all relevant percentage ratios in respect of the Acquisition are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the notification and announcement requirements under the Listing Rules.

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DEFINITIONS

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

“Acquisition”	the acquisition of the Distressed Assets
“Administrator (管理人)”	Shandong Lid Liquidation Affairs Limited* (山東利得清算事務有限公司), a limited liability company established in the PRC, being appointed by the court as the administrator of the Target Company and responsible for the reorganization (重整) of the Target Company
“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 evidenced by completion of the relevant registration process of the Distressed Assets
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Cooperation Agreement”	the Project Investment Cooperation Agreement dated 19 August 2018 entered into between Party A and Party B in respect of the cooperation between the parties in the Restructuring Plan of the Target Company
“Court”	The People’s Court of Wendeng District*, Weihai City, Shandong Province, PRC (山東省威海市文登區人民法院)
“Director(s)”	the director(s) of the Company
“Distressed Assets”	the entire equity interest in the Target Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Investors (出資人)”	Yu Yinqiang* (余印強), Yu Zhijian* (余至堅), Xu Yunfen* (許韻芬) and Shi Xiuyu* (施修玉), as advised by the Administrator are all are businessmen and PRC residents
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	Main Board of the Stock Exchange
“Notification”	notification from the Administrator dated 15 January 2019 that the court has formally approval the Party A and Party B to become the Reforming Parties

“Party A”	Ganzhou Wen Ding Asset Management Company Limited* (贛州市問鼎資產管理有限公司), a limited liability company established in the PRC, which is an indirect wholly-owned subsidiary of the Company
“Party B”	Zhangzhou Fuyi Investment Co., Limited* (漳州福源投資有限公司), a limited liability company established in the PRC
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“Restructuring Plan”	the restructuring plan in respect of Weihai Zhongtian Real Estate Limited (威海中天房地產有限公司重整計劃草案), to be implemented, in respect of the reorganization of the Target Company
“Reforming Parties”	collectively Party A and Party B, the reforming parties (重整方) to the Restructuring Plan of the Target Company
“Share(s)”	the ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Subject Land”	the land parcel situated at North of Mishan Road and East of Zhengqi Road, Wendeng District, Weihai, Shandong Province, the PRC, as advised by the Administrator, with land area of approximately 72,290 sq.m.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Weihai Zhongtian Real Estate Limited* (威海中天房地產有限公司), a limited liability company established in the PRC, owned by the Investors
“Xiamen Differ”	Xiamen Differ Cultural Tours Group Co., Ltd. (廈門鼎豐文化旅游集團有限公司) a limited liability company established in the PRC, which is an indirect wholly-owned subsidiary of the Company

“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

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

Hong Kong, 15 January 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.*

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1: RMB0.87. 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.

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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