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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)

MAJOR TRANSACTION IN RELATION TO THE PARTICIPATION OF THE ACQUISITION OF LAND PLOTS IN ZHEJIANG PROVINCE

THE ACQUISITIONS

In order to strengthen the Group's portfolio in the valued assets, the Board is pleased to announce that, on 8 November 2018, the Vendor has granted the Purchaser the right to acquire the land use rights of Land Plot A and Land Plot B, both located in Chengdong District, Longquan City, Zhejiang Province, the PRC, at the consideration of RMB430,300,000 and RMB704,750,000 respectively (equivalent to HK\$488,977,272.7 and HK\$800,852,272.7, respectively). The Purchaser and the Vendor will enter into the Confirmation Letter A and the Confirmation Letter B to confirm the grant of the land use rights of the Land Plot A and the Land Plot B, respectively by the Vendor to the Purchaser, after the Vendor verifies the documents submitted by the Purchaser and examines the qualification of the Purchaser.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of Acquisition A, in aggregate with Acquisition B, exceeds 25% but is less than 100%, the Acquisitions constitute a major transaction for the Company and the Acquisitions are subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

As no shareholder is interested in the Acquisitions and required to abstain from voting at the general meeting convened for the approval of the Acquisitions, the Company has approved the Acquisitions by the written approvals of Ever Ultimate Limited and Expert Corporate Limited, the two substantial Shareholders holding 1,115,800,000 Shares and 1,968,200,000 Shares, respectively which accounted for in aggregate approximately 57.85% of the issued share capital of the Company as at the date of this announcement. Accordingly, pursuant to Rule 14.44 of the Listing Rules, it is exempt from the requirement to convene a shareholders' meeting for the approval of the Acquisitions.

A circular containing further information in relation to the Acquisitions as required under the Listing Rules will be despatched by the Company to the Shareholders pursuant to the Listing Rules on or before 29 November 2018.

I. ACQUISITIONS

The Board is pleased to announce that, on 8 November 2018, the Vendor has granted the Purchaser the right to acquire the land use rights of Land Plot A and Land Plot B, both located in Chengdong District, Longquan City, Zhejiang Province, the PRC, at the consideration of RMB430,300,000 and RMB704,750,000 respectively (equivalent to HK\$488,977,272.7 and HK\$800,852,272.7, respectively). The Purchaser and the Vendor will enter into the Confirmation Letter A and the Confirmation Letter B to confirm the grant of the land use rights of the Land Plot A and the Land Plot B, respectively by the Vendor to the Purchaser, after the Vendor verifies the documents submitted by the Purchaser and examines the qualification of the Purchaser.

II. BACKGROUND

The Group has been actively seeking valued assets opportunities in recent years through its proprietary resources. The Investor A and Investor B have been in real estate development for many years. In order to leverage on the financial resources and the current management experience of the Group, the Group was invited to participate in the acquisition of the Land Plots. Xiamen Differ, an indirect wholly-owned subsidiary of the Company, the Investor A, the Investor B and the Purchaser, which is an indirect 70%-owned subsidiary of the Company as at the date of this announcement, had prior to acquiring the Land Plots, entered into the Cooperation Agreement.

III. COOPERATION

Pursuant to the Cooperation Agreement, the Investor A, the Investor B and Xiamen Differ intended to jointly acquire and develop the Land Plots at the shareholding ratio of 20:10:70. To facilitate the acquisition process, Xiamen Differ is currently the sole registered shareholder of the Purchaser who will subscribe all the equity interest in the Purchaser. The equity interest in the Purchaser will only be paid up after the Purchaser has been granted the right to acquire the land use rights of the Land Plots. Xiamen Differ in fact holds the 20% and 10% equity interest in the Purchaser for the Investor A and Investor B, respectively, subject to the grant of the right to acquire the land use rights of the Land Plots by the Vendor to the Purchaser. Upon the Purchaser has obtained land use rights of the Land Plots, Xiamen Differ will transfer back the said equity interest in the Purchaser to the Investor A and Investor B. Pursuant to the Cooperation Agreement, if the Purchaser fails to obtain the right to acquire the land use rights of the Land Plots, the Cooperation Agreement shall lapse and the Purchaser would become an indirect wholly-owned subsidiary of the Company and the Investor A and Investor B will no longer holding any equity interest in the Purchaser.

(i) Key terms of the Cooperation

Principal terms of the Cooperation Agreement are set out as follows:

Date : 2 November 2018

Parties : (1) Xiamen Differ, an indirect wholly-owned subsidiary of the Company;

(2) the Investor A;

(3) the Investor B; and

(4) the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Investor A, the Investor B and their respective ultimate beneficial owners are Independent Third Parties.

Capital commitment

Pursuant to the Cooperation Agreement, if the right to acquire the land use rights of the Land Plots is granted to the Purchaser, the Purchaser will form the Project Company for carrying out the development and construction works for the Land Plots.

The following table demonstrate the registered owner of the equity interest in the Purchaser's capital as at the date of this announcement and upon the land use rights of the Land Plots are obtained by the Purchaser:

	As at the date of this announcement		Upon the land use rights of the Land Plots are obtained by the Purchaser	
	Registered capital RMB (in million)	Equity holding	Registered capital RMB (in million)	Equity Holding
Xiamen Differ (<i>Note 1</i>)	100	100%	70	70%
Investor A	–	–	20	20%
Investor B	–	–	10	10%
Total:	100	100%	100	100%

Note 1: Xiamen Differ in fact holds the 20% and 10% equity interest in the Purchaser for the Investor A and Investor B respectively, subject to the grant of the right to acquire the land use rights of the Land Plots by the Vendor to the Purchaser.

As at the date of this announcement, all of the registered capital of the Purchaser remains unpaid. It is expected that the registered capital to be payable by Xiamen Differ will be funded by the internal resources of the Group.

As at the date of this announcement, Xiamen Differ and the Investors have respectively contributed fund to the Purchaser for payment of the Initial Payment for the land use rights of the Land Plots, which has been paid by the Purchaser as the security deposit (the “**Security Deposit**”). Pursuant to the Cooperation Agreement, in case the Purchaser has not been granted the right to acquire the land use rights of the Land Plots, the Security Deposit would be refunded to the Purchaser and the Purchaser would then refund the respective contributions to Xiamen Differ and the Investors.

Subject to the Purchaser has been granted the right to acquire the land use rights of the Land Plots, the parties to the Cooperation Agreement agreed that the tentative total capital commitment will be RMB800 million, which constitutes of RMB100 million for the registered capital and the RMB700 million for shareholders' loans to the Purchaser.

The breakdown of the amounts payable, and the time for payment, by the Xiamen Differ and Investors are as follows:

	The first payment: upon signing of the Cooperation Agreement <i>RMB</i> <i>(in million)</i>	The second payment: within 20 days from signing of the transfer agreement relating to the Acquisitions <i>RMB</i> <i>(in million)</i>	The third payment: (i) upon the Project Company has received the construction permit for the first phase and the government has issued notice to demand the balance of the Consideration; or (ii) within 12 months from the date of signing of the transfer agreement relating to the Acquisition (whenever is earlier) <i>RMB</i> <i>(in million)</i>
Xiamen Differ	161	349	140
Investors (collectively)	69	21	60
Total:	230	370	200

The first payment for the capital commitment in the sum of RMB230 million has been made by Xiamen Differ and the Investors and has been applied as Security Deposit. For details of the Acquisitions, please refer to the sections headed "Land Plots" below in this announcement.

The second payment for the capital commitment in the sum of RMB370 million will not be made by Xiamen Differ and the Investors in proportional to their respective equity holdings in the Purchaser. Xiamen Differ will contribute RMB90 million more than its share of proportion to the Purchaser as a loan to the Purchaser. Since the Purchaser will not be a connected subsidiary of the Company following the capital contribution made by the Investors, the said additional capital commitment to be made by Xiamen Differ will not constitute any financial assistance provided by the Group to a connected person. Therefore, such capital commitment of RMB349 million to the Purchaser by the Group is not subject to the requirement under Rule 13.13 and Rule 14A.89 of the Listing Rules. The Company will make the relevant announcement, if required under the Listing Rules, at the then material time.

The third payment for the capital commitment in the sum of RMB200 million will be made by Xiamen Differ and the Investors in proportional to their respective equity holdings in the Purchaser.

Management of the Purchaser

Subject to the grant of the right to acquire the land use rights of the Land Plots, the board of directors of the Purchaser shall consist of five (5) directors, among which, the Investor A and the Investment B shall each nominate one (1) director and Xiamen Differ shall nominate three (3) directors, one of whom shall be the chairman of the Purchaser. The Purchaser will engage Xiamen Differ as manager for the Land Plots when the construction for the Land Plots has been completed.

(ii) Information on the Purchaser and the Investors

The Purchaser

The Purchaser is a company established in the PRC in August 2018 with limited liability, which principal activities, among other things, are cultural tourism project development and management; art and cultural communication; development of real estate and hotel management. The Purchaser is an indirect 70%-owned subsidiary of the Company as at the date of this announcement. As at the date of this announcement, the Purchaser has not yet commenced commercial operation and no revenue nor profits has been generated since its establishment.

The Investor A

As advised by the Investor A, the Investor A is a company established in the PRC with limited liability, which is principally engaged in development and sales of commercial houses.

The Investor B

As advised by the Investor B, the Investor B is a company established in the PRC with limited liability, which principal activities, among other things, are development and sales of real estate.

(iii) Reasons for and benefits of the Cooperation

Given the Group is not a real estate developer, through forming a joint venture with the Investors, the Group would be able to leverage on the resources and expertise of the Investors in development and sale of properties, which will benefit the operation of the Purchaser in a long run and lessen the financial commitment otherwise borne by the Group.

The Directors (including the independent non-executive Directors) believe that the terms of the Cooperation Agreement are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

IV. DETAILS OF THE ACQUISITIONS

Principal terms of Acquisitions are set out as follows:

- (i) **Date** : 8 November 2018
(being the date the Purchaser was granted with the right to acquire the land use rights of the Land Plots)
- (ii) **Parties** : (i) the Purchaser; and
(ii) Longquan City Land and Resources Bureau* (龍泉市國土資源局), being the Vendor.

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

(iii) Land Plots

Land Plot A

The Land Plot A is located at South of Dongcha Road, East of Huan Cheng Road and North of Longquanxi* (東茶路以南, 環城東路以東, 龍泉溪以北), Longquan City, Zhejiang Province, the PRC, with a total land area of approximately 67,231 sq.m. for residential and commercial uses. The term of the land use right of the Land Plot A is 70 years for the area of residential use and 40 years for the area of commercial use.

Land Plot B

The Land Plot B is located at South of Dongcha Road, East of Huan Cheng Road and North of Longquanxi* (東茶路以南, 環城東路以東, 龍泉溪以北), Longquan City, Zhejiang Province, the PRC, with a total land area of approximately 112,560 sq.m. for residential and commercial uses. The term of the land use right of the Land Plot B is 70 years for the area of residential use and 40 years for the area of commercial use.

(iv) Consideration and payment

Land Plot A

The Consideration A is RMB430,300,000 (equivalent to HK\$488,977,272.7) and will be settled in the following manners:

- (i) an amount of RMB86,060,000 (equivalent to approximately HK\$97,795,454.5), being 20% of the price of Land Plot A, had been paid by the Purchaser as the security deposit and shall be applied towards settling part of the Consideration A;
- (ii) an amount of RMB129,090,000 (equivalent to approximately HK\$146,693,181.8), being 30% of Consideration A, shall be payable within one month from the date of the Purchaser signing the relevant contract for state-owned construction land use right assignment* (國有建設用地使用權出讓合同) (the “**Transfer Contract A**”), which will be in the prescribed form; and
- (iii) the remaining balance of Consideration A shall be payable in full within 12 months from the date of the Transfer Contract A.

In determining the Consideration A, the Company has considered the location and size of the Land Plot A and the prevailing market conditions.

Subject to the final verification by the Vendor of the documents submitted by the Purchaser and examination of the qualification of the Purchaser, the Vendor will enter into the Confirmation Letter A to confirm the grant of the land use rights of the Land Plot A with the Purchaser. Within 10 business days from the signing of the Confirmation Letter A, the Purchaser and the Vendor shall then execute the Transfer Contract A.

The Consideration A has been and will be funded by the capital contribution to the Purchaser made by Xiamen Differ and the Investors.

Land Plot B

The Consideration B is RMB704,750,000 (equivalent to HK\$800,852,272.7) and will be settled in the following manner:

- (i) an amount of RMB140,950,000 (equivalent to approximately HK\$160,170,454.5), being 20% of the price of the Land Plot B, had been paid by the Purchaser as the security deposit and shall be applied towards settling part of the Consideration B;
- (ii) an amount of RMB211,425,000 (equivalent to approximately HK\$240,255,681.8), being 30% of Consideration B, shall be payable within one month from the date of the Purchaser signing the relevant contract for state-owned construction land use right assignment* (國有建設用地使用權出讓合同) (the “**Transfer Contract B**”, together with the Transfer Contract A, together referred to as “**Transfer Contracts**”), which will be in the prescribed form; and
- (iii) the remaining balance of Consideration B shall be payable in full within 12 months from the date of the Transfer Contract B.

In determining the Consideration B, the Company has considered the location and size of the Land Plot B and the prevailing market conditions.

Subject to the final verification by the Vendor of the documents submitted by the Purchaser and examination of the qualification of the Purchaser, the Vendor will enter into the Confirmation Letter B to confirm the grant of the land use rights of the Land Plot B with the Purchaser. Within 10 business days from the signing of the Confirmation Letter B, the Purchaser and the Vendor shall then execute the Transfer Contract B.

The Consideration B has been and will be funded by the capital contribution to the Purchaser made by Xiamen Differ and the Investors.

(v) Information of the Vendor

The Vendor is a local PRC government authority, which is in charge of, among other things, the sale of land use rights of lands in Longquan City, Zhejiang Province, the PRC. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

(vi) Reasons for and benefits of the Acquisitions

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, equities and distressed assets), (ii) finance lease services and (iii) financial services (including financial consultancy services, express loan services, guarantee services and supply chain services).

As disclosed in the interim report of the Company for 2018, the Group considers the asset management business to be the key growth driver and is actively looking for opportunity to expand this business. The Group continued its business strategy and is actively looking for good quality assets to potentially offer high-percentage returns in other provinces.

The Land Plots are expected to be developed into a commercial and residential mixed-use complex, comprising a hotel and mall. The Board, having considered the overview of the economy of the areas where the Land Plots are located, believes that the Acquisitions will offer a valuable business opportunity to the Company and its Shareholders as a whole.

The Board believes that the Acquisitions are in the interests of the Group and the Shareholders as a whole as the Acquisitions represent a strategic expansion of the Group's asset management segment in line with the Group's general business strategy. Based on the above, the Board is of the view that the Acquisitions (including the Consideration A and the Consideration B) are fair and reasonable and that the entering into of the Acquisitions is in the interests of the Company and the Shareholders as a whole.

V. LISTING RULES IMPLICATIONS

The Cooperation

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for setting up of the cooperation does not exceed 5%, the entering into of the Cooperation Agreement does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Acquisitions

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of Acquisition A, in aggregate with Acquisition B, exceeds 25% but is less than 100%, the Acquisitions constitute a major transaction for the Company and the Acquisitions are subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

As no shareholder is interested in the Acquisitions and required to abstain from voting at the general meeting convened for the approval of the Acquisitions, the Company has approved the Acquisitions by the written approvals of Ever Ultimate Limited and Expert Corporate Limited, the two substantial Shareholders holding 1,115,800,000 Shares and 1,968,200,000 Shares, respectively which accounted for in aggregate approximately 57.85% of the issued share capital of the Company as at the date of this announcement. Accordingly, pursuant to Rule 14.44 of the Listing Rules, it is exempt from the requirement to convene a shareholders' meeting for the approval of the Acquisitions.

A circular containing further information in relation to the Acquisitions as required under the Listing Rules will be despatched by the Company to the Shareholders pursuant to the Listing Rules on or before 29 November 2018.

VI. DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Acquisitions”	collectively, the Acquisition A and the Acquisition B
“Acquisition A”	the acquisition of the land use right of the Land Plot A pursuant to the successful Bid by the Purchaser
“Acquisition B”	the acquisition of the land use right of the Land Plot B pursuant to the successful Bid by the Purchaser
“associate”	has the meaning as ascribed thereto under the Listing Rules
“Bid”	bidding and the Public Tender of the land use rights of Land Plot A and Land Plot B
“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, the Shares of which are listed on the Main Board (Stock Code: 6878)

“Confirmation Letter A”	the confirmation letter to be entered into between the Purchaser and the Vendor confirming the successful Bid of the Land Plot A at the Consideration A by the Purchaser
“Confirmation Letter B”	the confirmation letter to be entered into between the Purchaser and the Vendor confirming the successful Bid of the Land Plot B at the Consideration B by the Purchaser
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	collectively the Consideration A and Consideration B
“Consideration A”	the amount of RMB430,300,000 (equivalent to approximately HK\$488,977,272.7) paid by the Purchaser to the Vendor for the land use right of the Land Plot A
“Consideration B”	the amount of RMB704,750,000 (equivalent to approximately HK\$800,852,272.7) paid by the Purchaser to the Vendor for the land use right of the Land Plot B
“Cooperation”	the intended formation of joint venture relating to the Purchaser among Xiamen Differ, Investor A and the Investor B for holding the Land Plots
“Cooperation Agreement”	the conditional cooperation agreement dated 2 November 2018 entered into among Xiamen Differ, Investor A, the Investor B and the Purchaser in respect of the joint operation of, and investment in, the Purchaser for the Acquisitions
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	any person or company and their respective shareholders, ultimate beneficial owners (if applicable) and associate(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected person, and the term “Independent Third Party” shall be construed accordingly
“Initial Payment”	aggregate of 20% of the consideration for the Land Plot A and the Land Plot B, which had been paid by the Purchaser as the security deposit and shall be applied towards settling part of the Consideration
“Investor A”	a company established in the PRC with limited liability, which is an Independent Third Party
“Investor B”	a company established in the PRC with limited liability, which is an Independent Third Party
“Investors”	collectively, the Investor A and Investor B
“Land Plot A”	a parcel of land located in the South of Dongcha Road, East of Huan Cheng Road and North of Longquanxi* (東茶路以南，環城東路以東，龍泉溪以北), with a total land area of approximately 67,231 sq.m.
“Land Plot B”	a parcel of land located in the South of Dongcha Road, East of Huan Cheng Road and North of Longquanxi* (東茶路以南，環城東路以東，龍泉溪以北), with a total land area of approximately 112,560 sq.m.
“Land Plots”	collectively, the Land Plot A and the Land Plot B
“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
“PRC”	the People’s Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Project Company”	a company to be established by the Purchaser with limited liability in the PRC, subject to the grant of the right to acquire the land use rights of the Land Plots by the Purchaser, which will carry out the development and construction works on the Land Plots
“Public Tender”	public tender held by the Vendor on 8 November 2018 in accordance with the relevant PRC laws and regulations in respect of the sale of the Land Plots
“Purchaser”	Longquan Differ Cultural Tourism Company Limited* (龍泉市鼎豐文化旅遊有限公司), as at the date of this announcement, an indirect 70%-owned subsidiary of the Company, a company incorporated in the PRC with limited liability
“Share(s)”	the ordinary Share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Longquan City Land and Resources Bureau* (龍泉市國土資源局), a local PRC government authority, which is in charge of, among other things, the sale of land use rights of land plots in Longquan City, Zhejiang Province, the PRC
“Xiamen Differ”	Xiamen Differ Cultural Tours Group Co., Ltd.* (廈門鼎豐文化旅遊集團有限公司), an indirect wholly-owned subsidiary of the Company, which is a limited company incorporated in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC

“sq.m.” square meter

“%” per cent

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

Hong Kong, 8 November 2018

* *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: RMB0.88. 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.

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