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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)**

**(1) MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
THE ENTIRE ISSUED SHARE CAPITAL OF  
PRIME THRIVE INVESTMENTS LIMITED  
INVOLVING ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE  
AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

#### **THE ACQUISITION**

The Board is pleased to announce that on 7 November 2018 (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 conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, at the total Consideration of RMB499,972,000 (equivalent to approximately HK\$568,150,000).

The Consideration shall be satisfied by the way of allotment and issue of the Consideration Shares.

The Consideration Shares represent approximately 19.38% of the existing issued share capital of the Company as of the date of this announcement and approximately 16.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Upon Completion, the Target Group will become the indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

## **IMPLICATIONS UNDER LISTING RULES**

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but all relevant percentage ratios in respect of the Acquisition are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and the Shareholders' approval requirements under the Listing Rules.

As the Vendor is the spouse of Mr. Hong, who is the chairman, the executive Director and the substantial shareholder of the Company, the Vendor is an associate of Mr. Hong and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios for the Acquisition exceeds 25% and the Consideration of the Acquisition exceeds HK\$10,000,000, the Acquisition constitutes non-exempt connected transactions for the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Hong and his associate, namely Expert Corporate, are interested in aggregate of 1,968,200,000 Shares, representing approximately 36.92% of the total issued share capital of the Company. The Vendor, Mr. Hong, Expert Corporate and their respective associates are required to abstain from voting on the resolution(s) in respect of the Acquisition and the issue of the Consideration Shares at the EGM. Furthermore, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Mr. Hong, no other Director has material interest in the Acquisition and the transactions contemplated thereunder, and as such, save as Mr. Hong, no other Director is required to abstain from voting on the Board resolution to approve the Agreement and the transactions contemplated thereunder. Mr. Hong had abstained from voting on the Board resolution approving the Agreement and the transactions contemplated thereunder.

## **IMPLICATIONS UNDER TAKEOVERS CODE AND APPLICATION FOR THE WHITEWASH WAIVER**

As at the date of this announcement, the Concert Group is interested in 1,968,200,000 Shares in aggregate, representing approximately 36.92% of the issued share capital of the Company. Following the allotment and issue of the Consideration Shares, the shareholding of the Concert Group in the Company will be increased to 3,001,200,000 Shares in aggregate, representing approximately 47.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. As the Acquisition will increase the Concert Group's collective holding of voting rights of the Company by more than 2%, in the absence of the Whitewash Waiver, the Vendor would be under an obligation to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Concert Group pursuant to Rule 26 of the Takeovers Code.

An application to the Executive for the Whitewash Waiver will be made by the Vendor pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders in respect of the Agreement, the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver at the EGM where voting on the relevant resolution shall be taken by poll.

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

Pursuant to the Listing Rules and the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Agreement, the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver, which none of the members of the Independent Board Committee has any material interest therein.

With the approval of the Independent Board Committees in accordance with Rule 2.1 of the Takeovers Code, the Company has appointed Euto as the independent financial adviser to advise the Independent Board Committees and the Independent Shareholders as to the fairness and reasonableness of the terms of the Agreement, the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver and as to voting by the Independent Shareholders. The letter of advice from Euto to the Independent Board Committees and the Independent Shareholders will be included in the circular to be despatched to the Independent Shareholders by the Company.

## **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, by way of poll, among other matters, the Agreement, the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver.

A circular containing, among other things, (i) further information on the Acquisition, the grant of Specific Mandate and other information as required to be disclosed under the Listing Rules and the Takeover Codes; (ii) details of the Whitewash Waiver; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iv) the letter of advice from Euto to the Independent Board Committee and the Independent Shareholders; (v) a notice of the EGM; and (vi) a form of proxy, will be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

## **WARNING**

**The Executive may or may not grant the Whitewash Waiver. It is one of the conditions precedent in the Agreement for Completion that the Whitewash Waiver has been obtained. In the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, the Agreement will lapse and the Acquisition will not proceed.**

**As Completion is subject to the fulfilment and/or waiver of the conditions precedent (as the case may be) as set out in the Agreement, the Acquisition may or may not proceed. Shareholders, Optionholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## **THE ACQUISITION**

On 7 November 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, at the total Consideration of RMB499,972,000 (equivalent to approximately HK\$568,150,000).

## **THE AGREEMENT**

Set out below are the principal terms of the Agreement:

Date : 7 November 2018 (after trading hours)

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

As at the date of this announcement, the Vendor is the spouse of Mr. Hong, who is the chairman, executive Director and the substantial Shareholder of the Company. Therefore, the Vendor is an associate of Mr. Hong and hence a connected person of the Company under Chapter 14A of the Listing Rules.

### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase, the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company.

As at the date of this announcement:

- (i) the Target Company directly holds all issued share capital of the HK Subsidiary;
- (ii) the HK Subsidiary in turn directly holds the entire equity interest in the PRC Subsidiary A;
- (iii) the PRC Subsidiary A then directly holds the entire equity interest in the PRC Subsidiary B; and
- (iv) the PRC Subsidiary B directly holds the entire equity interest in the PRC Subsidiary C.

For details, please refer to the diagram under the section headed “INFORMATION ON THE TARGET GROUP” of this announcement below.

Upon the Completion, the Target Company, the HK Subsidiary, the PRC Subsidiary A, the PRC Subsidiary B and the PRC Subsidiary C will all become indirect wholly-owned subsidiaries of the Company. The financial results of the Target Group will be consolidated into the financial results of the Group.

As informed by the Vendor, the PRC Subsidiary B has legally and validly obtained and holds the land use rights for the Land, which is for commercial development and on which a property development project named Phoenix Ancient Town\* (鳳凰古鎮) is currently under construction. As further advised by the Vendor, currently the major part of the development project has been completed, including the waterproof construction and greening work at the ground levels. Upon completion of its construction, which is expected to be by the end of the second quarter of 2019, Phoenix Ancient Town (鳳凰古鎮) will comprise a total planned gross floor area of approximately 311,585.3 sq.m..

### **Consideration**

Pursuant to the Agreement, the Consideration is RMB499,972,000 (equivalent to approximately HK\$568,150,000), which shall be satisfied by way of allotment and issue of the Consideration Shares at the Issue Price to the Vendor or its nominee within ten (10) Business Days after the Completion Date. As the parties to the Agreement have agreed the exchange rate of HK\$1: RMB0.88, the total Consideration of RMB499,972,000 shall be equivalent to HK\$568,150,000. Accordingly, 1,033,000,000 new Shares will be allotted and issued by the Company to the Vendor or its nominee at the Issue Price for settling the Consideration, subject to the Completion.

The Consideration was determined by the Purchaser and the Vendor after arm's length negotiations with reference to (i) the unaudited adjusted consolidated net asset value of the Target Group as at 30 September 2018; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Agreement.

As advised by the Vendor, the original acquisition cost incurred by her was approximately RMB100 million.

## **Consideration Shares**

The Consideration Shares represent approximately 19.38% of the existing issued share capital of the Company as of the date of this announcement and approximately 16.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date, save as the issue of the Consideration Shares).

The Consideration Shares will be allotted and issued at the Issue Price, which represents:

- (i) a premium of approximately 3.77% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (ii) a premium of approximately 5.77% to the average closing price of HK\$0.52 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement.

The Issue Price was determined after arm's length negotiation between the Purchaser and the Vendor, with reference to the prevailing market price of the Shares. The Directors (excluding the independent non-executive Directors who will give their opinion after considering the advice from Euto) consider that the Issue Price and the Consideration are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

## **Specific Mandate**

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **Conditions precedent**

Completion is conditional upon the satisfaction (or waiver, if applicable) of, inter alia, the following conditions precedent on or before the Long Stop Date in accordance with the terms of the Agreement:

- (a) the passing of the resolution(s) by the Independent Shareholders at the EGM, to approve the Agreement and the transactions contemplated thereunder, including but not limited to (i) the grant of the Specific Mandate for allotment and issue of Consideration Shares and (ii) the Whitewash Waiver;
- (b) the Executive having granted the Whitewash Waiver;
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;

- (d) the Purchaser having completed the due diligence review (including but not limited to the assets, the Land, debt, operation and business conditions of the Target Group) and the Purchaser being satisfied with the results of such due diligence review;
- (e) the Purchaser having received (and being satisfied with) the relevant transfer documents showing that the Sale Share has been transferred from the Vendor to the Purchaser and/or its nominee and the person specified by the Purchaser having been appointed as the administrator;
- (f) the Target Company having obtained the approvals relating to the share transfer contemplated under the Agreement, from its board of directors;
- (g) there being no substantial change in the present management of the Target Group or any action taken that leads to a material adverse impact on the business, assets, property, financial condition, operation and future aspects of the Target Group prior to and at Completion and all warranties remain true and accurate as at the Completion Date;
- (h) the Purchaser having received a PRC legal opinion regarding the legality of the members of the Target Group which are established in the PRC (in a form and content satisfactory to the Purchaser);
- (i) the Purchaser having received (and being satisfied with) the relevant documents to show that the persons specified by the Purchaser have been appointed as the Target Group members' director, legal representative and secretary;
- (j) the Purchaser having received a valuation report in respect of the Land prepared by the Valuer engaged by the Purchaser (in a form and content satisfactory to the Purchaser); and
- (k) the Purchaser having received all other documents requested by the Purchaser to be supplied and/or executed by the Vendor or members of the Target Group before the Completion Date.

Save and except the conditions (a), (b) and (c) above, all other conditions may be waived by the Purchaser in writing at its discretion. Such waiver may be conditional waiver and subject to terms and conditions imposed by the Purchaser. The above conditions (a), (b) and (c) shall not be waivable at all times.

If any of the above conditions have not been fulfilled or waived (as the case may be) on or before the Long Stop Date, the Agreement shall lapse and the Vendor shall forthwith return to the Purchaser all monies previously paid by the Purchaser without interest, if any. Thereafter neither party shall make any claims against any other parties pursuant to the terms nor conditions of the Agreement, save for any antecedent breaches of the terms of the Agreement.

As at the date of this announcement, none of the above conditions has been fulfilled.

### **Completion**

The Completion shall take place within five (5) Business Days after the Purchaser is fully satisfied with (except those waived by the Purchaser) all the conditions precedent or such other day as the parties to the Agreement may agree in writing.

Upon the Completion, the Target Company, the HK Subsidiary, the PRC Subsidiary A, the PRC Subsidiary B and the PRC Subsidiary C will all become indirect wholly-owned subsidiaries of the Company. The financial results of the Target Group will be consolidated into the financial results of the Group.

### **Potential connected financial assistance upon Completion**

#### *Consideration for the equity interest of the PRC Subsidiary B*

As informed by the Vendor, the PRC Subsidiary B was formerly respectively owned as to 1% and 99% by an Independent Third Party, on trust for Dragon Holdings, and Dragon Holdings. As Dragon Holdings is an associate of Mr. Hong, it is a connected person to the Company.

Pursuant to the Former Transfer Agreement entered among the PRC Subsidiary A, as purchaser, and Dragon Holdings and the Independent Third Party, together as vendors, in respect of the entire equity interest in PRC Subsidiary B, the aggregate consideration in the sum of RMB100,001,300 (equivalent to approximately HK\$113.64 million) (the “**Former Consideration**”) shall be paid by the PRC Subsidiary A to the said vendors within 1 year from 19 October 2018 (i.e. on or before 18 October 2019). As informed by the Vendor, payment of such consideration is interest free, unsecured and the PRC Subsidiary A has the right to early repay for all or part of the consideration without incurring any expenses. Therefore, upon the Completion, the PRC Subsidiary A, which will be a wholly-owned subsidiary of the Company, will owe RMB100,001,300 (equivalent to approximately HK\$113.64 million) to Dragon Holdings and it will constitute a financial assistance by connected person to the Company. The PRC Subsidiary A will finance the payment of the Former Consideration by its own resources.

Since (i) it is intended that the Former Consideration will continue to be on the same term after the Completion, namely interest free, payable on or before 18 October 2019 and the PRC Subsidiary's right to early repay for all or part of the consideration without incurring any expenses; (ii) the arrangement relating to the outstanding Former Consideration is conducted on normal commercial terms or better; and (iii) as informed by Dragon Holdings, it does not intend to obtain any security from the Group to secure the payment of the Former Consideration, the said arrangement will be an exempted financial assistance to the Company and is fully exempted from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

*Outstanding loan granted by Dragon Holdings*

As at the date of this announcement, the PRC Subsidiary B owed RMB334,872,383 (equivalent to approximately HK\$380.5 million) ("**Dragon's Loan**") to Dragon Holdings, which is the former shareholder of the PRC Subsidiary B.

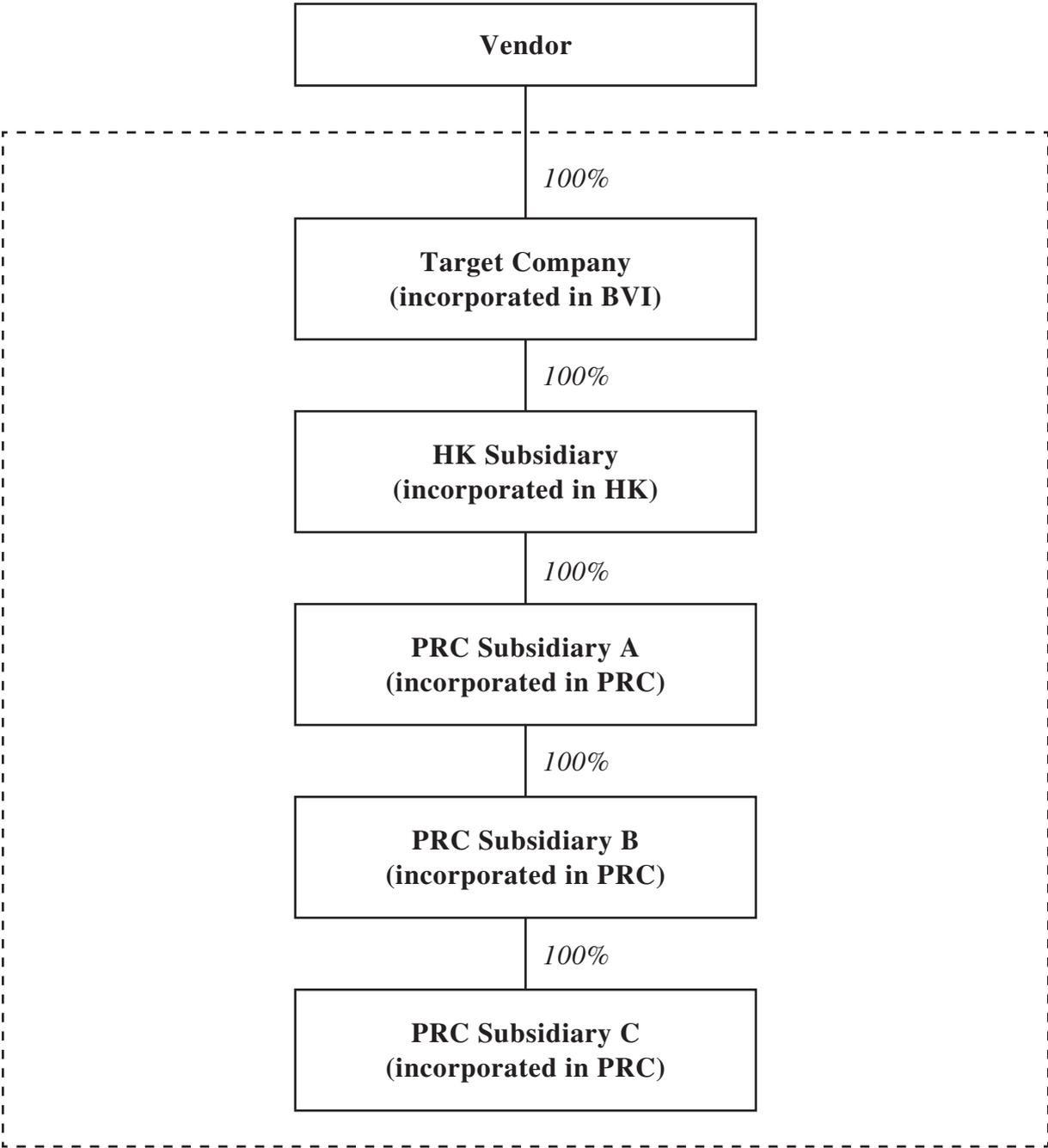
As informed by the Vendor, Dragon's Loan is interest free, unsecured and for a term up to 30 September 2019. The PRC Subsidiary B has the right to make early repayment for all or part of the Dragon's Loan without incurring any expenses. Therefore, upon the Completion, the grant of Dragon's Loan by Dragon Holdings to the PRC Subsidiary B, which will become an indirect wholly-owned subsidiary of the Company upon the Completion, will constitute a financial assistance by connected person to the Company.

Since (i) it is intended that Dragon's Loan will continue to be on the same term after the Completion, namely interest free, unsecured, for a term up to 30 September 2019 and the PRC Subsidiary's right to make early repayment for all or part of the Dragon's Loan without incurring any expenses; and (ii) the grant of Dragon's Loan is conducted on normal commercial terms or better, the grant of Dragon's Loan will be an exempted financial assistance to the Company and is fully exempted from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In any event, if any of the arrangement relating to the Former Consideration and the grant of Dragon's Loan constitutes a non-exempted financial assistance by the connected person under Chapter 14A of the Listing Rules, the Company will comply with the Listing Rules and make relevant disclosure as applicable and appropriate.

**INFORMATION ON THE TARGET GROUP**

The following diagram illustrates the shareholding structure of the Target Group as at the date of this announcement:



*Note:*

 Target Group

As advised by the Vendor,

1. the Target Company is a company incorporated in the BVI with limited liability in July 2011 and its principal business of the Target Company is investment holding;
2. the HK Subsidiary is a company incorporated in Hong Kong with limited liability in October 2018 and its principal business of the HK Subsidiary is investment holding;
3. the PRC Subsidiary A is a company established in the PRC with limited liability in October 2018 and its principal business of PRC Subsidiary A is investment holding;
4. the PRC Subsidiary B is a company established in the PRC with limited liability in November 2013 and its principal business of PRC Subsidiary B is tours property development and management in Lishui City, Zhejiang Province; and
5. the PRC Subsidiary C is a company established in the PRC with limited liability in January 2015 and its principal business of PRC Subsidiary C is property development and operation in Lishui City, Zhejiang Province.

#### **Financial information of the Target Group**

As advised by the Vendor, the HK Subsidiary and the PRC Subsidiary A have only been incorporated and established less than one month. Due to the short operation history of the HK Subsidiary and the PRC Subsidiary A, the financial performances of the said companies are insignificant.

Based on the unaudited consolidated management accounts of the Target Company, the PRC Subsidiary B and the PRC Subsidiary C for each of the two financial years ended 31 December 2016 and 2017, the unaudited consolidated financial information of the said companies are as follows:

	<b>For the year ended 31 December 2016 RMB'000 (unaudited)</b>	<b>For the year ended 31 December 2017 RMB'000 (unaudited)</b>
Net loss before taxation	1,341	1,508
Net loss after taxation	1,341	1,508

As at 30 September 2018, the unaudited consolidated total asset value and net assets value of the Target Group were approximately RMB1,391,416,000 and RMB119,414,000, respectively.

## **IMPLICATIONS UNDER RULE 10 OF THE TAKEOVERS CODE**

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose (i) the value (book value and valuation, if any) of the assets which are subject of the transaction, and (ii) where applicable, the net profits (before and after taxation) attributable to the assets which are subject of the transaction for the two financial years immediately preceding the transaction (the “**Required Financial Information**”). As such, the unaudited consolidated asset value and net asset value as at 30 September 2018, and the net loss (before and after taxation) for the two years ended 31 December 2017, of the Target Company, the PRC Subsidiary B and the PRC Subsidiary C, as required under the Listing Rules, are disclosed above in this announcement.

Pursuant to Rule 10 of the Takeovers Code, the Required Financial Information constitutes a profit forecast, which needs to be reported on by the auditor or accountant and the financial adviser of the Company.

In connection with the abovementioned requirements, an application for waiver was made by the Company to the SFC for excluding the Required Financial Information in this announcement (the “**Rule 10 Waiver**”). Such application was made mainly for reasons that (i) the Required Financial Information is unaudited and unpublished figures (which is the only available form as at the date of this announcement) and if disclosed in this announcement, they will constitute profit forecasts within the meaning of Rule 10 of the Takeovers Code which would need to be reported on by an auditor and a financial adviser of the Company; (ii) it would be burdensome for the Company to withhold this announcement until such audited reports are available; and (iii) the Company will include the full sets of the accountants’ reports (the “**Accountants’ Reports**”) relating to the Target Company, the PRC Subsidiary B and the PRC Subsidiary C for the two years ended 31 December 2017 and the nine months ended 30 September 2018 prepared under Hong Kong Financial Reporting Standards and in compliance with the requirements of the Listing Rules and the Takeovers Code in the whitewash circular (the “**Circular**”) to be issued by the Company to the Shareholders.

**Shareholders and potential investors should exercise caution in placing reliance on the forecast in assessing the merits and demerits of the transaction.**

Pursuant to the Rule 10 Waiver granted by the SFC, the full sets of the Accountants’ Reports will be included in the Circular. Shareholders should note that there may be differences between the financial information as presented in this announcement and the financial information to be presented in the circular to be despatched by the Company to the Shareholders.

## **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) financing guarantee services; (ii) express loan services; (iii) financial services; (iv) finance lease services; and (v) asset management business.

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

The Board, having considered the overview of the economy of the areas where the properties developments are located and the expertise of the management for the development of the properties, believe that the Land and the property development erected thereon will offer a positive business opportunity to the Company.

The Directors (excluding the independent non-executive Directors who will give their opinion after considering the advice from Euto) believe that the Acquisition is in the interests of the Group and the Shareholders as a whole as the Acquisition represents a strategic geographic expansion of the Group in line with the Group's general business strategy.

Based on the above, the Board (excluding the independent non-executive Directors who will give their opinion after considering the advice from Euto) is of the view that the terms of the Agreement, the Issue Price and the Consideration 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.

## **EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, there are an aggregate outstanding Share Options to subscribe for 43,238,000 Shares, all of which were granted on 25 April 2016 at exercise price of HK\$0.734 per Share.

As at the date of this announcement, the Company has 5,330,387,880 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the allotment and issue of the Consideration Shares; and (iii) upon immediately the allotment and issue of Consideration Shares and the exercise of all outstanding share options and assuming there are no other changes in the share capital of the Company from the date of this announcement to the Completion Date:

	(i) As at the date of this announcement		(ii) Immediately upon the allotment and issue of Consideration Shares		(iii) Upon immediately the allotment and issue of Consideration Shares and the exercise of all outstanding share options	
	No. of Shares	Approximate%	No. of Shares	Approximate%	No. of Shares	Approximate%
Expert Corporate (Note 1)	1,968,200,000	36.92%	1,968,200,000	30.93%	1,968,200,000	30.72%
The Vendor (Note 2)	-	-	1,033,000,000	16.23%	1,033,000,000	16.12%
Mr. Hong (Note 4)	-	-	-	-	6,400,000	0.10%
<b>Sub-total of the Concert Group</b>	<b>1,968,200,000</b>	<b>36.92%</b>	<b>3,001,200,000</b>	<b>47.16%</b>	<b>3,007,600,000</b>	<b>46.94%</b>
Ever Ultimate Limited (Note 3)	1,115,800,000	20.93%	1,115,800,000	17.54%	1,115,800,000	17.42%
Mr. Ng Chi Chung (Notes 3 & 4)	12,098,000	0.23%	12,098,000	0.19%	18,498,000	0.29%
Public Shareholders	2,234,289,880	41.92%	2,234,289,880	35.11%	2,234,289,880	34.87%
Other holders of share options (Note 4)	-	-	-	-	30,438,000	0.48%
<b>Total:</b>	<b><u>5,330,387,880</u></b>	<b><u>100.00%</u></b>	<b><u>6,363,387,880</u></b>	<b><u>100.00%</u></b>	<b><u>6,406,625,880</u></b>	<b><u>100.00%</u></b>

*Notes:*

- Expert Corporate is beneficially wholly-owned by Mr. Hong, the chairman and the executive Director of the Company. Mr. Hong is therefore deemed to be interested in the Shares owned by Expert Corporate.
- The Vendor is the spouse of Mr. Hong. The Vendor is therefore deemed to be interested in all the Shares owned by Mr. Hong.
- Ever Ultimate Limited is beneficially wholly-owned by Mr. Ng Chi Chung, the executive Director of the Company. Mr. Ng Chi Chung is therefore deemed to be interested in the Shares owned by Ever Ultimate Limited.
- The share options refer to the total of 43,238,000 outstanding share options granted by the Company on 25 April 2016 pursuant to the share option scheme of the Company adopted on 26 November 2013.

## **APPLICATION FOR LISTING**

The Consideration Shares comprising 1,033,000,000 Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued following the Completion, will rank *pari passu* in all respects with the existing Shares in issue.

## **IMPLICATIONS UNDER LISTING RULES**

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but all relevant percentage ratios in respect of the Acquisition are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and the Shareholders' approval requirements under the Listing Rules.

As the Vendor is the spouse of Mr. Hong, who is the chairman, the executive Director and the substantial shareholder of the Company, the Vendor is an associate of Mr. Hong and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios for the Acquisition exceeds 25% and the Consideration of the Acquisition exceeds HK\$10,000,000, the Acquisition constitutes non-exempt connected transactions for the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Hong and his associate, namely Expert Corporate, are interested in aggregate of 1,968,200,000 Shares, representing approximately 36.92% of the total issued share capital of the Company. The Vendor, Mr. Hong, Expert Corporate and their respective associates are required to abstain from voting on the resolution(s) in respect of the Acquisition and the issue of the Consideration Shares at the EGM. Furthermore, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Mr. Hong, no other Director has material interest in the Acquisition and the transactions contemplated thereunder, and as such, save as Mr. Hong, no other Director is required to abstain from voting on the Board resolution to approve the Agreement and the transactions contemplated thereunder. Mr. Hong had abstained from voting on the Board resolution approving the Agreement and the transactions contemplated thereunder.

## **IMPLICATIONS UNDER TAKEOVERS CODE AND APPLICATION FOR THE WHITEWASH WAIVER**

As at the date of this announcement, the issued share capital of the Company comprises 5,330,387,880 Shares and the Concert Group is interested in 1,968,200,000 Shares in aggregate, representing approximately 36.92% of the issued share capital of the Company. Following the allotment and issue of the Consideration Shares, the shareholding of the Concert Group in the Company will increase to 3,001,200,000 Shares in aggregate, representing approximately 47.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. As the Acquisition will increase the Concert Group's collective holding of voting rights of the Company by more than 2%, in the absence of the Whitewash Waiver, the Vendor would be under an obligation to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Concert Group pursuant to Rule 26 of the Takeovers Code.

As at the date of this announcement, the Vendor has confirmed that, other than (i) 1,968,200,000 Shares held by the Concert Group; (ii) outstanding options granted to Mr. Hong under the share option scheme entitling the Concert Group to acquire 6,400,000 Shares (representing approximately 0.12% of the issued share capital of the Company as at the date of this announcement) upon exercise of these options in full; and (iii) the transactions contemplated under the Agreement:

- (a) none of the members of the Concert Group has received any irrevocable commitment from the Independent Shareholders in relation to voting in favour of or against the resolutions in respect of the Acquisition, the transactions contemplated thereunder or the Whitewash Waiver at the upcoming EGM;
- (b) there is no outstanding derivative in respect of the securities of the Company which has been entered into by any members of the Concert Group;
- (c) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of any of the members of the Concert Group (to which is a corporation) or the Company and which might be material to the Acquisition, the transactions contemplated thereunder or the Whitewash Waiver;
- (d) there is no agreement or arrangement to which any members of the Concert Group is a party which related to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Acquisition, any transactions contemplated thereunder or the Whitewash Waiver (save as the conditions precedent to the Agreement); and
- (e) none of the members of the Concert Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

The Concert Group has confirmed that as at the date of this announcement, other than entering into of the Agreement, none of the members of the Concert Group have acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of this announcement.

An application to the Executive for the Whitewash Waiver will be made by the Vendor pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted, the Agreement will lapse and the Acquisition will not proceed. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders in respect of the Agreement, the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver at the EGM where voting on the relevant resolution shall be taken by poll.

As at the date of this announcement, the Company does not believe that the Acquisition gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the whitewash waiver if the Acquisition does not comply with other applicable rules and regulations.

#### **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

Pursuant to the Listing Rules and the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Agreement, the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver, which none of the members of the Independent Board Committee has any material interest therein.

With the approval of the Independent Board Committees in accordance with Rule 2.1 of the Takeovers Code, the Company has appointed Euto as the independent financial adviser to advise the Independent Board Committees and the Independent Shareholders as to the fairness and reasonableness of the terms of the Agreement, the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver and as to voting by the Independent Shareholders. The letter of advice from Euto to the Independent Board Committees and the Independent Shareholders will be included in the circular to be despatched to the Independent Shareholders by the Company.

#### **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, by way of poll, among other matters, the Agreement, and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver.

A circular containing, among other things, (i) further information on the Acquisition, the grant of Specific Mandate and other information as required to be disclosed under the Listing Rules and the Takeover Codes; (ii) details of the Whitewash Waiver; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iv) the letter of advice from Euto to the Independent Board Committee and the Independent Shareholders; (v) a notice of the EGM; and (vi) a form of proxy, will be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

## **WARNING**

**The Executive may or may not grant the Whitewash Waiver. It is one of the conditions precedent in the Agreement for Completion that the Whitewash Waiver has been obtained. In the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, the Agreement will lapse and the Acquisition will not proceed.**

**As the Completion is subject to the fulfilment or waiver (as the case may be) of certain conditions precedent as set out in the Agreement, the Acquisition may or may not proceed. Shareholders, Optionholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Share by the Purchaser pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 7 November 2018 entered into between the Purchaser and the Vendor in respect of the Acquisition
“associate”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (excluding Saturday, Sunday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Hong Kong and the PRC are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“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 and conditions of the Agreement
“Completion Date”	within five (5) Business Days following the fulfillment or waiver (as the case may be) of all conditions precedent contained in the Agreement or such other date agreed by the parties to the Agreement in writing
“Concert Group”	the Vendor, Mr. Hong, Expert Corporate and parties acting in concert with each of them
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	RMB499,972,000 (equivalent to approximately HK\$568,150,000), being the consideration for the Acquisition payable by the Purchaser under the Agreement
“Consideration Shares”	1,033,000,000 new Shares to be allotted and issued by the Company to the Vendor or its nominee at the Issue Price for settling the Consideration pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Dragon Holdings”	Dragon Holdings Company Limited* (龍之族控股有限公司), a limited liability company established in the PRC and an associate of Mr. Hong

“EGM”	an extraordinary general meeting of the Company to be convened for the purpose to consider and, if thought fit, approve the Agreement, the transactions contemplated thereunder, the Specific Mandate, the Whitewash Waiver and other ancillary matters as may be required under the Listing Rules
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate(s) for the time being of the Executive Director
“Expert Corporate”	Expert Corporate Limited, a company incorporated in the British Virgin Islands, the substantial shareholder of the Company, which is wholly-owned by Mr. Hong
“Euto”	Euto Capital Partners Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement, the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver
“Former Transfer Agreement”	the transfer agreement dated 18 October 2018, as amended and supplemented by the supplemental agreement dated 19 October 2018, entered among the PRC Subsidiary A, as purchaser, and Dragon Holdings and an Independent Third Party, together as vendors, in respect of the entire equity interest in the PRC Subsidiary B
“Group”	the Company and its subsidiaries
“HK Subsidiary”	Bai Rong Development Limited (佰融發展有限公司), a limited liability company established in Hong Kong, which is wholly-owned by the Target Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board consisting of all the independent non-executive Directors
“Independent Shareholders”	the Shareholders other than the Concert Group and other Shareholders who are involved in, or interested in the Acquisition and the Whitewash Waiver

“Issue Price”	HK\$0.55, being the issue price per Consideration Share
“Land”	the two land parcels legally owned by the PRC Subsidiary B situated at Jingning She Zu Autonomous County* (景寧畚族自治縣外舍) of land lot nos. B1-04-01 and B1-04-02, with a total site area of 173,933,62 sq.m. and the land use of which is for commercial purposes
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2018 or such other date as the parties to the Agreement may agree in writing
“Main Board”	Main Board of the Stock Exchange
“Mr. Hong”	Mr. Hong Mingxian, the chairman, the executive Director and the substantial shareholder of the Company
“Optionholder(s)”	holder(s) of Share Option(s)
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Subsidiary A”	Xiamen Wen Ding Business Consulting Company Limited* (廈門市問鼎商務諮詢有限公司), a limited liability company established in the PRC, which wholly-owned by the HK Subsidiary
“PRC Subsidiary B”	Jingning Waishe Guzhen Travel Investment Development Limited* (景寧外舍古鎮旅遊投資發展有限公司), a limited liability company established in the PRC, which is wholly-owned by the PRC Subsidiary A
“PRC Subsidiary C”	Jingning Waishe Kaizhen Property Development Limited* (景寧外舍凱震房地產開發有限公司), a limited liability company established in the PRC, which is wholly-owned by the PRC Subsidiary B
“Purchaser”	Differ Cultural Tours Limited, a company incorporated in Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“Sale Share”	the entire issued share capital of the Target Company which is fully paid
“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)
“Share Options”	share options to subscribe for an aggregate of 43,238,000 Shares which remain outstanding as at the date of this announcement that were granted by the Company on 25 April 2016 pursuant to its share option schemes adopted on 26 November 2013
“Specific Mandate”	the specific mandate to be sought at the EGM for the approval of the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Prime Thrive Investments Limited (盛榮投資有限公司), a company incorporated in the BVI with limited liability
“Target Group”	collectively, the Target Company, HK Subsidiary, PRC Subsidiary A, PRC Subsidiary B and PRC Subsidiary C
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer engaged by the Purchaser
“Vendor”	Ms. Shi Hongjiao (施鴻嬌), a businesswoman and a resident of Hong Kong, spouse of Mr. Hong
“Whitewash Waiver”	the waiver under Note 1 on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Vendor to make a general offer to the Shareholders for all issued shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company not already owned or agreed to be acquired by the Concert Group as a result of the allotment and issue of the Consideration Shares to the Vendor which will increase the Concert Group’s collective holding of the voting rights of the Company by more than 2% in any 12 month period

“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**  
**NG CHI CHUNG**  
*Chief Executive Officer and Executive Director*

Hong Kong, 7 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.*

*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, the English version shall prevail.*