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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)

PROFIT WARNING

This announcement is made by Differ Group Holding Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the preliminary review and analysis of the latest available unaudited management accounts of the Group, the net profit of the Group is expected to decrease by approximately 75% to 85% for the six months ended 30 June 2020 (“**Period**”) as compared to the net profit for the corresponding period of 2019 (“**Last Period**”).

Based on the current information available to the Company’s management, the Company believes following are a number of reasons which led to decrease in the net profit for the Period:

(i) Absence of the gain on disposal of valuable or distressed assets/ subsidiaries

During the Last Period, the Group disposed of subsidiaries which engaged in property development in Yingkou City and recorded a net gain on disposal of subsidiaries of approximately RMB46.2 million, however, no such considerable gain has occurred during the Period. For asset management business, the Group has acquired a number of valuable and distressed assets in the past few years and sought for the lucrative offer from the potential customers. The outbreak of novel coronavirus pneumonia (COVID-19) led to delay, cancel or price cut of certain potential deals, as such, there was no disposal gain of valuable or distressed assets/ subsidiaries during the Period.

(ii) Decrease in sales of properties in the People’s Republic of China (“PRC”)

Due to the COVID-19 outbreak during the Period, the housing demand in Mainland China inevitably weakened in the short-term. The temporarily suspension of construction works during the initial period of the spread of the COVID-19 and the postponement of sales and marketing campaigns of saleable property projects delayed the sales progress of certain completed property projects and affected the revenue recognition of the Group accordingly.

(iii) Decrease in fair value gains on the investment properties

Due to the mild downward adjustment in PRC property market during the Period amid the COVID-19 crisis, there was a decrease in fair value gain on the investment properties of the Group during the Period.

The Company is still in the process of finalising the unaudited consolidated financial results for the Period. The information contained in this announcement is only based on a preliminary assessment of the unaudited management accounts of the Group for the Period, which has not been audited or reviewed by the Company’s auditors and may subject to finalisation and necessary adjustments.

Further details of the Group’s financial information and performance for the Period will be disclosed in the forthcoming interim results announcement to be published by the Company in late August 2020.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 23 July 2020

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