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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Turnover for the year ended 31 December 2021 was approximately RMB1,259,732,000 (2020: RMB6,090,506,000), representing a decrease of approximately 79.3% as compared with the previous year.
- Profit for the year ended 31 December 2021 was approximately RMB438,326,000 (2020: RMB353,330,000), representing an increase of approximately 24.1% as compared with the previous year.
- Profit attributable to owners of the Company for the year ended 31 December 2021 was approximately RMB440,759,000 (2020: RMB356,115,000), representing an increase of approximately 23.8% as compared with the previous year.
- Earnings per share of the Company for the year ended 31 December 2021 was approximately RMB6.11 cents (2020: RMB5.23 cents).
- The Directors propose to declare a final dividend of HK0.5 cent per ordinary share for the year ended 31 December 2021 (2020: HK0.5 cent per ordinary share).

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Differ Group Holding Company Limited (the “Company”) is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 together with the comparative figures for the corresponding period in 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Income from financial related services	4	199,378	185,077
Income from assets management business	4	917,906	709,115
Income from trading of commodities	4	120,958	5,196,314
Income from automobile e-commerce business	4	21,490	—
Other income	4	66,642	79,122
Costs of property sold		(584,555)	(437,746)
Costs of trading of commodities		(120,837)	(5,190,210)
Costs of automobile e-commerce business		(18,513)	—
Gain on disposal of subsidiaries		140,683	109,241
Employee benefit expenses		(60,163)	(69,765)
Depreciation expenses		(20,746)	(19,781)
Short-term lease expenses		(975)	(154)
Equity-settled share-based payments		—	(335)
Other expenses		(150,409)	(113,647)
Share of results of associates		(21,113)	128,420
Share of results of a joint venture		—	(13,619)
Gain on disposal of investment properties		—	2,988
Change in fair value of investment properties		121,794	23,344
Change in fair value of other financial assets		61,076	3,017
Finance costs	6	(48,051)	(88,610)
Profit before income tax	7	624,565	502,771
Income tax expense	8	(186,239)	(149,441)
Profit for the year		438,326	353,330

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
– Exchange differences on translating foreign operation		–	10,604
– Net change in debt investments measured at fair value through other comprehensive income		5,321	4,979
– Transfer to profit or loss upon disposal of debt investments measured at fair value through other comprehensive income		–	(728)
– Release of translation reserve upon disposal of subsidiaries		(81)	–
		<u>5,240</u>	<u>14,855</u>
Total comprehensive income for the year		<u>443,566</u>	<u>368,185</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		440,759	356,115
Non-controlling interests		(2,433)	(2,785)
		<u>438,326</u>	<u>353,330</u>
Total comprehensive income attributable to:			
Owners of the Company		445,999	371,195
Non-controlling interests		(2,433)	(3,010)
		<u>443,566</u>	<u>368,185</u>
Earnings per share			
	10		
– Basic (RMB cents)		6.11	5.23
– Diluted (RMB cents)		6.11	5.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	309,327	174,377
Investment properties		756,801	677,200
Interests in associates		370,180	400,286
Finance lease, loan and account receivables	12	60,538	74,759
Goodwill		96,031	83,338
Other financial assets	13	342,020	358,238
Prepayments, deposits and other receivables	14	347,481	635,277
Deferred tax assets		36,897	43,569
		<hr/> 2,319,275 <hr/>	<hr/> 2,447,044 <hr/>
Current assets			
Inventories of properties		3,810,641	3,191,108
Other inventories		–	281
Finance lease, loan and account receivables	12	1,086,596	1,374,221
Prepayments, deposits and other receivables	14	474,004	554,117
Other financial assets	13	138,858	97,713
Tax receivables		60,076	50,343
Restricted bank deposits		228,054	333,293
Cash and bank balances – general accounts		99,951	87,935
Cash and bank balances – held on behalf of customers		5,486	12,435
		<hr/> 5,903,666 <hr/>	<hr/> 5,701,446 <hr/>
Assets classified as held for sale		96,906	—
		<hr/> 6,000,572 <hr/>	<hr/> 5,701,446 <hr/>

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current liabilities			
Accounts payable	15	411,094	563,151
Accruals, other payables, deposits received and deferred income		749,196	1,513,266
Contract liabilities	16	2,644,848	2,309,703
Lease liabilities		10,229	10,659
Financial guarantee		23,846	–
Provision for taxation		367,982	265,774
Bank and other borrowings		558,201	278,013
Corporate bonds		146,370	111,223
		<u>4,911,766</u>	<u>5,051,789</u>
Liabilities classified as held for sale		7,905	–
		<u>4,919,671</u>	<u>5,051,789</u>
Net current assets		<u>1,080,901</u>	<u>649,657</u>
Total assets less current liabilities		<u>3,400,176</u>	<u>3,096,701</u>
Non-current liabilities			
Other payables and deposits received		145,956	75,472
Lease liabilities		9,134	5,176
Bank and other borrowings		159,631	469,196
Corporate bonds		196,988	163,753
Deferred tax liabilities		167,075	34,784
		<u>678,784</u>	<u>748,381</u>
Net assets		<u>2,721,392</u>	<u>2,348,320</u>
EQUITY			
Share capital	17	14,734	14,734
Reserves		2,706,658	2,291,298
Equity attributable to owners of the Company		<u>2,721,392</u>	<u>2,306,032</u>
Non-controlling interests		–	42,288
Total equity		<u>2,721,392</u>	<u>2,348,320</u>

NOTES

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 December 2012. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Group is located at 33/F, Differ Fortune Centre, No. 503 Gaolin Middle Road, Huli District, Xiamen City, Fujian Province, the People's Republic of China (the "PRC").

The Company's principal activities are investment holding and its subsidiaries are principally engaged in (i) assets management business, (ii) provision of financial related services, (iii) commodity trading business and (iv) automobile e-commerce business.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

Functional and presentation currency

The functional currency of the Company is Hong Kong Dollar ("HK\$"). The consolidated financial statements are presented in Renminbi ("RMB") since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB.

3. ADOPTION OF HKFRSs

3.1 Adoption of revised HKFRSs

In the current year, the Group has applied for the first time the following amendments HKFRSs issued by the HKICPA, which are relevant to and effective for the annual period beginning on 1 January 2021.

Amendments to HKAS 39, HKFRS 4, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 9 and HKFRS 16

The adoption of the amendment HKFRSs has no material impact on the consolidated financial statements.

In addition, the Group has early adopted the amendment to HKFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021 ahead of the effective date and applied the amendment from 1 January 2021.

Amendment to HKFRS 16 – Covid 19 Related Rent Concessions beyond 30 June 2021

Effective 1 June 2020, HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

3.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendment to HKAS 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS	Annual improvements to HKFRS 2018-2020 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The adoption of the new and revised HKFRSs have been issued but are not yet effective are unlikely to have significant impact on the Group's consolidated financial statements.

4. REVENUE AND OTHER INCOME

Disaggregation of the Group's revenue from major products or service lines:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Income from financial related services		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Income from financial consultancy services	3,302	14,875
Income from financial securities services	3,087	3,452
<i>Revenue from other sources</i>		
Income from guarantee services	23,673	11,038
Interest income from:		
– Entrusted loans	18	109
– Money lending	159,360	135,533
– Finance lease services	9,938	20,070
	<u>199,378</u>	<u>185,077</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Income from assets management business		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Income from sales of properties	905,213	684,734
<i>Revenue from other sources</i>		
Income from disposal of distressed financial assets	–	4,724
Rental income and sublease rental income	4,435	14,829
Management fee income	8,258	4,828
	<u>917,906</u>	<u>709,115</u>

	2021 RMB'000	2020 RMB'000
Income from trading of commodities		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Income from trading of commodities	<u>120,958</u>	<u>5,196,314</u>
	2021 RMB'000	2020 RMB'000
Income from automobile e-commerce business		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Income from trading of goods	<u>20,760</u>	–
Membership fee income	<u>730</u>	–
	<u>21,490</u>	–
Other income		
Bank and other interest income	26,875	23,552
Gain on disposal of property, plant and equipment	142	258
Government grants*	574	3,520
Reversal of impairment loss on finance lease, loan and account receivables and other receivables	11,990	3,053
Sales of electronic devices	6,565	13,017
Gain on disposal of an associate	11,007	–
Gain on re-measurement of pre-existing interest in a joint venture	–	15,487
Foreign exchange gain, net	5,957	7,325
Others	<u>3,532</u>	<u>12,910</u>
	<u>66,642</u>	<u>79,122</u>

* The Group received grants from the relevant PRC government authorities in support of the Group's financial service and asset management business in the PRC. There were no unfulfilled conditions to receive the grants.

5. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Company's executive directors for the purposes of resource allocation and assessment of segment performance. The Company's executive directors have identified the reportable segments of the Group as follows:

- (1) Financial services - provision of guarantee services, express loan services, consultancy services, finance lease services, financial securities services and assets management (investments in distressed assets, equities and management of funds) in the PRC and Hong Kong;
- (2) Property development and investment – property development projects and property investment activities in the PRC;
- (3) Trading of commodities – trading of commodities in the PRC; and
- (4) Automobile e-commerce – online e-commerce platform in the automobile industry in the PRC.

During the year ended 31 December 2021, the Group has commenced operation of automobile e-commerce business, which has been identified as a reporting segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and inter-segment revenue. Segment results exclude equity-settled share-based payments, unallocated corporate expenses and unallocated finance costs. Corporate expenses include expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

Segment assets include all assets other than corporate assets such as property, plant and equipment, deposits and prepayments and cash and bank balances that are managed on a group basis.

Segment liabilities include all liabilities other than corporate liabilities such as accruals and other payables, lease liabilities, other borrowings and corporate bonds that are managed on a group basis.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2021

	Financial services <i>RMB'000</i>	Property development and investment <i>RMB'000</i>	Trading of commodities <i>RMB'000</i>	Automobile e-commerce <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	208,249	909,035	120,958	21,490	1,259,732
Inter-segment revenue	30,847	–	–	–	30,847
Segment revenue	<u>239,096</u>	<u>909,035</u>	<u>120,958</u>	<u>21,490</u>	<u>1,290,579</u>
Segment results	247,991	415,310	2,743	(1,922)	664,122
Unallocated corporate expenses					(6,443)
Unallocated finance costs					<u>(33,114)</u>
Profit before income tax					<u><u>624,565</u></u>

For the year ended 31 December 2020

	Financial services <i>RMB'000</i>	Property development and investment <i>RMB'000</i>	Trading of commodities <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	197,508	696,684	5,196,314	6,090,506
Inter-segment revenue	90	–	138,529	138,619
Segment revenue	<u>197,598</u>	<u>696,684</u>	<u>5,334,843</u>	<u>6,229,125</u>
Segment results	157,482	390,494	1,257	549,233
Equity-settled share-based payment				(335)
Unallocated corporate expenses				(3,255)
Unallocated finance costs				<u>(42,872)</u>
Profit before income tax				<u><u>502,771</u></u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Segment assets		
Financial services	1,735,658	1,438,427
Property development and investment	6,496,700	6,217,932
Trading of commodities	22,356	491,190
Automobile e-commerce	47,009	–
	<hr/>	<hr/>
Total segment assets	8,301,723	8,147,549
Unallocated		
– Property, plant and equipment	13,650	–
– Deposits and prepayment	2,820	–
– Cash and bank balances	1,654	941
	<hr/>	<hr/>
Total assets	8,319,847	8,148,490
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Financial services	96,561	149,064
Property development and investment	4,732,403	4,835,116
Trading of commodities	2,318	48,857
Automobile e-commerce	2,917	–
	<hr/>	<hr/>
Total segment liabilities	4,834,199	5,033,037
Unallocated		
– Accruals and other payables	46,840	29,651
– Lease liabilities	14,766	–
– Other borrowings	359,292	462,506
– Corporate bonds	343,358	274,976
	<hr/>	<hr/>
Total liabilities	5,598,455	5,800,170
	<hr/> <hr/>	<hr/> <hr/>

Other segment information

For the year ended 31 December 2021

	Financial services <i>RMB'000</i>	Property development and investment <i>RMB'000</i>	Trading of commodities <i>RMB'000</i>	Automobile e-commerce <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Additions to non-current assets (other than financial assets)	4,004	406,946	-	-	16,945	427,895
Equity accounted for investment in associates	-	370,180	-	-	-	370,180
Depreciation of property, plant and equipment	(12,060)	(5,390)	(1)	-	(3,295)	(20,746)
Share of results of associates	79	(21,192)	-	-	-	(21,113)
Gain on disposal of property, plant and equipment	142	-	-	-	-	142
(Loss)/gain on disposal of subsidiaries	(425)	137,495	3,613	-	-	140,683
Change in fair value of investment properties	597	121,197	-	-	-	121,794
Change in fair value of other financial assets	40,182	20,894	-	-	-	61,076
Provision for financial guarantee	(10,067)	(13,779)	-	-	-	(23,846)
Write down of inventories	-	(29,151)	-	-	-	(29,151)
Provision of impairment loss on finance lease, loan and account receivables, amount due from an associate and other receivables	(20,172)	(4,875)	-	-	-	(25,047)
Reversal of impairment loss on finance lease, loan and account receivables and other receivables	11,770	220	-	-	-	11,990
Bank and other interest income	22,955	3,918	1	1	-	26,875
Finance costs	(479)	(13,787)	(671)	-	(33,114)	(48,051)

For the year ended 31 December 2020

	Financial services <i>RMB'000</i>	Property development and investment <i>RMB'000</i>	Trading of commodities <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Additions to non-current assets (other than financial assets)	2,175	354,357	–	–	356,532
Equity accounted for investment in associates	8,914	391,372	–	–	400,286
Depreciation of property, plant and equipment	(13,908)	(5,866)	(7)	–	(19,781)
Impairment loss on goodwill	(13,504)	–	–	–	(13,504)
Share of results of associates	(6,739)	135,159	–	–	128,420
Share of results of a joint venture	–	(13,619)	–	–	(13,619)
Gain on disposal of property, plant and equipment	–	258	–	–	258
Gain on disposal of subsidiaries	–	109,241	–	–	109,241
Gain on disposal of investment properties	–	2,988	–	–	2,988
Change in fair value of investment properties	(1,700)	25,044	–	–	23,344
Change in fair value of other financial assets	3,017	–	–	–	3,017
Provision of impairment loss on finance lease, loan and account receivables, amount due from an associate and other receivables	(13,508)	(6,042)	–	–	(19,550)
Reversal of impairment loss on finance lease, loan and account receivables and other receivables	3,053	–	–	–	3,053
Bank and other interest income	22,051	1,498	3	–	23,552
Finance costs	(1,388)	(41,617)	(2,733)	(42,872)	(88,610)

The Company is an investment holding company and the principal place of the Group's operation is in the PRC (including Hong Kong). For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile.

The geographical location of customers is based on the location at which the services were provided. The total revenue from external customers is principally sourced from the PRC (including Hong Kong). The Group's non-current assets other than financial instruments are principally located in the PRC.

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A (<i>Note</i>)	<u>N/A</u>	<u>703,785</u>

Note: There is no revenue from a customer contributing over 10% of the total revenue of the Group for the year ended 31 December 2021. Customer A is a customer from trading of commodities segment for the year ended 31 December 2020.

6. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank and other borrowings	78,719	109,500
Interest on corporate bonds	19,386	28,238
Interest on lease liabilities	1,639	10,406
	<u>99,744</u>	<u>148,144</u>
Less: interests capitalised	<u>(51,693)</u>	<u>(59,534)</u>
	<u>48,051</u>	<u>88,610</u>

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Auditor's remuneration		
– audit service	1,530	1,360
– non-audit service	–	196
	<u>1,530</u>	<u>1,556</u>
Cost of inventories	694,754	5,623,125
Write-down of inventories	29,151	–
Cost of inventories recognised as expenses	<u>723,905</u>	<u>5,623,125</u>
Depreciation of property, plant and equipment	20,746	19,781
Impairment loss on goodwill	–	13,504
Impairment loss on finance lease, loan and account receivables, amount due from an associate and other receivables	25,047	19,550
Reversal of impairment loss on finance lease, loan and account receivables and other receivables	(11,990)	(3,053)
Provision for financial guarantee	23,846	–
Equity-settled share-based payments	–	335
Direct operating expenses arising from investment property that did not generate rental income during the year	6,733	7,867
Employee's costs (including directors' remuneration)		
– Salaries and allowances	53,951	60,661
– Pension scheme contributions – Defined contribution plans	1,410	3,900
– Other benefits	4,802	5,204
	<u>60,163</u>	<u>69,765</u>
Net foreign exchange gain, net	(5,957)	(7,325)
Gain on disposal of property, plant and equipment	(142)	(258)
	<u><u>(5,957)</u></u>	<u><u>(7,325)</u></u>

8. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
Hong Kong Profits Tax	280	283
PRC		
– Enterprise income tax (“EIT”)	89,315	167,984
– Land appreciation tax (“LAT”)	74,086	24,979
– Withholding tax	655	523
	<u>164,336</u>	<u>193,769</u>
Deferred tax	<u>21,903</u>	<u>(44,328)</u>
	<u><u>186,239</u></u>	<u><u>149,441</u></u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

EIT arising from subsidiaries operated in the PRC for the year was calculated at 25% (2020: 25%) of the estimated assessable profits during the year, except for subsidiaries established and operated in Ganzhou, which are beneficial from a preferential tax policy from the local tax authorities and are entitled to a reduced tax rate of 15%.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land value, borrowing costs, business tax and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

Withholding tax was calculated at 7% (2020: 7%) of the interest paid by PRC entities to a non-PRC holding company during the year.

Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax rate regime. The first HK\$2,000,000 of assessable profits of qualifying corporation is taxed at 8.25% and the assessable profits above HK\$2,000,000 are taxed at 16.5% for the years ended 31 December 2021 and 2020.

9. DIVIDENDS

The Directors proposed a final dividend of HK0.5 cent per ordinary share (2020: HK0.5 cent), totaling approximately HK\$36,042,000 (2020: HK\$36,042,000) in respect of the year ended 31 December 2021. This proposed dividend is subject to the approval of the shareholders at the forthcoming annual general meeting and not recognised as dividend payable in the consolidated financial statements for the year ended 31 December 2021. A final dividend in respect of the previous financial year of HK0.5 cent per ordinary share (2020: Nil), totaling approximately HK\$36,042,000 (equivalent to RMB30,636,000) (2020: Nil) has been paid for the year ended 31 December 2021.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year attributable to owners of the Company	440,759	356,115
	2021 Number of shares <i>('000)</i>	2020 Number of shares <i>('000)</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	7,208,388	6,806,287
Basic earnings per share (RMB cents)	6.11	5.23
Dilutive earnings per share (RMB cents) (<i>Note</i>)	6.11	5.23

Note:

The computation of diluted earnings per share for the year ended 31 December 2021 is calculated based on the profit attributable to owners of the Company and the weighted average number of ordinary shares.

The computation of diluted earnings per share for the year ended 31 December 2020 do not assume the exercise of the Company's outstanding share options as the exercise price of the Company's share options was higher than the average market price for shares.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2021, the Group has additions of approximately RMB157,395,000 (2020: RMB23,802,000) on construction-in-progress, other properties leased for own use, leasehold improvement and acquisition of motor vehicles, furniture, fixtures and office equipment.

12. FINANCE LEASE, LOAN AND ACCOUNT RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets		
Finance lease receivables	<u>60,538</u>	<u>74,759</u>
Current assets		
Entrusted loan receivables	–	548
Finance lease receivables	55,921	33,631
Loan receivables	881,427	1,299,115
Receivables from guarantee customers	14,528	22,225
Account receivables	<u>134,720</u>	<u>18,702</u>
	<u>1,086,596</u>	<u>1,374,221</u>

For finance lease receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The contract term for each loan contract is ranging from two to ten years.

For entrusted loan receivables, they represented loans from the Group to customers through banks in the PRC. In an entrusted loan arrangement, the bank entered into loan agreements with the customers. The customers repaid the loan to the bank and then the bank returned the principal and accrued interest to the Group. While the bank exercises supervision over and receives repayment from the borrower, the bank does not assume any risk of default in repayment by the borrower. The contract term for each loan contract is normally two years.

For loan receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The contract term for each loan contract is normally not more than three years.

For account receivables, it represented interest receivables from entrusted loans, finance lease and loan receivables, financial consultancy fee receivables and proceeds receivables from assets management business. The customers are obliged to settle the amounts according to the terms set out in relevant contracts and, normally, no credit period was granted to customers.

For receivables from guarantee customers, it represented the repayment paid to the banks on behalf of the guarantee customers. The guarantee customers are obliged to settle the amounts according to the term set out in relevant contracts.

Based on the loan commencement date set out in the relevant contracts, ageing analysis of the Group's finance lease, loan and account receivables, excluding receivables from guarantee customers, net of impairment loss, as of each reporting date is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 to 30 days	3,267	209,272
31 to 90 days	3,801	2,058
91 to 180 days	17,296	407,612
Over 180 days	<u>1,108,242</u>	<u>807,813</u>
	<u><u>1,132,606</u></u>	<u><u>1,426,755</u></u>

Receivables from guarantee customers were excluded from ageing analysis as they were debts settled by the Group on behalf of its guarantee customers acquired for daily operation which were past due to their original creditors according to relevant loan/guarantee agreements but no exact due date to the Group.

13. OTHER FINANCIAL ASSETS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current:		
<i>Financial assets measured at fair value through profit or loss ("FVTPL")</i>		
– Unlisted equity securities	–	36,000
– Distressed assets (<i>note (a)</i>)	59,619	60,331
– Fund investment	600	1,000
– Consideration receivable (<i>note (b)</i>)	<u>281,801</u>	<u>260,907</u>
	<u>342,020</u>	<u>358,238</u>
Current:		
<i>Financial assets measured at FVTPL</i>		
– Equity securities listed in Hong Kong	–	7,136
– Consideration receivables (<i>note (c)</i>)	42,960	–
<i>Financial assets measured at fair value through other comprehensive income</i>		
– Distressed assets (<i>note (a)</i>)	<u>95,898</u>	<u>90,577</u>
	<u>138,858</u>	<u>97,713</u>
	<u><u>480,878</u></u>	<u><u>455,951</u></u>

Notes:

- (a) The distressed assets represented equity and debt instruments which there is no public market for investments.
- (b) The balance represented a dividend entitlement in connection with the disposal of subsidiaries completed in 2020. The Group will consistently receive the dividend entitlement throughout 2021, 2022 and with the final deadline being 31 December 2023.
- (c) The balance represented the consideration receivable regarding the disposal of Shanghang Fengda Real Estate Co., Ltd (“Shanghang Fengda”) (上杭豐達置業有限公司).

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets		
Deposits paid	2,747	–
Other receivables	344,734	–
Amount due from an associate	–	635,277
	<u>347,481</u>	<u>635,277</u>
Current assets		
Prepaid expenses	39,435	29,882
Deposits paid	53,086	8,145
Amount paid for land and properties acquired for asset management business	–	83,680
Other receivables	368,584	432,410
Amount due from an associate (<i>note</i>)	12,899	–
	<u>474,004</u>	<u>554,117</u>

Note: The amount due from an associate was unsecured, interest-free and repayable on demand.

15. ACCOUNTS PAYABLE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Accounts payable from property development	405,159	549,024
Accounts payable from financial services		
– clearing house	539	1,614
– cash client	5,396	12,513
	<u>411,094</u>	<u>563,151</u>

Included in accounts payables are creditors with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current or less than 1 month	394,250	529,818
1 to 3 months	1,482	29,725
More than 3 months but less than 12 months	10,813	2,115
More than 12 months	4,549	1,493
	<u>411,094</u>	<u>563,151</u>

16. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Contract liabilities related to property sales	<u>2,644,848</u>	<u>2,309,703</u>

The Group receives payment from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are from sales of property.

17. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value of share capital HK\$'000	Equivalent nominal value of share capital RMB'000
Authorised:			
Ordinary share of HK\$0.0025 each			
At 31 December 2020, 1 January 2021 and 31 December 2021	20,000,000	50,000	39,000
Issued and fully paid:			
At 1 January 2020	6,363,386	15,908	12,832
Issue of ordinary shares by placing (<i>note a</i>)	265,000	663	597
Issue of new shares for acquisition of a subsidiary (<i>note b</i>)	190,000	475	427
Issue of new shares for acquisition of asset through acquisition of a subsidiary (<i>note c</i>)	390,000	975	878
At 31 December 2020, 1 January 2021 and 31 December 2021	7,208,386	18,021	14,734

The movements in share capital of the Company were as follows:

- (a) In connection with the placing, an aggregate of 265,000,000 new ordinary shares of the Company of HK\$0.0025 each were issued at a price of HK\$0.38 per share on 12 June 2020.
- (b) An aggregate of 190,000,000 new ordinary shares of the Company of HK\$0.0025 each were issued as consideration shares on 10 July 2020 in relation to step acquisition of Weihai Zhongtian Real Estate Co., Ltd (威海中天房地產有限公司).
- (c) An aggregate of 390,000,000 new ordinary shares of the Company of HK\$0.0025 each were issued as consideration shares on 10 July 2020 in relation to acquisition of Shanghang Fengda.

18. COMMITMENTS

(i) Operating lease commitments

Group as lessor

Future minimum lease payments receivable under non-cancellable operating lease at the Group were as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within one year	4,889	4,841
After one year but within two years	5,079	4,889
After two years but within five years	6,166	11,245
	<u>16,134</u>	<u>20,975</u>

Leases are negotiated for terms of 8 years (2020: 8 years).

- (ii) As at 31 December 2021, the Group had capital commitments, which were contracted but not provided for, in respect of the capital injection to its subsidiaries of RMB1,132,650,000 (2020: RMB833,500,000).
- (iii) As at 31 December 2020, the Group had capital commitments, which were contracted but not provided for, in respect of the capital injection to an associate of RMB75,950,000.
- (iv) At the reporting date, the Group had the following capital and other commitments:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Contracted, but not provided for		
– Investment properties under construction	–	198,602
– Property development	677,601	1,423,664
– Property, plant and equipment	167,266	37,028
	<u>677,601</u>	<u>1,658,694</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2021 the turnover of the Group was mainly derived from the (i) provision of financial related services (including express loan services, finance lease services, guarantee services, consultancy services and security brokerage services), (ii) assets management business (including a) property development and investment and b) rental income and management fee income), (iii) commodity trading business and (iv) automobile e-commerce business.

Effect of COVID-19 pandemic

The outbreak of coronavirus disease (COVID-19) has brought unprecedented challenges to China in past two years. Considering that the COVID-19 pandemic has fundamentally changed the consumers' behavior worldwide and e-commerce is poised to become a major trend in the future, the Company has been exploring new business opportunities in the potential operation of online e-commerce platform in first half of 2021. The Board has noticed a trend in China where online e-commerce platforms in the automobile industry have transformed traditional offline business model into a new online smart business model, not only driving up demand for financial related services, the data generated from the platforms can also help drive revenue from peripheral services. As the Group has many years of experience in providing financial related services in the automobile industry, the Board is of the view that there is sufficient experience and knowledge for the Group to explore the new businesses as an extension of its existing financial related services, in order to diversify and open up new sources of income for the Group. The Board decided to commerce the online automobile e-commerce business in second half of 2021.

Meanwhile, China's economy was showing signs of recovery in the impact of the COVID-19 pandemic in 2021 and the Group has improved operating efficiency and minimized the impact of the COVID-19 pandemic through measures like, quality improvement and efficiency enhancement. The assets management business showed stable improvement performance. The Group secured properties construction schedules and flat delivery schedules, such as Differ One City and Differ Humane Mansion. As a result, for the year 2021, revenue from sales of properties increased by 32.2% as compared with that for the year 2020.

For financial related services business, there was slight increase in demand of express loan services from our customers due to the COVID-19 pandemic still caused adverse effect on the economy and other business segments in China in 2021.

FINANCIAL REVIEW

Turnover

The turnover decreased from approximately RMB6,090.5 million for the year ended 31 December 2020 to approximately RMB1,259.7 million for the year ended 31 December 2021, representing a decrease of approximately RMB4,830.8 million or 79.3%. The decrease was attributable to the net effect of the following reasons:

(i) Financial related services

a.) *Express loan services*

The Group has provided money lending services to customers in the PRC and Hong Kong. Our customers are mainly small and medium enterprises. Our Group's express loan service income increase by 17.6% from approximately RMB135.6 million for the year ended 31 December 2020 to RMB159.4 million for the year ended 31 December 2021. The increase of express loan service income was mainly due to the increase of average loan receivables during the period.

b.) *Finance lease services*

Our Group mainly provide the finance lease services for machineries, properties and motor vehicles.

Our Group's finance lease services income decreased by 50.5% from approximately RMB20.1 million for the year ended 31 December 2020 to RMB9.9 million for the year ended 31 December 2021. The decrease was mainly due to the Group's prudent and conservative strategy to develop this business.

c.) *Guarantee services*

We provided the financing guarantee services during the year ended 31 December 2021 and 2020. Our Group's guarantee service income increased by 114.5% from approximately RMB11.0 million for the year ended 31 December 2020 to approximately RMB23.7 million for the year ended 31 December 2021. The increase of income from guarantee services was mainly due to the guarantee service income from associates.

(ii) Assets management business

a.) Property development and investment

The income from assets management business is mainly contributed by the sales of properties of Differ One City (鼎豐壹城), Differ Sky Realm (鼎豐天境), She People Ancient City (畚鄉古城) and Differ Humane Mansion (鼎豐書香豪庭), which Differ One City (鼎豐壹城) is located in Longquan City, the PRC, while Differ Sky Realm (鼎豐天境) and She People Ancient City (畚鄉古城) are located in Lishui, the PRC and Differ Humane Mansion (鼎豐書香豪庭) is located in Nanan, the PRC.

Differ One City (鼎豐壹城) is a residential and commercial development comprises properties for residential purposes, shops, a shopping mall and a hotel. The said development covers a total site area of approximately 145,688 sq.m and a total gross floor area of approximately 558,180 sq.m upon completion. Part of the residential properties of Differ One City (鼎豐壹城) was completed on December 2021 and delivered to purchasers. The revenue from the Differ One City (鼎豐壹城) for the year ended 31 December 2021 was approximately RMB765.5 million.

Differ Sky Realm (鼎豐天境) is a residential development comprises mostly properties for residential purposes and minor areas for commercial use on the ground floor. The said development covers a total site area of approximately 99,729 sq.m and a total gross floor area of approximately 377,169 sq.m upon completion. Most of the properties of Differ Sky Realm (鼎豐天境) were sold in previous years and the revenue from disposal of the remaining parts of Differ Sky Realm (鼎豐天境) for the year ended 31 December 2021 was approximately RMB62.6 million.

She People Ancient City (畚鄉古城) is a commercial cultural development with total site area of approximately 173,934 sq.m. and a total gross floor area of approximately 311,585 sq.m. The revenue from She People Ancient City (畚鄉古城) for the year ended 31 December 2021 was approximately RMB53.6 million.

Furthermore, Differ Humane Mansion (鼎豐書香豪庭) is a residential development comprises mostly properties for residential purposes and minor areas for commercial use on the ground floor. Differ Humane Mansion (鼎豐書香豪庭) covers a total site area of approximately 23,762 sq.m and total gross floor area of approximately 85,197 sq.m. The construction of Differ Humane Mansion (鼎豐書香豪庭) was completed in 2021 and part of which were delivered to the purchasers and the revenue of Differ Humane Mansion (鼎豐書香豪庭) for the year ended 31 December 2021 was approximately RMB23.5 million.

b.) *Rental income and management fee income*

Apart from the income as mentioned above, the Group also recorded the income from assets management business of approximately RMB12.7 million during the year ended 31 December 2021. Such income mainly represented the rental income, property management fee income and management fee income from fund management.

(iii) Commodity trading business

During the year ended 31 December 2021, the Group recorded the income from commodity trading business of approximately RMB121.0 million (2020: RMB5,196.3 million) and the relevant cost of trading of commodities and gross profits were approximately RMB120.8 million (2020: RMB5,190.2 million) and RMB0.2 million (2020: RMB6.1 million) respectively. Commodity trading business is usually to be considered as a low profit margin business and it is to reap profit from volume of trade. The income from commodity trading business decreased significantly due to the fact that the Group considered that the profits generated from commodity trading business was limited and it devoted its financial resources to develop other businesses during the year ended 31 December 2021.

(iv) Automobile e-commerce business

Following the completion of acquisition of Fast Sunrise Limited (“Fast Sunrise”), the Group commenced its automobile e-commerce business in the fourth quarter of 2021. Although only reflecting the financial results of the last quarter of 2021, the Group still recorded a considerable auto trading income of approximately RMB21.5 million and the relevant cost and gross profits were approximately RMB18.5 million and RMB3.0 million respectively.

Other income

Other income decreased from approximately RMB79.1 million for the year ended 31 December 2020 to approximately RMB66.6 million for the year ended 31 December 2021, representing a decrease of approximately RMB12.5 million or 15.8%. Our Group’s other income for the year ended 31 December 2021 mainly represented bank and other interest income, reversal of impairment loss on finance lease, loan, and account receivables and other receivables, gain on disposal of an associate and sales of electronic devices.

Costs of property sold

The Group recorded cost of property development of approximately RMB584.6 million for the year ended 31 December 2021 (2020: RMB437.7 million). It mainly represented the land costs, construction costs and other relevant costs for part of i) Differ One City (鼎豐壹城), ii) Differ Sky Realm (鼎豐天境), iii) She People Ancient City (畚鄉古城) and iv) Differ Humane Mansion (鼎豐書香豪庭) projects.

Gain on disposal of subsidiaries

On 23 December 2021, the Group disposed 100% of the entire issued share capital of Differ Digital Company Limited (鼎豐數碼科技有限公司) (“Differ Digital”) (the “Disposal Company”), a wholly owned subsidiary of the Company for a total consideration of RMB175.0 million which will be settled by cash consideration. Differ Digital and its subsidiaries (the “Differ Digital Group”) is principally engaged in property development and management in the PRC and investment holding in a PRC Company. The Group recorded the gain on disposal of the Differ Digital Group of approximately RMB123.0 million in 2021.

In addition, the Group also disposed certain subsidiaries for the year ended 31 December 2021 and recorded net gain on disposal of such other subsidiaries of approximately RMB17.6 million.

Employee benefit expenses

The employee benefit expenses decreased from approximately RMB69.8 million for the year ended 31 December 2020 to approximately RMB60.2 million for the year ended 31 December 2021, representing a decrease of approximately RMB9.6 million or 13.8%. Our Group’s employee benefit expenses mainly comprised staff salaries, directors’ emoluments and other benefits.

Other expenses

The other expenses increased from approximately RMB113.6 million for the year ended 31 December 2020 to approximately RMB150.4 million for the year ended 31 December 2021, representing an increase of approximately RMB36.8 million or 32.3%. Our Group’s other expenses mainly comprised provision of impairment loss on receivables, provision for financial guarantee, business tax and other taxes, advertising expense, legal and professional fee and various office expenses.

The following table sets forth a breakdown of our other expenses:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Advertising expense	23,708	13,191
Bank charges	471	529
Business tax and other taxes	26,072	15,928
Cost of electronic device sold	3,991	7,089
Entertainment expense	6,534	3,920
Impairment loss on goodwill	–	13,504
Legal and professional fee	13,723	12,813
Motor vehicle expense	1,112	1,013
Office expense	5,304	7,563
Tele-communication fee	653	989
Travelling expense	1,682	1,963
Water and electricity	6,184	2,286
Provision of impairment loss on finance lease, loan and account receivables, amount due from an associate and other receivables	25,047	19,550
Provision for compensation	–	3,990
Provision for financial guarantee	23,846	–
Others	12,082	9,319
	<u>150,409</u>	<u>113,647</u>

Share of results of associates

For the year ended 31 December 2021, the Group recorded share of loss of associates of approximately RMB21.1 million (2020: share of profit of associates of approximately RMB128.4 million), primarily due to share of loss from Zhongcheng.

Change in fair value of investment properties

The Group's investment properties are situated in the PRC and are held under the lease term from 40 to 50 years. As at 31 December 2021, the carrying amount of investment properties represents the shopping mall of Differ One City (鼎豐壹城) project and an investment property in Xiamen which are held to earn rentals under operating lease. The fair value gain on the Group's investment properties of approximately RMB121.8 million (2020: RMB23.3 million) for the year ended 31 December 2021 are based on valuations of such properties conducted by independent property valuers, using property valuation techniques involving certain assumptions of market conditions.

Profit for the year attributable to the owners of the Company

Our Group's profit for the year attributable to the owners of the Company was approximately RMB440.8 million for the year ended 31 December 2021, representing an increase of approximately RMB84.7 million, or 23.8%, from approximately RMB356.1 million for the year ended 31 December 2020.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

- (a) On 12 March 2021, Fujian Liantai Real Estate Development Co., Limited (福建聯泰房地產開發有限公司) (as the purchaser) and Differ Construction and City Development Company Limited (“鼎造城市開發有限公司”) (formerly known as Differ Cultural Tours Limited (鼎豐文化旅遊有限公司)), an indirect wholly-owned subsidiary of the Company incorporated in Cayman Islands (as the vendor) entered into a sale and purchase agreement, pursuant to which the vendor has agreed to procure Ganzhou Differ Cultural Tourism Development Co., Limited (贛州鼎豐文化旅遊發展有限公司), an indirect wholly owned subsidiary of the Company to sell 51% equity interest in Shanghang Fengda to the purchaser in the fair value of the consideration of RMB76,877,000 (the “Disposal”). The consideration should be settled by (i) share of the net income derived from the land of the Shanghang Fengda and (ii) license fee to be received for continued use of the brand of the vendor. The principal business of the Shanghang Fengda is property development. The Disposal was completed on 19 March 2021.
- (b) On 18 June 2021, Xiamen Deng Yi Cultural Tourism Group Co., Limited (“廈門鼎繹文化旅遊集團有限公司”) (formerly known as Xiamen Differ Cultural Tourism Group Co., Limited)* (廈門鼎豐文化旅遊集團有限公司), an indirect wholly-owned subsidiary of the Company (as the purchaser), entered into a sale and purchase agreement with Zhongcheng City Development Group Co., Limited (中城城開集團有限公司) (formerly known as Fujian Zhongcheng Chuangzhan Urban Development Co., Limited* (福建中城創展城市開發有限公司)) (as the vendor), an indirect 49% associate of the Company, to acquire 100% equity interests in Jingning Outdoor Residence Tour Investment Development Company Limited* (“Jingning Outdoor”) (景寧外舍古鎮旅遊投資發展有限公司) in the aggregate consideration of RMB490,000,000 (the “Acquisition”). The consideration should be settled by: (i) RMB100,001,300 by way of cash and (ii) RMB389,998,700 by way of setting off the debt due from the vendor to the purchaser. The principal business of the Jingning Outdoor is property development. The Acquisition was completed on 23 June 2021. After completion, Jingning Outdoor ceased to be an associate of the Company and it became an indirect wholly-owned subsidiary of the Company.

- (c) On 7 August 2021, Cherries Automobile Company Limited (車厘籽汽車有限公司) (formerly known as Jiashi International Financial Limited), a direct wholly-owned subsidiary of the Company (as the purchaser), entered into a sale and purchase agreement with Wonderful Apex Limited (as the vendor) to acquire 100% equity interests in Fast Sunrise in the consideration of RMB53,000,000 (the “Acquisition 2”). Fast Sunrise and its subsidiaries (“Fast Sunrise Group”), by virtue of the execution of the VIE agreements, can enjoy the economic benefits and control the board and members’ voting rights of Tianjin Free Trade Gancheng Taifeng Technology Company Limited (“Gancheng Taifeng”) (天津自貿乾程泰鋒科技有限公司). The principal business of Guancheng Taifeng is online e-commerce business in automobile industry. The Acquisition 2 was completed on 30 September 2021.
- (d) On 23 December 2021, Prestige Eagle Investments Limited (as the purchaser) and Differ Construction and City Development Company Limited (“鼎造城市開發有限公司”), an indirect wholly-owned subsidiary of the Company incorporated in British Virgin Islands (as the vendor) entered into a sale and purchase agreement, pursuant to which the purchaser has agreed to acquire and the vendor has agreed to sell 100% equity interests of Differ Digital for the consideration of RMB175,000,000 (the Disposal 2”). The principal business of Differ Digital Group is property development. The Disposal 2 was completed on 24 December 2021.

Save as disclosed above, there was no significant investment and material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2021.

OUTLOOK

It is anticipated that global economic uncertainties will persist in 2022 amid the continuous outbreak of various COVID-19 mutant strains. On one hand, the Group will adopt a prudent approach on the asset management business. It will closely monitor the rapid changing environment of Chinese property market and will seize the opportunities to acquire or dispose the valuable assets at a suitable time. On the other hand, the Group will actively explore the opportunities to expand the automobile e-commerce business. Following the completion of acquisition of Gancheng Taifeng, the Group has decided to establish and carry out its automobile e-commerce business under the brand of Cherries Car (車厘籽汽車), which will provide comprehensive solutions and services to a wide range of customers ranging from car manufacturers, car dealers to retailing customers.

In order to accelerate the development of Cherries Car, the Group has entered into several strategic cooperation agreements with its strategic partners. On top of that, the Group is also exploring the possible acquisition of certain potential companies in automobile industry. The Group is optimistic of the prospects of automobile industry in foreseeable future.

DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

As at 31 December 2021, the interests and short positions of the Directors or chief executives of the Company and their associates in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) (i) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the “Model Code for Securities Transactions by Directors of Listed Companies” contained in the Listing Rules, were as follows:

Long positions in Shares, Underlying Shares or Debentures of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the total issued share capital of the Company
Mr. Hong Mingxian (“Mr. Hong”)	Interest in controlled corporation (Note 1)	3,017,300,000	41.85%
Mr. Ng Chi Chung (“Mr. Ng”)	Interest in controlled corporation (Note 2) Beneficial owner	827,400,000 334,068,000	11.48% 4.63%

Notes:

1. These Shares were held by Expert Corporate Limited (“Expert Corporate”), which was wholly and beneficially owned by Mr. Hong. By virtue of the SFO, Mr. Hong is deemed to be interested in the 3,017,300,000 Shares under the SFO.
2. These Shares were held by Ever Ultimate Limited (“Ever Ultimate”), which was wholly and beneficially owned by Mr. Ng. By virtue of the SFO, Mr. Ng is deemed to be interested in the 827,400,000 Shares under the SFO.

Save as disclosed above, as at 31 December 2021, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2021, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long positions in Shares, Underlying Shares or Debentures of the Company

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the total issued share capital of the Company
Expert Corporate	Beneficial owner <i>(Note 1)</i>	3,017,300,000	41.85%
Ms. Shi Hongjiao ("Ms. Shi")	Interest of spouse <i>(Note 2)</i>	3,017,300,000	41.85%
Ever Ultimate	Beneficial owner <i>(Note 3)</i>	827,400,000	11.48%
Ms. Ting Pui Shan ("Ms. Ting")	Interest of spouse <i>(Note 4)</i>	1,161,468,000	16.11%

Notes:

1. These Shares were held by Expert Corporate, which was wholly and beneficial owned by Mr. Hong. By virtue of the SFO, Mr. Hong is deemed to be interested in the 3,017,300,000 Shares under the SFO.
2. Ms. Shi is the spouse of Mr. Hong.
3. These Shares were held by Ever Ultimate, which was wholly and beneficial owned by Mr. Ng. By virtue of the SFO, Mr. Ng is deemed to be interested in the 827,400,000 Shares under the SFO.
4. Ms. Ting is the spouse of Mr. Ng.

Save as disclosed above and as at 31 December 2021, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

FOREIGN EXCHANGE RISK MANAGEMENT

The exposure to currency exchange rate of the Group is minimal as majority of the Group's subsidiaries operates in the PRC with most of the transaction denominated and settled in RMB. Part of the Group's borrowings and corporate bonds are denominated in the currencies other than RMB. Such currencies are HK\$ and United States dollars and their RMB equivalent amounts are approximately RMB351.9 million and RMB350.8 million as at 31 December 2021 respectively. The Group has not entered into any foreign exchange hedging arrangement. The Directors consider that exchange rate fluctuation has no significant impact on our Group's financial performance.

TREASURY POLICIES

Our Group continuously monitors our current and expected liquidity requirements as well as our cash and receivables in order to ensure that we maintain sufficient liquidity to meet our liquidity requirements. In particular, we monitor the ageing of our loan and account receivables as well as the maturity profile of our corporate bonds and bank and other borrowings.

FINAL DIVIDENDS

The Board proposed a final dividend of HK0.5 cent per share in respect of the year ended 31 December 2021 subject to the approval of the shareholders at the Company's annual general meeting to be held on Wednesday, 29 June 2022. The proposed final dividend is expected to be paid on Thursday, 28 July 2022, whose names appear on the register of members of the Company at the close of business on Friday, 15 July 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m on Thursday, 23 June 2022.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. The register of members of the Company will be closed from Wednesday, 13 July 2022 to Friday, 15 July 2022, both dates inclusive, during which period no transfer of shares will be registered. To qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m on Tuesday, 12 July 2022. Subject to the approval by shareholders of the Company at the forthcoming annual general meeting, the proposed final dividend will be paid on or around Thursday, 28 July 2022.

EVENT AFTER THE REPORTING DATE

On 7 January 2022, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an associate to disposed 100% equity interest in Xiamen Differ Good Investment Consulting Company Limited (廈門市鼎戈投資諮詢有限公司) and its subsidiary* (“Xiamen Differ Good Group”) at consideration of RMB25,000,000. The principal activities of Xiamen Differ Good Group are financial services. Upon the disposal, Xiamen Differ Good Group will no longer be subsidiaries of the Company. The disposal is completed on 10 January 2022.

HUMAN RESOURCES

As at 31 December 2021, the Group had a total of 419 employees (2020: 406). The staff costs (included Directors’ emoluments) were approximately RMB60.2 million for the year ended 31 December 2021 (2020: RMB69.8 million). The remuneration package of the employees is determined by various factors such as their working experience and job performance, the market condition, industry practice and applicable employment law. Year-end bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of employees’ salaries to the central pension scheme. The Group also maintains the Mandatory Provident Fund (“MPF”) Scheme and insurance for its employees in Hong Kong. Contributions to the MPF Scheme are in accordance with the statutory limits prescribed by the MPF ordinance. The Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed in this announcement, there was no specific plan for material investments or capital assets as at 31 December 2021 (2020: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group had total cash and bank balances and current restricted bank deposits of approximately RMB328.0 million (2020: RMB421.2 million). The gearing ratio, calculated as percentage of total borrowings to the total assets of the Group was 12.8% as at 31 December 2021 (2020: 12.5%). The current ratio is 1.22 times as at 31 December 2021 (2020: 1.13 times). The Group did not use any financial instruments for hedging purpose.

The capital structure of the Group consists of net debts, which include the bank and other borrowings, corporate bonds and net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 26 November 2013 for the purpose of providing incentives or rewards to any employees of the Company and any other eligible persons for their contribution to the Group. On 25 April 2016, the Company granted an aggregate of 84,108,000 share options to the eligible persons. All share options which were granted under the Scheme had lapsed as at 31 December 2021. The following table discloses movements in the Company’s Share Options during the years:

2021

Name or category of participants	Date of grant	Number of share options					At 31 December 2021	Exercise period	Exercise price HK\$
		At 1 January 2021	Granted	Exercised	Forfeited	Lapsed			
Director									
Mr. Hong	25 April 2016	6,400,000	-	-	-	(6,400,000)	-	30 April 2017 to 30 April 2021	0.734
Mr. Ng	25 April 2016	6,400,000	-	-	-	(6,400,000)	-	30 April 2017 to 30 April 2021	0.734
Employees (in aggregate)	25 April 2016	22,232,000	-	-	-	(22,232,000)	-	30 April 2017 to 30 April 2021	0.734
Total		35,032,000	-	-	-	(35,032,000)	-		

Note: Share options were vested in equal portions on 30 April 2017, 2018, 2019 and 2020 respectively, and became exercisable for a period from the respective dates and ending on 30 April 2021.

2020

Name or category of participants	Date of grant	Number of share options				At 31 December 2020	Exercise period (Note)	Exercise price HK\$
		At 1 January 2020	Granted	Exercised	Forfeited			
Directors								
Mr. Hong	25 April 2016	6,400,000	-	-	-	6,400,000	30 April 2017 to 30 April 2021	0.734
Mr. Ng	25 April 2016	6,400,000	-	-	-	6,400,000	30 April 2017 to 30 April 2021	0.734
Employees (in aggregate)	25 April 2016	24,336,000	-	-	(2,104,000)	22,232,000	30 April 2017 to 30 April 2021	0.734
Total		<u>37,136,000</u>	<u>-</u>	<u>-</u>	<u>(2,104,000)</u>	<u>35,032,000</u>		

Note: Share options were vested in equal portions on 30 April 2017, 2018, 2019 and 2020 respectively, and became exercisable for a period from the respective dates and ending on 30 April 2021. In addition, the vesting of share options shall be subject to the achievement of performance targets during the assessment periods up to the above four vesting dates.

The fair values of the share options granted under the Share Options Scheme on 26 November 2013 were determined using the Binomial Option Pricing Model. The fair values of the share options and the significant inputs into the model and assumptions were as follows:

Number of share options	84,108,000
Share price on grant date	HK\$0.710
Exercise price	HK\$0.734
Expected volatility	99.0%
Weighted average contractual life	5.01 years
Risk-free interest rate	1.0%

Fair value per share option

- vesting date: 30 April 2017	HK\$0.44
- vesting date: 30 April 2018	HK\$0.47
- vesting date: 30 April 2019	HK\$0.50
- vesting date: 30 April 2020	HK\$0.51

Share options and weighted average exercise price are summarised as follows for the reporting periods presented:

	Number of share options	Weighted average exercise price <i>HK\$</i>
Outstanding at 1 January 2020	37,136,000	
Forfeited	<u>(2,104,000)</u>	<u>0.734</u>
Outstanding at 31 December 2020 and 1 January 2021	35,032,000	0.734
Lapsed	<u>(35,032,000)</u>	<u>0.734</u>
Outstanding at 31 December 2021	<u><u>–</u></u>	<u><u>–</u></u>

CHARGE ON ASSETS

The Group's restricted bank deposits of approximately RMB228.1 million as at 31 December 2021 were mainly pledged to secure for construction of pre-sale properties and the Group's facilities of providing guarantee services to the customers (2020: RMB333.3 million). As at 31 December 2021, approximately RMB250.7 million of bank borrowing were secured by properties held for sale with carrying amount of RMB1,105.9 million (2020: Nil). As at 31 December 2021, other borrowings with carrying amount approximately RMB107.9 million (2020: RMB226.7 million) were secured by properties under development with carrying amount of RMB121.9 million (2020: RMB546.5 million) and investment properties with carrying amount of RMB661.0 million (2020: Nil), which was also secured by 100% share equity of a subsidiary (2020: 510,000 shares of a subsidiary and 100% share equity of a subsidiary). In addition, the Group's properties held for sale and investment properties of carrying amount of approximately RMB220.2 million and RMB95.8 million respectively (2020: Nil) were pledged to banks in the PRC for financial related services business.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to establishing good corporate governance practices, procedures and fulfilling its responsibilities to its shareholders and protecting and enhancing shareholder's value. The Company's corporate governance practices are based on the principles and code provision as set out in the Corporate Governance Code ("CG code") in Appendix 14 to the Listing Rules.

Throughout the year ended 31 December 2021, the Company had complied with the CG Code with the exception from the deviation from the code provisions C.1.8 as explained below:

Under the code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. No insurance cover has been arranged for directors up to the date of this announcement since the directors take the view that the Company shall support directors arising from corporate activities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by Directors of listed issuers as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of Directors. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 December 2021.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As far as the Directors are aware of, none of the Directors or any of their respective associates (as defined in the Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 December 2021.

All the independent non-executive Directors were delegated with the authority to review on an annual basis the compliance of the terms of the non-competition undertaking and the enforcement of the non-competition undertaking given by Mr. Hong, Mr. Ng, Expert Corporate and Ever Ultimate. Each of them confirmed that (a) they have provided all information necessary for the enforcement of the non-competition undertakings, as requested by all independent non-executive Directors from time to time; and (b) each of them had fully complied with the non-competition undertaking for the year ended 31 December 2021. All independent non-executive Directors also confirmed that they were not aware of any non-compliance with the non-competition undertaking given by them during the same period.

AUDIT COMMITTEE

The audit committee of the Company currently comprises two independent non-executive directors, namely Mr. Chan Sing Nun (chairman of audit committee) and Mr. Lam Kit Lam and one non-executive director, Mr. Wu Qinghan. The unaudited consolidated results of the Group for the year ended 31 December 2021 have been reviewed by the audit committee. The Board is of the opinion that such results complied with the applicable accounting standards, the requirements under Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position and consolidated comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary results announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

Hong Kong, 30 March 2022

As at the date of this announcement, the executive Directors are Mr. HONG Mingxian, Mr. NG Chi Chung and Dr. FENG Xiaogang; 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.

* *For identification purpose only*