

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



Interim Report
2015

CORPORATE INFORMATION

EXECUTIVE DIRECTORS:

Mr. HONG Mingxian (*Chairman*)
Mr. NG Chi Chung (*Chief Executive Officer*)
Mr. CAI Huatan

NON-EXECUTIVE DIRECTORS:

Mr. CAI Jianfeng
Mr. WU Qinghan

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. CHAN Sing Nun
Mr. TSANG Hin Man Terence
Mr. ZENG Haisheng

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

23rd Floor, Tower 11
166 Tapu East Road
Xiamen, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART XI OF THE COMPANIES ORDINANCE

Room 1602, Euro Trade Centre
13-14 Connaught Road Central
Central, Hong Kong

COMPANY SECRETARY

TAM Wai Tak Victor

COMPLIANCE OFFICER

CAI Huatan

COMPLIANCE ADVISER

Messis Capital Limited

AUDITOR

BDO Limited

AUTHORISED REPRESENTATIVES

HONG Mingxian
TAM Wai Tak Victor

MEMBERS OF AUDIT COMMITTEE

CHAN Sing Nun (*Chairman*)
TSANG Hin Man Terence
ZENG Haisheng

MEMBERS OF REMUNERATION COMMITTEE

TSANG Hin Man Terence (*Chairman*)
ZENG Haisheng
CHAN Sing Nun

MEMBERS OF NOMINATION COMMITTEE

ZENG Haisheng (*Chairman*)
TSANG Hin Man Terence
CHAN Sing Nun

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre, 183 Queen's Road
East, Hong Kong

PRINCIPAL BANKERS

China Construction Bank, Guanyinshan branch
Podium Floor, Tower 4
Guanyinshan Business District
Xiamen, Fujian Province
The PRC

Bank of China, Shishi branch
Bank of China Tower
2059 Baqi Road
Shishi, Fujian Province
The PRC

COMPANY WEBSITE

www.dfh.cn

STOCK CODE

6878

UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2015, together with the unaudited comparative figures for the corresponding period in 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2015

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue	3	62,147	36,714	92,711	55,742
Other income	3	1,608	389	2,023	752
Employee benefit expenses		(2,598)	(2,372)	(5,225)	(4,684)
Depreciation and amortisation expenses		(757)	(522)	(1,418)	(1,036)
Operating lease expenses		(343)	(151)	(655)	(241)
Other expenses		(3,123)	(2,674)	(7,282)	(4,997)
Profit before income tax	5	56,934	31,384	80,154	45,536
Income tax expense	6	(14,680)	(8,149)	(20,898)	(11,896)
Profit for the period attributable to the owners of the Company		42,254	23,235	59,256	33,640
Other comprehensive income attributable to the owners of the Company that may be reclassified to profit or loss in subsequent periods					
– Exchange differences on translating foreign operation		(9)	7	(50)	(130)
– Available-for-sale financial assets					
– Change in fair value		1,106	–	4,342	–
– Reclassification adjustments for gain included in the consolidated statement of profit or loss		(3,619)	–	–	–
Total comprehensive income for the period attributable to the owners of the Company		39,732	23,242	63,548	33,510
Earnings per share – Basic and diluted (RMB cents)	8	4.23	2.32	5.93	3.36

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		13,879	14,652
Prepaid land lease		7,122	7,326
Restricted bank deposits		6,700	7,900
Loan and account receivables	10	21,985	49,647
		<u>49,686</u>	<u>79,525</u>
Current assets			
Available-for-sales financial assets		19,342	–
Loan and account receivables	10	344,044	314,071
Prepayments and other receivables		5,127	5,468
Restricted bank deposits		75,628	88,212
Cash and bank balances		225,271	164,579
		<u>669,412</u>	<u>572,330</u>
Current liabilities			
Accruals, other payables, receipt in advance and deferred income		36,354	25,775
Provision for taxation		16,501	13,979
		<u>52,855</u>	<u>39,754</u>
Net current assets		<u>616,557</u>	<u>532,576</u>
Total assets less current liabilities		<u>666,243</u>	<u>612,101</u>
Non-current liabilities			
Deposits received and deferred income		22,147	31,553
Net assets		<u>644,096</u>	<u>580,548</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	7,800	7,800
Reserves		636,296	572,748
Total equity		<u>644,096</u>	<u>580,548</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Available- for-sale financial assets revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
For the six months ended 30 June 2015 (Unaudited)									
At 1 January 2015	7,800	137,515	277,562	7	15,026	-	256	142,382	580,548
Profit for the period	-	-	-	-	-	-	-	59,256	59,256
Other comprehensive income for the period									
- Exchange differences on translating foreign operation	-	-	-	-	-	-	(50)	-	(50)
- Change in fair value of available- for-sale financial assets	-	-	-	-	-	4,342	-	-	4,342
Total comprehensive income for the period	-	-	-	-	-	4,342	(50)	59,256	63,548
Transfer to statutory reserve	-	-	-	-	5,473	-	-	(5,473)	-
At 30 June 2015	<u>7,800</u>	<u>137,515</u>	<u>277,562</u>	<u>7</u>	<u>20,499</u>	<u>4,342</u>	<u>206</u>	<u>196,165</u>	<u>644,096</u>

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2014 (Unaudited)								
At 1 January 2014	7,800	137,515	277,562	7	7,402	532	76,993	507,811
Profit for the period	-	-	-	-	-	-	33,640	33,640
Other comprehensive income for the period	-	-	-	-	-	(130)	-	(130)
Total comprehensive income for the period	-	-	-	-	-	(130)	33,640	33,510
Transfer to statutory reserve	-	-	-	-	3,299	-	(3,299)	-
At 30 June 2014	<u>7,800</u>	<u>137,515</u>	<u>277,562</u>	<u>7</u>	<u>10,701</u>	<u>402</u>	<u>107,334</u>	<u>541,321</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Net cash generated from/(used in) operating activities	61,183	(48,065)
Net cash used in investing activities	(441)	(425)
Net increase/(decrease) in cash and cash equivalent	60,742	(48,490)
Cash and cash equivalents at the beginning of the period	164,579	181,055
Effect of foreign exchange rate changes, net	(50)	–
Cash and cash equivalents at the end of the period	225,271	132,565

NOTES:

1. CORPORATE AND GENERAL 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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 December 2013 and transferred listing to Main Board of the Stock Exchange on 6 July 2015. 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 Company and its subsidiaries (collectively the "Group") is located at 23rd Floor, Tower 11, 166 Tapu East Road, Xiamen, the People's Republic of China (the "PRC").

The companies comprising the Group underwent a group restructuring exercise (the "Reorganisation") to rationalise the Group's structure in preparation for the listing of the shares of the Company on the Stock Exchange. Further details of the Reorganisation were set out in prospectus of the Company dated 3 December 2013 (the "Prospectus").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are provision of guarantee services, pawn loan services, financial consultation services, entrusted loan services, finance lease services and distressed assets management services in the PRC.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institutes of Certified Public Accountants ("HKICPA") and include applicable disclosures required by the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules").

The functional currency of the Company is Hong Kong Dollar ("HK\$"). The unaudited condensed 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.

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2014 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 January 2015. The effect of the adoption of these standards, amendments and interpretations was not material of the Group's results of operations and financial position.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents income from the Group's principal activities, net of value-added tax. Revenue and other income recognised during the periods are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue				
Interest income				
– Pawn loan services	4,090	3,619	8,245	7,254
– Entrusted loan services	10,188	6,154	20,090	12,886
Consultancy service income	23,602	19,647	32,825	21,629
Income from guarantee services	4,803	4,396	8,808	8,376
Income from finance lease services	4,464	2,898	7,743	5,597
Gain on disposal of available-for-sale financial assets	15,000	–	15,000	–
	<u>62,147</u>	<u>36,714</u>	<u>92,711</u>	<u>55,742</u>
Other income				
Bank interest income	901	359	1,265	720
Government grant	707	–	707	–
Others	–	30	51	32
	<u>1,608</u>	<u>389</u>	<u>2,023</u>	<u>752</u>

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's executive directors in order to allocate resources and assess performance of the segment. Executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in provision of financial services which includes the provision of entrusted loan, financial consultancy, guarantee, pawn loan, finance lease services and distressed asset management business. The executive directors allocate resources and assess performance on an aggregated basis. The Group's revenue from external customers is divided into five groups of products which is disclosed in note 3.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

The geographical location of customers is based on the location at which the services were provided. The total revenue from external customers is mainly sourced from the PRC. The total revenue is disclosed in note 3.

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue:

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Customer A	-	4,458	-	N/A
Customer B	8,750	4,387	N/A	N/A
Customer C	-	3,774	-	N/A
Customer D	15,000	-	15,000	-

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Depreciation of property, plant and equipment	655	420	1,214	832
Amortisation of prepaid land lease	102	102	204	204
Employee benefit expenses (including Directors' remuneration)				
Salaries	2,189	2,006	4,398	3,914
Pension scheme contributions – Defined contribution plans	107	98	215	195
Other benefits	302	268	612	575
	2,598	2,372	5,225	4,684
Operating lease charges in respect of properties	343	151	655	241

6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Current tax – PRC	<u>14,680</u>	<u>8,149</u>	<u>20,898</u>	<u>11,896</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.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2015 (2014: Nil).

Enterprise income tax arising from subsidiaries operated in the PRC for the six months ended 30 June 2015 was calculated at 25% (2014: 25%) of the estimated assessable profits during the period.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

8. EARNINGS PER SHARE

The calculations of basic earnings per share for the three months and six months ended 30 June 2015 is based on the profit attributable to owners of the Company of approximately RMB42,254,000 and RMB59,256,000 respectively (three months and six months ended 30 June 2014: RMB23,235,000 and RMB33,640,000) and on the 1,000,000,000 ordinary shares issued throughout the three months and six months ended 30 June 2015 and 2014.

Diluted earnings per share is the same as the basic earnings per share because the Group had no potential ordinary shares during the periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group spent approximately RMB441,000 (2014: RMB425,000) on acquisition of furniture, fixture and office equipment.

10. LOAN AND ACCOUNT RECEIVABLES

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Non-current assets		
Finance lease receivables, gross and net	<u>21,985</u>	<u>49,647</u>
Current assets		
Pawn loan receivables, gross and net	48,850	46,850
Entrusted loan receivables, gross and net	206,000	196,000
Finance lease receivables, gross and net	75,938	68,247
Account receivables, gross and net	<u>13,256</u>	<u>2,974</u>
	<u>344,044</u>	<u>314,071</u>

For pawn loan receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, with options to renew the loan granted for a period of up to 180 days. The maturity date for each loan contract is not more than 180 days.

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 maturity date for each loan contract is normally not more than 360 days.

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 maturity date for each loan contract is normally not more than 3 years.

For account receivables, it represented interest receivables from pawn loans, entrusted loans and finance lease and financial consultancy fee receivable. 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.

Based on the loan commencement date set out in the relevant contracts, ageing analysis of the Group's loan and account receivables as of each reporting date is as follows:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
0 to 30 days	105,791	174,799
31 to 90 days	117,465	82,062
91 to 180 days	18,802	36,044
Over 180 days	<u>123,971</u>	<u>70,813</u>
	<u>366,029</u>	<u>363,718</u>

11. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Authorised:		
Ordinary share of HK\$0.01 each		
At 31 December 2014 and 30 June 2015	<u>5,000,000</u>	<u>50,000</u>
Issued and fully paid:		
Ordinary share of HK\$0.01 each		
At 31 December 2014 and 30 June 2015	<u>1,000,000</u>	<u>10,000</u>

During the six months ended 30 June 2015, there is no movement in share capital of the Company. The issued and fully paid share capital of the Company is equivalent to approximately RMB7,800,000 as at 31 December 2014 and 30 June 2015.

12. MAXIMUM EXPOSURE UNDER THE FINANCIAL GUARANTEE CONTRACTS

As at 30 June 2015, the Group's maximum exposure under the financial guarantee contracts is approximately RMB464.9 million (31 December 2014: RMB477.3 million). To mitigate such risk, the Group requests the customers to provide collateral and/or personal/corporate guarantees as appropriate. In the event of default or failure to repay any outstanding guarantee amounts by the customers, the Group will proceed with sale of collateral. As at 30 June 2015, the Group's exposures under unexpired financial guarantee contracts were secured by the collateral of the customers in total amount of approximately RMB768.6 million (31 December 2014: RMB933.6 million). In respect of the Group's financial guarantee business, we have not been asked to honour our financial obligations during the six months ended 30 June 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As an integrated financing service provider, the Group mainly provide short to medium-term financing and financing-related solutions in Fujian Province. During the six months ended 30 June 2015, the revenue was mainly derived from the provision of (i) guarantee services, (ii) pawn loan services, (iii) financial consultation services, (iv) entrusted loan services, (v) finance lease services to our customers and (vi) distressed asset management business.

Financial Review

Revenue

The revenue increased from approximately RMB55.7 million for the six months ended 30 June 2014 to approximately RMB92.7 million for the six months ended 30 June 2015, representing an increase of approximately RMB37.0 million or 66.3%. The increase was attributable to the net effect of the following reasons:

Guarantee services

We mainly provided the financing guarantee services during the six months ended 30 June 2015 and 2014. Our Group's guarantee service income slightly increased by 5.2% from approximately RMB8.4 million for the six months ended 30 June 2014 to approximately RMB8.8 million for the six months ended 30 June 2015. Our Group continued to expand our financing guarantee services in our home market in Fujian Province.

Pawn loan services

Our Group's pawn loan service income increased by 13.7% from approximately RMB7.3 million for the six months ended 30 June 2014 to approximately RMB8.3 million for the six months ended 30 June 2015. During the six months ended 30 June 2015, approximately RMB6.1 million (being part of the net profit of Fujian Differ Pawn Company Limited ("Differ Pawn^{*}") for the year ended 31 December 2014) was kept by Differ Pawn as capital for the development of pawn loan business. The increase in pawn loan service income was mainly attributable to the increase in outstanding pawn loan receivables from approximately RMB40.7 million as at 30 June 2014 to approximately RMB48.9 million as at 30 June 2015.

* The Structured Agreements (as defined in the Prospectus) were entered into in order to enable our Group to manage the business of Differ Pawn in the PRC, under which all the business, financial and operating activities of Differ Pawn are managed by Differ Group (China) Company Limited ("Differ China") and all economic benefits and risks arising from the business, financial and operating activities of Differ Pawn are transferred to Differ China by means of management and consultation fee payables by Differ Pawn to Differ China. According to the audited financial statements of Differ Pawn for the year ended 31 December 2014, the revenue, net profit and net assets are approximately RMB14.8 million, RMB7.7 million and RMB50.9 million respectively. According to the management accounts of Differ Pawn for the six months ended 30 June 2015, the revenue, net profit and net assets are approximately RMB8.3 million, RMB3.0 million and RMB53.9 million respectively.

Financial consultation services

The financial consultation service income of our Group increased sharply from approximately RMB21.6 million for the six months ended 30 June 2014 to RMB32.8 million for the six months ended 30 June 2015. Most of our consultancy service income was derived from financial consultation service where we charged our customers 2.5% to 3.0% of the amount of financing obtained by our customers as a result of our consultation (“Project Based Consultation Services”). The increase in financial consultation services income was mainly due to the fact that we has more successful and large Project Based Consultation Services during the six months ended 30 June 2015.

Entrusted loan services

Our Group’s entrusted loan service income increased by 55.9% from approximately RMB12.9 million for the six months ended 30 June 2014 to RMB20.1 million for the six months ended 30 June 2015. The increase of entrusted loan service income was mainly due to the total amount of entrusted loans granted of new or renewal contracts increased from approximately RMB223 million for the six months ended 30 June 2014 to RMB311 million for the six months ended 30 June 2015.

Finance lease services

For the six months ended 30 June 2015 and 2014, our Group’s finance lease service income was approximately RMB7.7 million and RMB5.6 million respectively. By making use of proceeds from the placing, the Group provided more financing to our finance customers throughout the year 2014. After starting the finance lease arrangement, our Group should receive a series of monthly rental payments over the finance lease period (2 to 3 years). Therefore more finance lease service income was generated during the six months ended 30 June 2015.

Distressed asset management services

The Group commenced its distressed asset management business in January 2015. In late June 2015, the Group disposed of one distressed asset (of which the Group’s acquisition cost was RMB35 million) and recorded the disposal gain of approximately RMB15 million.

Other income

Other income increased from approximately RMB0.8 million for the six months ended 30 June 2014 to approximately RMB2.0 million for the six months ended 30 June 2015, representing an increase of approximately RMB1.2 million or 169.0%. Our Group’s other income mainly represented the bank interest income and the government grant. The increase in other income was mainly due to the fact that we have received more bank interest income and a government grant of approximately RMB0.7 million during the six months ended 30 June 2015.

Employee benefit expenses

The employee benefit expenses increased from approximately RMB4.7 million for the six months ended 30 June 2014 to approximately RMB5.2 million for the six months ended 30 June 2015, representing an increase of approximately RMB0.5 million or 11.5%. Our Group’s employee benefit expenses mainly comprised staff salaries, directors’ emoluments and other benefits. The increase in employee benefit expenses was mainly attributable to the increase of number of directors (including non-executive directors and independent non-executive directors) and other staff salaries as our Group hired more staff for business expansion.

Other expenses

The other expenses increased from approximately RMB5.0 million for the six months ended 30 June 2014 to approximately RMB7.3 million for the six months ended 30 June 2015, representing an increase of approximately RMB2.3 million or 45.7%. The increase in other expenses was mainly attributable to (i) the increase of business and other taxes due to the increase in revenue generated from our business and (ii) the increase of legal and professional fees due to the application for transfer of listing of the Company's shares from GEM to the Main Board of the Stock Exchange.

Profit for the period attributable to the owners of the Company

Our Group's profit for the period was approximately RMB59.3 million for the six months ended 30 June 2015, representing an increase of approximately RMB25.6 million, or 76.1%, from approximately RMB33.7 million for the six months ended 30 June 2014.

OUTLOOK

The Group has successfully transferred its listing from the GEM Board to the Main Board of The Stock Exchange under the new stock code 6878 on 6th July 2015. We believe that transferring to the Main Board can strengthen the Group's growth momentum, increase the flexibility of business and help to enhance our corporate image and share liquidity.

In addition, the Group commenced its distressed asset management business in January 2015. The Group actively seeks opportunities to acquire distressed assets (such as non-performing loans receivables or other distressed debts) from banks or other entities in Fujian Province at attractive prices. After acquiring the distressed assets, the Group will assume the pre-existing rights and obligations between the banks and the debtors and will then formulate plans to achieve recovery based on the Group's targets on profit, cash flow, cost and return on investment as well as the circumstances pertaining to each individual distressed asset. The Group has acquired 2 distressed assets in total amount of RMB50 million on January 2015. One of the distressed assets (of which the Group's acquisition cost was RMB35 million) have been disposed in late June 2015 and the Group recorded the profit of approximately RMB15 million. For the other distressed asset (of which the Group's acquisition cost was RMB15 million), all legal procedures in relation to the enforcement of the distressed asset have been completed and the Group is looking for the buyer and it recorded the revaluation gain of RMB4.3 million as at 30 June 2015.

Besides, as disclosed in the Company's report dated 8 December 2014, the Company has been conducting preliminary studies on several businesses, including P2P, internet microfinance business and money lending business in Hong Kong (collectively, the "Potential New Businesses"). As of the date of this report, the preliminary studies of such Potential New Business are still in progress.

Furthermore, in order to increase our capital to capture the business opportunities, the Company has entered into the placing agreement (as supplemented by the supplemental placing agreement) for the placing of bonds with an aggregate principal amount of up to HK\$100 million (the "Placing"). The net proceeds from the issue of bonds will be utilised for the Group's business development including, in particular, for lending to the Group's customers in the ordinary and usual course of the Group's business of the provision of various types of short to medium financing as well as for the general working capital of the Group. As of the date of this report, the Placing is still in progress.

In conclusion, our Directors have an optimistic view on our overall business and financial prospects for 2015.

ADVANCE TO AN ENTITY

Pursuant to Rule 13.13 of the Listing Rules, a general disclosure obligations arises where an advance to an entity from the Company exceeds 8% of the total assets of the Group. Pursuant to Rule 13.13 of the Listing Rules, details of advances as defined under Rule 13.15 of the Listing Rules which remained outstanding as at 30 June 2015 were as follow:

1) Entrusted loan agreement dated 1 April 2015 (“Entrusted Loan Agreement A”)

The Entrusted Loan Agreement A was granted by 鼎豐擔保股份有限公司 (Differ Guarantee Company Limited) (“Differ Guarantee”), an indirect wholly-owned subsidiary of the Company to 廈門豪豐投資有限公司 (Xiamen Hao Feng Investment Company Limited (the “Customer A”) through the lending bank according to an entrusted loan agreement dated 1 April 2015 pursuant to which Differ Guarantee has entrusted the lending bank with an amount of RMB50,000,000 for the purpose of lending the same to the Customer A for a period of 12 months.

The principal terms of Entrusted Loan Agreement A are as follows:

Principal amount:	RMB50 million
Interest rate:	1.75% per month
Loan period:	As mentioned above
Repayment:	The Customer A shall repay the interests on a monthly basis and the principal amount at the end of the loan period

Security and guarantees:

The pledge of the equity rights from a shareholder of the Customer A at fair value of approximately RMB70,000,000 (equivalent to HK\$87,500,000).

2) Entrusted loan agreement dated 5 May 2015 (“Entrusted Loan Agreement B”)

The Entrusted Loan Agreement B was granted by 廈門市鼎豐創業投資有限公司 (Xiamen Differ Venture Capital Company Limited) (“Differ VC”) to 廈門九天豪杰實業有限公司 (Xiamen Jiu Tian Hao Jie Industrial Limited) (the “Customer B”) through the lending bank according to an entrusted loan agreement dated 5 May 2015 pursuant to which Differ VC has entrusted the lending bank with an amount of RMB50,000,000 for the purpose of lending the same to the Customer B for a period of 72 days.

The principal terms of Entrusted Loan Agreement B are as follows:

Aggregate principal amount: RMB50 million

Interest rate: 1.75% per month

Loan period: As mentioned above

Repayment: The Customer B shall repay the interests on a monthly basis and the principal amount at the end of the loan period

Security and guarantees:

- 1) the pledge of a piece of residential land in the PRC which is valued by an independent valuer at approximately RMB138 million (equivalent to HK\$172.5 million);
- 2) personal guarantee of one individual; and
- 3) corporate guarantees of two companies which are related to the Customer B and are principally engaged in real estate development in the PRC.

3) Entrusted loan agreement dated 26 June 2015 (“Entrusted Loan Agreement C”)

The Entrusted Loan Agreement C was granted by Differ VC, an indirect wholly-owned subsidiary of the Company to 麗水綠谷凱震房地產開發有限公司 (Lishui Lu Gu Kai Zhen Property Development Limited) (the “Customer C”) through the lending bank according to an entrusted loan agreement dated 26 June 2015 pursuant to which Differ VC has entrusted the lending bank with an amount of RMB100,000,000 for the purpose of lending the same to the Customer C for a period of 12 months.

The principal terms of Entrusted Loan Agreement C are as follows:

Principal amount: RMB100 million

Interest rate: 1.7% per month

Loan period: As mentioned above

Repayment: The Customer C shall repay the interests on a monthly basis and the principal amount at the end of the loan period

Security and guarantees:

The pledge of the equity rights from a shareholder of the Customer C at fair value of approximately RMB307.5 million (equivalent to HK\$384.4 million).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) 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 and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model code, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company (the "Shares")

Name of Director	Capacity/nature of interest	Number of Shares	Percentage of interests
Mr. Hong Mingxian ("Mr. Hong")	Interest of spouse (<i>note 1</i>)	450,000,000 Shares	45%
Mr. Cai Huatan ("Mr. Cai")	Interest of controlled corporation (<i>note 2</i>)	300,000,000 Shares	30%

Notes:

1. These Shares were held by Expert Corporate Limited, which was wholly and beneficially owned by Ms. Shi Hongjiao ("Ms. Shi"). By virtue of the SFO, Mr. Hong, being the spouse of Ms. Shi, is deemed to be interested in the 450,000,000 Shares under the SFO.
2. These Shares were held by Ever Ultimate Limited, which was wholly and beneficially owned by Mr. Cai. By virtue of the SFO, Mr. Cai is deemed to be interested in the 300,000,000 Shares under the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following persons or companies (other than the Directors or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares which was discloseable under Division 2 & 3 of Part XV of the SFO and recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in Shares

Name	Capacity/nature of interest	Number of Shares	Percentage of interests
Expert Corporate Limited	Beneficial owner (note 1)	450,000,000 Shares	45%
Ms. Shi Hongjiao	Interest of controlled corporation (note 1)	450,000,000 Shares	45%
Mr. Hong Mingxian	Interest of spouse (note 2)	450,000,000 Shares	45%
Ever Ultimate Limited	Beneficial owner (note 3)	300,000,000 Shares	30%
Mr. Cai Huatian	Interest of controlled corporation (note 3)	300,000,000 Shares	30%

Notes:

1. These Shares were held by Expert Corporate Limited, which was wholly and beneficial owned by Ms. Shi. By virtue of the SFO, Ms. Shi is deemed to be interested in the 450,000,000 Shares under the SFO.
2. Mr. Hong is the spouse of Ms. Shi.
3. These Shares were held by Ever Ultimate Limited, which was wholly and beneficial owned by Mr. Cai. By virtue of the SFO, Mr. Cai is deemed to be interested in the 300,000,000 Shares under the SFO.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liabilities (31 December 2014: Nil).

CAPITAL COMMITMENT

As at 30 June 2015, the Group did not have any capital commitments contracted but not provided for in the financial statements (31 December 2014: Nil).

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. 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 financial liabilities under the guarantees provided to our customers.

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

There was no significant investment and material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2015.

INTERIM DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

HUMAN RESOURCES

As at 30 June 2015, the Group had a total of 103 employees (31 December 2014: 106). The staff costs (included Directors' emoluments) were approximately RMB5.2 million for the six months ended 30 June 2015 (2014: RMB4.7 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 Scheme and insurance for its employees in Hong Kong.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Comparison of Business Objectives with Actual Business Progress" below, there was no specific plan for material investments or capital assets as at 30 June 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2015, the Group had total cash and bank balances and current restricted bank deposits of approximately RMB300.9 million (31 December 2014: RMB252.8 million). The gearing ratio, calculated as percentage of total borrowings to the total assets of the Group was nil as at 30 June 2015 (31 December 2014: Nil). The current ratio is 12.7 times as at 30 June 2015 (31 December 2014: 14.4 times). The Group did not use any financial instruments for hedging purpose.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives for the period from 25 November 2013 to 30 June 2015 as stated in the Prospectus

Actual business progress for the period from 25 November 2013 to 30 June 2015

1. Further development of our finance lease business

- | | |
|---|--|
| – Fully contribute the outstanding registered capital of Xiamen Differ Financial Leasing Company Limited (“Differ Lease”) | – The capital injection to Differ Lease has been completed in December 2013 and we have fully contributed the remaining share capital of Differ Lease by making use of proceeds from the placing |
|---|--|

2. Strengthening of our entrusted loan business

- | | |
|---|---|
| – Expand our entrusted loan business by injection addition funds into Differ China or Differ VC | – The capital injection to Differ China of RMB60 million (equivalent to approximately HK\$77.1 million) has been completed in January 2014. The Group has also granted entrusted loans to customers by making use of proceeds from the placing which was planned to be used for guarantee business. Please refer to note of “Use of Proceeds” below |
| – Recruit new marketing and sales staff for our entrusted loan business | – The Group has recruited certain new staff in the PRC for expansion of our entrusted loan business |

3. Enhancement of our guarantee services

- | | |
|---|--|
| – Increase our restricted bank deposits so as to increase the guarantee limits in banks | – Please refer to note of “Use of Proceeds” below |
| – Recruit additional marketing and sales staff for our guarantee business | – The Group has recruited certain new marketing and sales staff for our guarantee business |

4. Improvement on risk management

- | | |
|---|---|
| – Recruit new staff for risk management | – The Group has recruited certain new staff and improved the present system for risk management |
|---|---|

USE OF PROCEEDS

The business objectives, future plans and planned use of proceeds as stated in the Prospectus (the updated amount of net proceeds is presented on the allotment results dated 6 December 2013) (the “Announcement”) were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds from the placing were applied based on the actual development of our business and financial industry. During the period from 25 November 2013 to 30 June 2015, the net proceeds from placing had been applied as follows:

	Planned use of proceeds as stated in the Announcement from 25 November 2013 to 30 June 2015 <i>HK\$' million</i>	Actual use of proceeds from 25 November 2013 to 30 June 2015 <i>HK\$' million</i>
1. Further development of our finance lease business	78.0	78.0
2. Strengthening of our entrusted loan business	51.8	86.1 (<i>note</i>)
3. Enhance of guarantee services	34.5	0.2 (<i>note</i>)
4. Improvement on risk management	3.3	3.1
5. Net proceeds reserved for general working capital	5.7	5.9

Note: The Group previously planned to enter into more guarantee cooperation agreements with certain new banks and place deposits to such new banks as securities for expansion of our guarantee business. However, as the growth rate of our guarantee business is slower than expected, no new cooperation banks are required for now. As such, we have used HK\$34.3 million (which was planned to be used for guarantee business) as capital for expansion of our entrusted loan business.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Scheme was adopted by the Company on 26 November 2013, the principal terms of which are set out in the paragraph headed “Share Option Scheme” under the section headed “Statutory and General Information” of the Prospectus. The total number of Shares in respect of which options may be granted under the Scheme shall not exceed 100,000,000 Shares, being 10% of the total number of Shares in issue as at the 2014 annual report and this report. No share options were granted, exercised or cancelled by the Company under the Scheme during the six months ended 30 June 2015 and there were no outstanding share options under the Scheme as at 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

During the six months ended 30 June 2015, 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 six months ended 30 June 2015, the Company had complied with the CG Code with the exception from the deviation from the code provisions A.1.8 as explained below:

Under the code provision A.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 report 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 a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings. 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 six months ended 30 June 2015.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As at 30 June 2015, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interest.

INTEREST OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Messis Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 2nd December 2013 effective on 9th December 2013, the date of the listing neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 30 June 2015 which is required to be notified to the Company.

AUDIT COMMITTEE

The audit committee of the Company currently comprises three independent non-executive directors, namely Mr. Chan Sing Nun (chairman of audit committee), Mr. Tsang Hin Man Terence and Mr. Zeng Haisheng. The unaudited consolidated results of the Group for the six months ended 30 June 2015 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.

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

Hong Kong, 17 August 2015

As at the date of this report, 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. TSANG Hin Man Terence and Mr. ZENG Haisheng.