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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)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PAWN LOAN BUSINESS AND TERMINATION OF THE EXISTING STRUCTURED AGREEMENTS**

### **SALE AND PURCHASE AGREEMENT**

On 24 June 2016 (after trading hours), the Company, as the vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, being the entire issued share capital of the Target Company for the Consideration. The Completion was taken place on the date of the Sale and Purchase Agreement.

### **TERMINATION OF THE EXISTING STRUCTURED AGREEMENTS**

To facilitate the Disposal as stated above, Differ Group, Aidu, Fujian VC and Differ Pawn entered into the Termination Agreements on 24 June 2016 to terminate the Existing Structured Agreements and Xiamen Wending, Aidu, Fujian VC and Differ Pawn entered into the New Structured Agreements on 24 June 2016 to let Xiamen Wending be able to control Differ Pawn. At the time of the entering into the New Structured Agreements, the Completion has been taken place and Xiamen Wending and Differ Pawn are no longer the subsidiaries of the Group.

### **IMPLICATIONS UNDER THE LISTING RULES**

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal were more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **THE SALE AND PURCHASE AGREEMENT**

### **Date:**

24 June 2016 (after trading hours)

### **Parties:**

- (1) the Company, as the vendor
- (2) the Purchaser, as the purchaser

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

### **Asset to be disposed**

The Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, being the entire issued share capital of the Target Company for the Consideration.

### **Consideration**

The Consideration of RMB65,000,000 shall be payable by the Purchaser to the Company within 2 months upon Completion. The Consideration was determined after arm's length negotiations between the Company and the Purchaser by taking into consideration of various factors, including but not limited to (i) the factors stated in the section headed "Reasons for and benefits of entering into the Sale and Purchase Agreement" set out below; (ii) the respective latest financial position of the Group and the Target Group; (iii) the financial performance and prospects of the Target Group; and (iv) the cost of financing of the Group. The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the best interests of the Group and the Shareholders as a whole.

### **Conditions precedent**

Completion is subject to the following conditions having been fulfilled:

- (a) all necessary consents and approvals required to be obtained on each part of the Vendor and the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained; and
- (b) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true, accurate and not misleading in all respects.

The Vendor and the Purchaser shall use their best endeavors to fulfill condition (a) stated above. The Purchaser has the right to waive conditions (a) and (b) above while the Vendor has the right to waive condition (a) above.

The Completion was taken place on the date of the Sale and Purchase Agreement.

### **Undertaking given by the Vendor**

Pursuant to the Sale and Purchase Agreement, the Group Reorganisation, including but not limited to (i) the entering into the New Structured Agreements among Xiamen Wending, Aidu, Fujian VC and Differ Pawn; and (ii) termination of the Existing Structure Agreements among Differ Group, Aidu, Fujian VC and Differ Pawn, will take place on the date of the Completion.

The Vendor has undertaken to the Purchaser that they will procure the registration of the New Equity Pledge Agreements with the Market Supervision Administration of Shishi City (石獅市市場監督管理局) within 7 days from the date of the Completion. In addition, the Vendor has to follow the instruction of the Purchaser to facilitate the change of shareholding of Differ Pawn within the reasonable time frame considered by the Purchaser.

### **TERMINATION OF EXISTING STRUCTURED AGREEMENTS**

The Group's pawn loan business is carried out by Differ Pawn. Although the Company does not directly or indirectly hold any of the registered capital of Differ Pawn, the Existing Structured Agreements enable the Company to exercise control over Differ Pawn. Through the Existing Structured Agreements, Differ Group is able to control Differ Pawn so that Differ Pawn is regarded as a subsidiary of the Group.

To facilitate the Disposal as stated above, Differ Group, Aidu, Fujian VC and Differ Pawn entered into the Termination Agreements on 24 June 2016 to terminate the Existing Structured Agreements and Xiamen Wending, Aidu, Fujian VC and Differ Pawn entered into the New Structured Agreements on 24 June 2016 to let Xiamen Wending be able to control Differ Pawn. At the time of the entering into the New Structured Agreements, the Completion has been taken place and Xiamen Wending and Differ Pawn are no longer the subsidiaries of the Group.

### **INFORMATION ON THE GROUP, THE TARGET GROUP AND THE GROUP REORGANISATION**

The Company is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange. The Company is an investment holding company and the Group is principally engaged in the provision of (i) financing guarantee services, (ii) express loan services, (iii) financial services, (iv) finance lease services and (v) asset management services.

The Target Company, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company, is an investment holding company. Differ HK, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Target Company, is an investment holding company. Xiamen Wending, a company established in the PRC and a direct wholly-owned subsidiary of Differ HK, is dormant as at the date of this announcement.

The Group's pawn loan business is carried out by Differ Pawn. Although the Company does not directly or indirectly hold any of the registered capital of Differ Pawn, the Existing Structured Agreements enable the Company to exercise control over Differ Pawn. Through the Existing Structured Agreements, Differ Group is able to control Differ Pawn so that Differ Pawn is regarded as a subsidiary of the Group. Through the Group Reorganisation, Xiamen Wending will take up the role of Differ Group in the control of Differ Pawn.

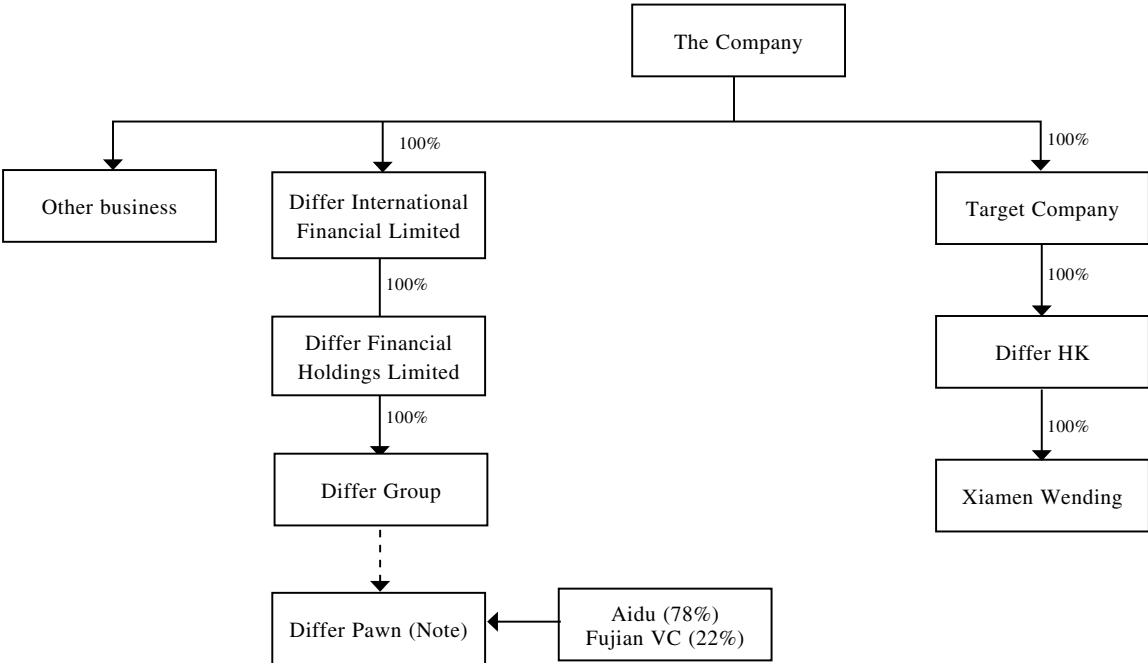
Set out below are the key financial figures extracted from the consolidated accounts of the Target Group (including Differ Pawn) for the two financial years ended 31 December 2015, which were prepared in accordance with the Hong Kong Financial Reporting Standards.

	<b>For the year ended 31 December 2015 RMB'000 (audited)</b>	For the year ended 31 December 2014 RMB'000 (audited)
Revenue	<b>13,970</b>	14,814
Profit before taxation	<b>8,794</b>	10,250
Profit after taxation	<b>6,608</b>	7,598
	<b>As at 31 December 2015 RMB'000 (audited)</b>	As at 31 December 2014 RMB'000 (audited)
Net asset value	<b>56,718</b>	50,110

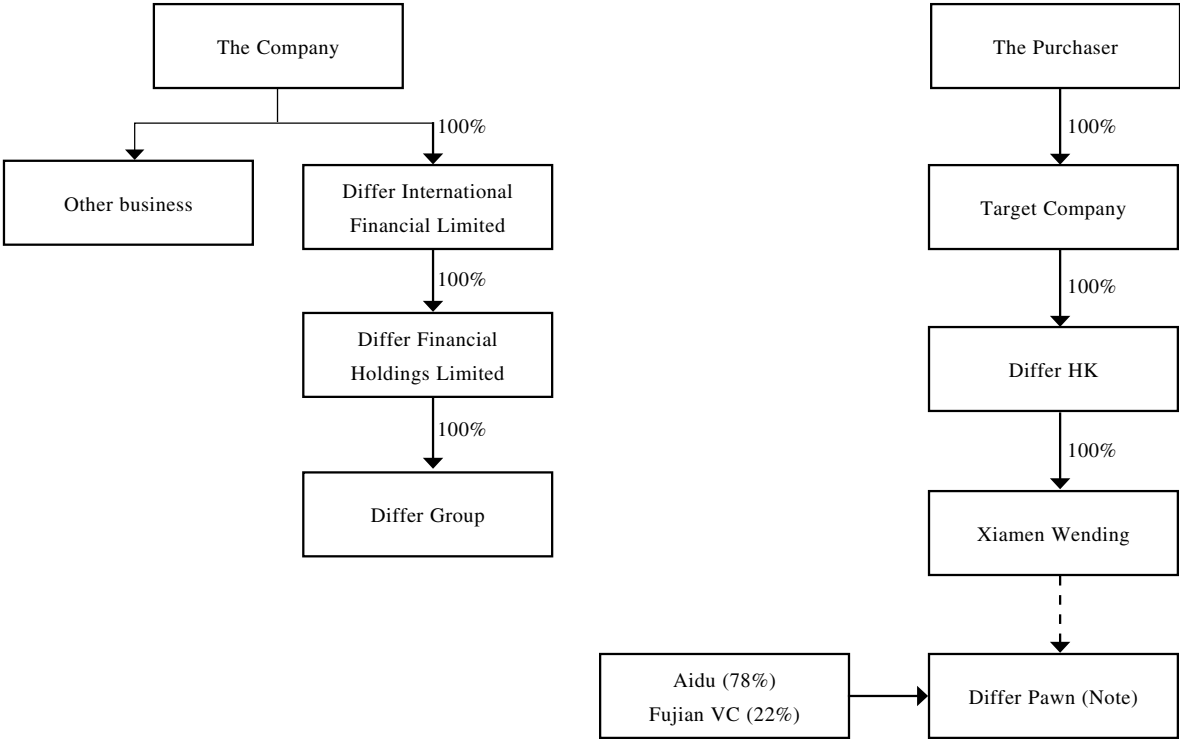
**GROUP STRUCTURE**

The Group’s structure before and after the Disposal will be as follows:

**Before the Disposal**



**After the Disposal**



*Note:* The Group's pawn loan business is carried out by Differ Pawn. Although the Company does not directly or indirectly hold any of the registered capital of Differ Pawn, the Existing Structured Agreements enable the Company to exercise control over Differ Pawn. Through the Existing Structured Agreements, Differ Group is able to control Differ Pawn so that Differ Pawn is regarded as a subsidiary of the Group. After the Group Reorganisation, Xiamen Wending is able to control Differ Pawn so that Differ Pawn is regarded as a subsidiary of Xiamen Wending and will be excluded from the Group after the Disposal.

## **INFORMATION ON THE PURCHASER**

The Purchaser is an Independent Third Party.

## **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

Based on the unaudited financial statements of the Target Group for the period ended 31 May 2016, it is estimated that the Group will record an unaudited net gain of approximately RMB5,320,000 upon Completion. Such gain was estimated based on the net assets of the Target Group and the Consideration to be received from the Disposal less related expenses. The actual gain or loss arising from the Disposal is subject to confirmation by the auditor of the Group.

After the Disposal, the Target Group will be ceased to be the subsidiaries of the Company. The Existing Structured Agreements are terminated and the Group will no longer engage in pawn loan business after the Disposal. The Board intends to apply the net sale proceeds of approximately RMB64,740,000 as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT**

The Group is a provider of short to medium-term financing and financing-related solutions in Fujian Province and is principally engaged in the provision of (i) financing guarantee services, (ii) express loan services, (iii) financial services, (iv) finance lease services and (v) asset management services.

Taking into consideration (i) the decreasing in profit of the pawn loan business from 2014 to 2015; (ii) the decreasing percentage of profit contribution of pawn loan business to the Group from approximately 10.4% in 2014 to approximately 6.4% in 2015; and (iii) the proceeds from the Disposal will enable the Group to have the required capital to focus on the other remaining business with higher percentage of profit contribution, the Directors are of the view that the entering into the Sale and Purchase Agreement is fair and reasonable, on normal commercial terms and in the best interests of the Group and the Shareholders as a whole.

As requested by the Purchaser, the target company under the Disposal has to be an offshore company and as such the Company has to commence the Group Reorganisation to facilitate the Disposal as Differ Group was established in the PRC and is engaged in other businesses including investment holding, provision of express loan and financial services.

## **IMPLICATIONS UNDER THE LISTING RULES**

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal were more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

“Aidu”	福建愛都工貿有限公司 (Fujian Aidu Industry and Trade Company Limited), which is a limited liability company established in the PRC on 12 January 2000 and is currently owned as to 99% by Mr. Hong and as to 1% by Ms. Zhang Huiling (張惠玲) (Mr. Hong's mother). Aidu was interested in 78% of the equity interest in Differ Pawn as at the date of this announcement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company” or “Vendor”	Differ Group Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock code: 6878)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement

“Consideration”	the total consideration in the amount of RMB65,000,000 for the Disposal given by the Purchaser to the Company under the Sale and Purchase Agreement between the Company and the Purchaser dated 24 June 2016
“Differ Group” or “Differ Holding”	鼎豐集團(中國)有限公司 (Differ Group (China) Company Limited), which is a wholly foreign-owned enterprise established in the PRC on 12 April 2010 and an indirect wholly-owned subsidiary of the Company, formerly known as 鼎豐控股(廈門)有限公司 (Differ Holding (Xiamen) Company Limited)
“Differ HK”	Differ Financial Development HK Limited, which is a company incorporated in Hong Kong, a direct wholly-subsiary of the Target Company and an indirect wholly-owned subsidiary of the Company
“Differ Pawn”	福建鼎豐典當有限公司 (Fujian Differ Pawn Company Limited), which is a limited liability company established in the PRC on 15 May 2002 and is managed and controlled by the Group through the Existing Structured Agreements. Differ Pawn is principally engaged in the pawn loan business of the Group
“Differ Pawn Registered Shareholders”	collectively, the shareholders of Differ Pawn as at the date of this announcement, namely, Aidu (interested in 78% in Differ Pawn) and Fujian VC (interested in 22% in Differ Pawn)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares, being the entire issued share capital of the Target Company
“Equity Pledge Termination Agreements”	the equity pledge termination agreements dated 24 June 2016 and entered into among Differ Group, each of the Differ Pawn Registered Shareholders, and Differ Pawn, pursuant to which all parties agreed to terminate the Existing Equity Pledge Agreements



“Existing Equity  
Pledge Agreements”

the equity pledge agreements dated 16 July 2012 and entered into among Differ Group, each of the Differ Pawn Registered Shareholders, and Differ Pawn, pursuant to which each of the Differ Pawn Registered Shareholders agreed to grant to Differ Group a first priority security interest over all their respective direct equity interest in Differ Pawn (for Aidu, as to its 78% equity interest in Differ Pawn; and for Fujian VC, as to its 22% equity interest in Differ Pawn) for guaranteeing the performance of the obligations of the Differ Pawn Registered Shareholders and Differ Pawn under the Existing Exclusive Management and Consulting Services Agreement and the Existing Exclusive Option and Equity Custodian Agreement, details of which are set out in the section headed “Structured Agreements” in the Prospectus

“Existing Exclusive  
Management and  
Consulting Services  
Agreement”

the exclusive management and consulting services agreement dated 16 July 2012 and entered into among Differ Group, the Differ Pawn Registered Shareholders and Differ Pawn, pursuant to which Differ Pawn agreed to engage Differ Group on an exclusive basis to provide management and consultation services in connection with its operations, and in return, Differ Group will charge for services rendered, details of which are set out in the section headed “Structured Agreements” in the Prospectus

“Existing Exclusive Option  
and Equity Custodian  
Agreement”

the exclusive option and equity custodian agreement dated 16 July 2012 and entered into among Differ Group, the Differ Pawn Registered Shareholders and Differ Pawn, pursuant to which (i) the Differ Pawn Registered Shareholders granted, at nil consideration or the minimum amount as permitted by the applicable PRC laws and regulations, an exclusive and irrevocable option to Differ Group or its nominee(s) to acquire all or part of their respective equity interest in Differ Pawn; and (ii) the Differ Pawn Registered Shareholders, jointly and severally, irrevocably granted, at nil consideration, a right to Differ Group or its nominee(s) to manage the entire equity interest in Differ Pawn as custodian during the term of the Existing Exclusive Option and Equity Custodian Agreement, details of which are set out in the section headed “Structured Agreements” in the Prospectus

“Exclusive Management and Consulting Services Termination Agreement”	the exclusive management and consulting services termination agreement dated 24 June 2016 and entered into among Differ Group, the Differ Pawn Registered Shareholders and Differ Pawn, pursuant to which all parties agreed to terminate the Existing Exclusive Management and Consulting Services Agreement
“Exclusive Option and Equity Custodian Termination Agreement”	the exclusive option and equity custodian termination agreement dated 24 June 2016 and entered into among Differ Group, the Differ Pawn Registered Shareholders and Differ Pawn, pursuant to which all parties agreed to terminate the Existing Exclusive Option and Equity Custodian Agreement
“Existing Power of Attorney”	the power of attorney dated 16 July 2012 and entered into between Differ Group and the Differ Pawn Registered Shareholders, pursuant to which Differ Group or its nominee(s) were authorised by the Differ Pawn Registered Shareholders to exercise their respective shareholders’ rights in Differ Pawn, details of which are set out in the section headed “Structured Agreements” in the Prospectus
“Existing Structured Agreements”	collectively, the Existing Exclusive Management and Consulting Services Agreement, the Existing Equity Pledge Agreements, the Existing Exclusive Option and Equity Custodian Agreement and the Existing Power of Attorney
“Fujian Province”	福建省 (Fujian Province), a province on the southeast coast of the PRC
“Fujian VC”	福建省鼎豐創業投資有限公司 (Fujian Differ Venture Capital Company Limited), which is a limited liability company established in the PRC on 19 June 2009 and is currently owned as to 99% by Ms. Cai Danni (蔡丹妮) (Mr. Cai’s daughter) and as to 1% by Mr. Wu Zhipai (吳志培) (Mr. Ng’s cousin). Fujian VC was interested in 22% of the equity interest in Differ Pawn as at the date of this announcement
“Group”	the Company and its subsidiaries

“Group Reorganisation”	the reorganisation to be performed by the Group on the date of the Completion under the consent of both the Company and the Purchaser, including but not limited to (i) the entering into the New Structured Agreements among Xiamen Wending, Aidu, Fujian VC and Differ Pawn; and (ii) termination of the Existing Structured Agreements among Differ Group, Aidu, Fujian VC and Differ Pawn
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	person or company and their respective ultimate beneficial owner which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons as defined under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cai”	Mr. Cai Huatan (蔡華談), an executive Director
“Mr. Hong”	Mr. Hong Mingxian (洪明顯), an executive Director and the chairman of the Board
“Mr. Ng”	Mr. Ng Chi Chung (吳志忠), an executive Director and the chief executive officer of the Company
“New Equity Pledge Agreements”	the new equity pledge agreements dated 24 June 2016 and entered into among Xiamen Wending, each of the Differ Pawn Registered Shareholders, and Differ Pawn, pursuant to which each of the Differ Pawn Registered Shareholders agreed to grant to Xiamen Wending a first priority security interest over all their respective direct equity interest in Differ Pawn (for Aidu, as to its 78% equity interest in Differ Pawn; and for Fujian VC, as to its 22% equity interest in Differ Pawn) for guaranteeing the performance of the obligations of the Differ Pawn Registered Shareholders and Differ Pawn under the New Exclusive Management and Consulting Services Agreement and the New Exclusive Option and Equity Custodian Agreement

<p>“New Exclusive Management and Consulting Services Agreement”</p>	<p>the new exclusive management and consulting services agreement dated 24 June 2016 and entered into among Xiamen Wending, the Differ Pawn Registered Shareholders and Differ Pawn, pursuant to which Differ Pawn agreed to engage Xiamen Wending on an exclusive basis to provide management and consultation services in connection with its operations, and in return, Xiamen Wending will charge for services rendered</p>
<p>“New Exclusive Option and Equity Custodian Agreement”</p>	<p>the new exclusive option and equity custodian agreement dated 24 June 2016 and entered into among Xiamen Wending, the Differ Pawn Registered Shareholders and Differ Pawn, pursuant to which (i) the Differ Pawn Registered Shareholders granted, at nil consideration or the minimum amount as permitted by the applicable PRC laws and regulations, an exclusive and irrevocable option to Xiamen Wending or its nominee(s) to acquire all or part of their respective equity interest in Differ Pawn; and (ii) the Differ Pawn Registered Shareholders, jointly and severally, irrevocably granted, at nil consideration, a right to Xiamen Wending or its nominee(s) to manage the entire equity interest in Differ Pawn as custodian during the term of the New Exclusive Option and Equity Custodian Agreement</p>
<p>“New Structured Agreements”</p>	<p>collectively, the New Exclusive Management and Consulting Services Agreement, the New Equity Pledge Agreements, the New Exclusive Option and Equity Custodian Agreement and the New Power of Attorney</p>
<p>“New Power of Attorney”</p>	<p>the power of attorney dated 24 June 2016 and entered into between Xiamen Wending and the Differ Pawn Registered Shareholders, pursuant to which Xiamen Wending or its nominee(s) were authorised by the Differ Pawn Registered Shareholders to exercise their respective shareholders’ rights in Differ Pawn</p>
<p>“PRC”</p>	<p>the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan</p>

“Prospectus”	the prospectus of the Company dated 3 December 2013
“Purchaser”	Mr. Chan Wing Fong, an Independent Third Party
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 June 2016 entered into between the Company and the Purchaser in respect of the Sale Shares
“Sale Shares”	100 shares of US\$1.00 each, being the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement which are legally and beneficially owned by the Vendor
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	DiPro Company Limited, which is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Target Group”	Target Company, Differ HK and Xiamen Wending before the Group Reorganisation and Target Company, Differ HK, Xiamen Wending and Differ Pawn after the Group Reorganisation
“Termination Agreements”	collectively, the Exclusive Management and Consulting Services Termination Agreement, the Equity Pledge Termination Agreements, the Exclusive Option and Equity Custodian Termination Agreement and the Termination of Power of Attorney
“Termination of Power of Attorney”	the termination of power of attorney dated 24 June 2016 and entered into between Differ Group and the Differ Pawn Registered Shareholders, pursuant to which all parties agreed to terminate the Existing Power of Attorney

“Xiamen Wending” 廈門市問鼎投資諮詢有限公司 (Xiamen City Wending Investment Consulting Company Limited), which is a company established in the PRC, a direct wholly-owned subsidiary of Differ HK and an indirect wholly-owned subsidiary of the Company

“RMB” Renminbi, the lawful currency of the PRC

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

Hong Kong, 24 June 2016

*In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.*

*As at the date of this announcement, the executive Directors are Mr. HONG Mingxian, Mr. NG Chi Chung and Mr. CAI Huatan; the non-executive Directors are Mr. CAI Jianfeng and Mr. WU Qinghan; and the independent non-executive Directors are Mr. CHAN Sing Nun, Mr. TSANG Hin Man Terence and Mr. ZENG Haisheng.*