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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)

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



RICHEs DEPOT SECURITIES CO., LIMITED

The Board is pleased to announce that on 21 June 2018 (after trading hours), the Company entered into the Agreement with the Placing Agent and the Vendor, pursuant to which, (a) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Vendor and to procure the Placee(s) for, or failing which to purchase itself, the Sale Shares at the Placing Price per Sale Share; and (b) the Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue up to 610,378,000 new Shares at the Subscription Price of HK\$0.53 per Subscription Share.

The number of the Sale Shares represents: (i) approximately 14.13% of the existing Shares in issue as at the date of this announcement; and (ii) approximately 12.38% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Placing Price of HK\$0.53 per Sale Share represents (i) a discount of approximately 10.17% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on the date of the Agreement; and (ii) a discount of approximately 7.99% to the average of the closing prices per Share of HK\$0.576 as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement.

As the Subscription Shares will be issued under the General Mandate, the allotment and issue of the Subscription Shares is not subject to Shareholders' approval.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The completion of the Subscription is subject to the satisfaction of the conditions precedent in the Agreement and the Agreement may be terminated pursuant to the termination provisions contained therein. As the Subscription and/or the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that on 21 June 2018 (after trading hours), the Company entered into the Agreement with the Placing Agent and the Vendor, pursuant to which, (a) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Vendor and to procure Placee(s) for, or failing which to purchase itself, the Sale Shares at the Placing Price per Sale Share; and (b) the Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue up to 610,378,000 new Shares at the Subscription Price of HK\$0.53 per Subscription Share.

THE AGREEMENT

Date: 21 June 2018

Parties: Issuer: the Company

Placing Agent: Riches Depot Securities Co., Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Vendor: Ever Ultimate Limited, a substantial shareholder of the Company, which is wholly and beneficially owned by Mr. Ng Chi Chung, an executive Director

Details of the Placing and the Subscription are set out below:

PLACING UNDER THE AGREEMENT

The number of the Sale Shares

Pursuant to the Agreement, the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Vendor and to procure Placee(s) for, or failing which to purchase itself, the Sale Shares at the Placing Price per Sale Share, subject to terms and conditions set out in the Agreement.

The number of the Sale Shares represents: (i) approximately 14.13% of the existing Shares in issue as at the date of this announcement; and (ii) approximately 12.38% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

As at the date of this announcement, the Vendor owns an aggregate of 1,115,800,000 Shares, including the Sale Shares, representing approximately 25.83% of the total number of Shares in issue as at the date of this announcement.

Placees

The choice of Placees for the Sale Shares shall be determined solely by the Placing Agent. The Placing Agent, as far as it is aware, shall not place any of the Sale Shares to any connected person of the Company or anyone who will become a substantial shareholder of the Company immediately after the completion of the Placing.

The Placing Shares will be placed to no less than six independent Placees whom the Placing Agent has procured to purchase any of the Sale Shares pursuant to its obligations under the Agreement.

Immediately after completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company.

Placing Price

The Placing Price of HK\$0.53 per Sale Share represents:

- (a) a discount of approximately 10.17% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (b) a discount of approximately 7.99% to the average closing price of approximately HK\$0.576 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendor and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors consider that the Placing Price and the terms and conditions of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net Placing Price, after deduction of the relevant expenses for the Placing, is approximately HK\$0.524 per Sale Share.

Placing commission and other fee payable

The Vendor shall pay to the Placing Agent the placing commission on a per Placing Share basis, in Hong Kong dollars of 1 % of the Placing Price and all the costs and expenses in connection with the Placing.

Completion of the Placing

The Placing is unconditional and completion of the Placing, subject to termination as specified below, will take place on the Closing Date, which is 26 June 2018 or such other date as the Vendor and the Placing Agent agreed in writing.

SUBSCRIPTION UNDER THE AGREEMENT

Subscription Shares

The Vendor has agreed to subscribe as principal for, and the Company has agreed to issue, the Subscription Shares at the Subscription Price each, which is equal to the Placing Price, free from all liens, charges, security interests, encumbrances and adverse claims pursuant to the terms and conditions of the Agreement.

The number of the Subscription Shares is equivalent to the number of the Sale Shares, which represents: (a) approximately 14.13% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 12.38% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the other Shares in issue as at the date of the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price is the same as the Placing Price.

The Subscription Price was arrived at after arm's length negotiations among the Company and the Vendor with reference to the prevailing market prices of the Shares. The Directors consider that the Subscription Price and the terms and conditions of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Company will bear the expenses properly incurred by the Vendor in relation to the Placing and the Subscription. The net Subscription Price after deduction of such expenses is estimated to be approximately HK\$0.524 per Subscription Share.

Conditions precedent of the Subscription

The Subscription is conditional upon the following conditions precedent being fulfilled:

- (i) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (ii) the completion of the Placing having occurred pursuant to the terms of the Agreement.

If the conditions of the Subscription as set out above are not fulfilled within fourteen (14) days after the date of the Agreement or such later date as may be agreed between the Company and the Vendor in writing subject to compliance with the Listing Rules, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise provided that the Company shall reimburse the Vendor any reasonable legal fees, which have been agreed by the Company prior in writing, and out-of-pocket expenses which the Vendor shall be obliged to pay or has already incurred in connection with the Placing.

Completion of the Subscription

Completion of the Subscription will take place within two Business Days after the date upon which the last of the conditions of the Subscription to be satisfied shall have been so satisfied provided that it shall take place on a date no later than a date falling fourteen (14) days after the date of the Agreement or such other time and/or date as the Vendor and the Company may agree in writing and subject to compliance with the Listing Rules.

If the Subscription is not completed within the said fourteen (14) days period, it will be regarded as a connected transaction under the Listing Rules, and in such case, the Company requires to comply with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement, circular and convene an extraordinary general meeting to seek the approval of the independent Shareholders of the Company before the Subscription can be proceed.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 21 June 2017, up to 847,201,976 Shares (representing 20% of the Shares in issue on the said date of annual general meeting). The Directors has not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement.

As the Subscription Shares will be issued under the General Mandate, the allotment and issue of the Subscription Shares is not subject to Shareholders' approval.

Termination

Notwithstanding anything contained in the Agreement, if at any time prior to completion of the Placing on the Closing Date:

- (i) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change or prospective change in existing laws or regulations which in the reasonable opinion of the Placing Agent makes it impracticable or inadvisable or inexpedient to proceed with the Placing or has or is likely to have a material adverse effect on the financial position, business, results of operation or prospects of the Group as a whole; or
 - (b) any significant event, development or change or prospective change (whether or not permanent or forming part of a series of event, developments or changes occurring or continuing before, on and/or after the date hereof) in local, national or international economic, financial, fiscal, industrial, regulatory, political or military conditions, securities market conditions or currency exchange rates or exchange controls, including without limitation, any outbreak or escalation of hostilities, declaration by the United States, the United Kingdom, the PRC or Hong Kong of a national emergency or other calamity or crisis, the effect of which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing, or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (c) the declaration of a banking moratorium by United States, the United Kingdom, the PRC or Hong Kong authorities, or any moratorium, suspension or material restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the Shanghai Stock Exchange, New York Stock Exchange or the London Stock Exchange; or
 - (d) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing).
- (ii) any breach of any of the representations, warranties and undertakings by the Vendor and/or the Company set out in the Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Closing Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect in any material respect or there has been a breach of, or failure to perform, any other provision of the Agreement on the part of the Vendor and/or the Company; or

- (iii) any change or any development involving a prospective change in the general affairs, prospects, earnings, business, properties, stockholders' equity or in the financial or trading position of the Group as a whole which in the reasonable opinion of the Placing Agent is so material and adverse as to make it impractical or inadvisable to proceed with the Placing;

then and in any such case, the Placing Agent may terminate the Agreement without liability to the Vendor and the Company by giving notice in writing to the Vendor and the Company. Each of the Vendor and the Company undertakes promptly to inform the Placing Agent of any matter or circumstance which comes to the attention of either of them which may, if coming to the attention of the Placing Agent, fall within the above events.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

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

The Board considers that the Subscription represent an opportunity to raise additional funds for the Company to strengthen its financial position while both the Placing and Subscription will broaden the Shareholders base of the Company to facilitate future development and can also increase the liquidity of the Shares. In view of the above, the Directors are of the view that the terms of the Agreement (including the Placing Agent's commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription are expected to be approximately HK\$323.5 million. The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Vendor (including the Placing Agent's commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) are expected to be approximately HK\$319.9 million. The Company intends to use the net proceeds from the Subscription for the Group's business development including (i) lending to the Group's customers and acquisition of valuable assets in the ordinary and usual course of the Group's business; and (ii) general working capital of the Group.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming (a) that all of the Sale Shares are placed under the Agreement; (b) that all of the Subscription Shares are subscribed under the Agreement; and (c) that there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares, the shareholdings in the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Placing but before the completion of the Subscription; and (iii) immediately after the completions of the Placing and the Subscription are and will be as follows:

Name of Shareholders	As at the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Expert Corporate Limited (<i>Note 1</i>)	1,968,200,000	45.56%	1,968,200,000	45.56%	1,968,200,000	39.92%
The Vendor (<i>Note 2</i>)	1,115,800,000	25.83%	505,422,000	11.70%	1,115,800,000	22.63%
Mr. Ng Chi Chung (<i>Note 2</i>)	12,098,000	0.28%	12,098,000	0.28%	12,098,000	0.25%
Placees	–	–	610,378,000	14.13%	610,378,000	12.38%
Other public shareholders	<u>1,223,911,880</u>	<u>28.33%</u>	<u>1,223,911,880</u>	<u>28.33%</u>	<u>1,223,911,880</u>	<u>24.82%</u>
Total:	<u>4,320,009,880</u>	<u>100.00%</u>	<u>4,320,009,880</u>	<u>100.00%</u>	<u>4,930,387,880</u>	<u>100.00%</u>

Notes:

- Expert Corporate Limited is beneficially wholly-owned by Mr. Hong Mingxian, the chairman, an executive Director and a substantial shareholder of the Company. Mr. Hong Mingxian is therefore deemed to be interested in the Shares owned by Expert Corporate Limited.
- The Vendor is beneficially wholly-owned by Mr. Ng Chi Chung. Mr. Ng Chi Chung is therefore deemed to be interested in the Shares owned by the Vendor.

The completion of the Subscription is subject to the satisfaction of the conditions precedent in the Agreement and the Agreement may be terminated pursuant to the termination provisions contained therein. As the Subscription and/or the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Agreement”	the placing and subscription agreement dated 21 June 2018 and entered into among the Company, the Vendor and the Placing Agent in relation to the Placing and the Subscription
“associates”	has the meaning ascribed thereunder the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Company”	Differ Group Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Closing Date”	26 June 2018 or such other date as the Vendor and the Placing Agent may agree in writing
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 June 2017, pursuant to which a maximum of 847,201,976 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	independent third party(ies) independent of and not connected with the Company, its subsidiaries and their respective associates, and connected persons
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investors(s) procured by the Placing Agent to purchase any of the Sale Shares pursuant to the Agreement
“Placing”	the placing to the Placee(s) procured by the Placing Agent for, or failing which the Placing Agent will itself purchase, of the Sale Shares subject to the terms and conditions set out in the Agreement
“Placing Agent”	Riches Depot Securities Co., Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Price”	HK\$0.53 per Sale Share
“PRC”	People’s Republic of China and for the purpose of this announcement, excluding Hong Kong the Macau Administrative Region of the People’s Republic of China and Taiwan
“Sale Shares”	610,378,000 Shares beneficially owned by the Vendor to be sold pursuant to the Agreement
“Share(s)”	ordinary issued share(s) of HK\$0.0025 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Subscription”	the subscription for the Subscription Shares by the Vendor at the Subscription Price pursuant to the Agreement
“Subscription Price”	HK\$0.53 per Subscription Share, which is equivalent to the Placing Price

“Subscription Share(s)”	an aggregate of 610,378,000 new Shares to be allotted and issued by the Company to and subscribed by the Vendor pursuant to the terms and conditions of the Agreement
“substantial shareholder(s)”	has the meaning ascribed thereunder the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Ever Ultimate Limited, a company incorporated in the British Virgin Islands, wholly and beneficially owned by Mr. Ng Chi Chung, an executive Director
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 21 June 2018

If there is any inconsistency in this announcement between the Chinese and English versions, the English version 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. LAM Kit Lam and Mr. ZENG Haisheng.