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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: 8056)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Differ Group Holding Company Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- Turnover for the year ended 31 December 2014 was approximately RMB118,091,000 (2013: RMB76,066,000), representing an increase of approximately 55.2% as compared with the previous year.
- Profit attributable to owners of the Company for the year ended 31 December 2014 was approximately RMB73,013,000 (2013: RMB40,236,000), representing an increase of approximately 81.5% as compared with the previous year.
- Earnings per share of the Company for the year ended 31 December 2014 was approximately RMB7.30 cents (2013: RMB5.25 cents).
- The Directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

ANNUAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2014 together with the comparative figures for the corresponding period in 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	<i>Notes</i>	2014 RMB'000	2013 <i>RMB'000</i>
Revenue	4	118,091	76,066
Other income	4	4,664	5,260
Employee benefit expenses		(9,867)	(7,739)
Depreciation and amortisation expenses		(1,860)	(2,006)
Operating lease expenses		(807)	(326)
Other expenses		(11,439)	(15,056)
Profit before income tax	6	98,782	56,199
Income tax expense	7	(25,769)	(15,963)
Profit for the year attributable to the owners of the Company		73,013	40,236
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		(276)	311
Total comprehensive income for the year attributable to the owners of the Company		72,737	40,547
Earnings per share – Basic and diluted <i>(RMB cents)</i>	9	7.30	5.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Notes</i>	2014 RMB'000	2013 <i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		14,652	11,593
Prepaid land lease		7,326	7,733
Restricted bank deposits		7,900	6,550
Loan and account receivables	10	49,647	37,736
		79,525	63,612
Current assets			
Loan and account receivables	10	314,071	185,365
Prepayments, deposits and other receivables		5,468	1,534
Restricted bank deposits		88,212	117,590
Cash and bank balances		164,579	181,055
		572,330	485,544
Current liabilities			
Accruals, other payables, deposits received and deferred income		25,775	16,310
Provision for taxation		13,979	9,556
		39,754	25,866
Net current assets		532,576	459,678
Total assets less current liabilities		612,101	523,290
Non-current liabilities			
Deposits received and deferred income		31,553	15,479
Net assets		580,548	507,811
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	7,800	7,800
Reserves		572,748	500,011
Total equity		580,548	507,811

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	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>
At 1 January 2013	-	-	268,000	-	3,848	221	40,311	312,380
Profit for the year	-	-	-	-	-	-	40,236	40,236
Other comprehensive income for the year	-	-	-	-	-	311	-	311
Total comprehensive income for the year	-	-	-	-	-	311	40,236	40,547
Transfer to statutory reserve	-	-	-	-	3,554	-	(3,554)	-
Issue of ordinary shares								
by placing (<i>note 11(c)</i>)	1,950	150,150	-	-	-	-	-	152,100
Share issue costs	-	(6,785)	-	-	-	-	-	(6,785)
Share capitalisation (<i>note 11(d)</i>)	5,850	(5,850)	-	-	-	-	-	-
Capital contribution from the owners	-	-	19,562	-	-	-	-	19,562
Arising from reorganisation ("Reorganisation") (<i>note 2</i>)	-	-	(10,000)	-	-	-	-	(10,000)
Arising from Reorganisation (<i>note 2</i>)	-	-	-	7	-	-	-	7
At 31 December 2013 and and 1 January 2014	7,800	137,515	277,562	7	7,402	532	76,993	507,811
Profit for the year	-	-	-	-	-	-	73,013	73,013
Other comprehensive income for the year	-	-	-	-	-	(276)	-	(276)
Total comprehensive income for the year	-	-	-	-	-	(276)	73,013	72,737
Transfer to statutory reserve	-	-	-	-	7,624	-	(7,624)	-
At 31 December 2014	<u>7,800</u>	<u>137,515</u>	<u>277,562</u>	<u>7</u>	<u>15,026</u>	<u>256</u>	<u>142,382</u>	<u>580,548</u>

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 GEM of the Stock Exchange since 9 December 2013.

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Group is located at 23rd Floor, Tower 11, 166 Tapu East Road, Xiamen, the People's Republic of China (the "PRC").

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

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

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

2. BASIS OF PRESENTATION

Pursuant to the Reorganisation carried out by the Group to rationalise the Group's structure in preparation for the listing of the shares of the Company on GEM of the Stock Exchange, the Company became the holding company of the subsidiaries comprising the Group since 26 November 2013.

The Group is regarded as a continuing entity resulting from the Reorganisation since the insertions of certain new holding companies have not resulted in any change in economic substance. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2013 have been prepared using the merger basis of accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

Although the Company does not directly or indirectly hold any of the registered capital of 福建鼎豐典當有限公司 (Fujian Differ Pawn Company Limited[^]) ("Differ Pawn"), the structured agreements ("Structured Agreements") entered into by the subsidiary of the Company, 鼎豐集團(中國)有限公司 (Differ Group (China) Company Limited[^]) ("Differ Group (China)"), formerly known as 鼎豐控股(廈門)有限公司, Differ Pawn and Differ Pawn's registered shareholders on 16 July 2012 altogether enable the Company to exercise control over Differ Pawn. The Structured Agreements, taken as a whole, permit the financial results of Differ Pawn and economic benefits

of its business to flow to Differ Group (China). In addition, all the directors and top management in Differ Pawn should be assigned by Differ Group (China). Through the Structured Agreements, Differ Group (China) is able to control Differ Pawn so that Differ Pawn is regarded as a subsidiary of the Group.

^ The English names are for identification only.

3. ADOPTION OF HKFRSs AND NEW HONG KONG COMPANIES ORDINANCE PROVISIONS RELATING TO THE PREPARATION OF FINANCIAL STATEMENTS

3.1 Adoption of new/revised HKFRSs

In the current year, the Group has applied for the first time the following new and revised HKFRSs which are relevant to and effective for the Group's financial statements.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures

Except as explained below, the adoption of these new and revised standards has no material impact on the Group's financial statements.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or cash generating units has been determined based on fair value less costs of disposal. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any impaired assets or cash generating units.

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

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

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 9 (2014)	Financial Instruments ⁵
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Certain other new and revised HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

3.3 New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

4. 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 year are as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Revenue		
Interest income		
– Pawn loan services	14,814	12,741
– Entrusted loan services	39,087	22,003
Consultancy service income	37,163	19,718
Income from guarantee services		
– Financial guarantee services	15,741	14,807
– Other guarantee services	–	141
Income from finance lease services	11,286	6,656
	<u>118,091</u>	<u>76,066</u>
Other income		
Bank interest income	1,805	1,292
Government grants*	2,810	3,917
Others	49	51
	<u>4,664</u>	<u>5,260</u>

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

5. 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 and finance lease services. The executive Directors allocate resources and assess performance on an aggregated basis. The Group's revenue from external customers is divided into four groups of products which is disclosed in note 4.

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 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 4.

The following table provides an analysis of the Group's non-current assets other than financial instruments by geographical locations.

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
PRC (place of domicile)	21,561	19,326
Hong Kong	417	–
	21,978	19,326

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Customer A	N/A	11,963

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Auditor's remuneration	432	298
Depreciation of property, plant and equipment	1,453	1,599
Amortisation of prepaid land lease	407	407
Employee benefit expenses (including Directors' remuneration)		
Salaries	8,502	6,597
Pension scheme contributions – Defined contribution plans	373	270
Other benefits	992	872
	9,867	7,739
Listing expenses	–	7,143
Net foreign exchange loss	24	12
Operating lease charges in respect of properties	807	326

7. INCOME TAX EXPENSE

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax – PRC	25,769	15,963

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 year (2013: Nil).

Enterprise income tax arising from subsidiaries operated in the PRC for the year was calculated at 25% (2013: 25%) of the estimated assessable profits during the year.

8. DIVIDENDS

No dividend has been declared by the Company during the year (2013: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately RMB73,013,000 (2013: RMB40,236,000) and 1,000,000,000 (2013: 765,753,000) weighted average number of ordinary shares in issue during the year.

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

10. LOAN AND ACCOUNT RECEIVABLES

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Finance lease receivables, gross and net	49,647	37,736
Current assets		
Pawn loan receivables, gross and net	46,850	41,600
Entrusted loan receivables, gross and net	196,000	115,000
Finance lease receivables, gross and net	68,247	27,178
Account receivables, gross and net	2,974	1,587
	314,071	185,365

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:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	174,799	4,087
31 to 90 days	82,062	75,618
91 to 180 days	36,044	92,100
Over 180 days	70,813	51,296
	<hr/>	<hr/>
	363,718	223,101
	<hr/> <hr/>	<hr/> <hr/>

11. SHARE CAPITAL

	2014		2013	
	Number of ordinary shares '000	Amount HK\$'000	Number of ordinary shares '000	Amount HK\$'000
Authorised:				
Ordinary share of HK\$0.01 each				
At beginning of year	5,000,000	50,000	38,000	380
Increase of share capital (<i>note (a)</i>)	–	–	4,962,000	49,620
At end of year	<u>5,000,000</u>	<u>50,000</u>	<u>5,000,000</u>	<u>50,000</u>
Issued and fully paid:				
Ordinary share of HK\$0.01 each				
At beginning of year	1,000,000	10,000	1	–
Issue of ordinary shares for Reorganisation (<i>note (b)</i>)	–	–	–	–
Issue of ordinary shares by placing (<i>note (c)</i>)	–	–	250,000	2,500
Shares capitalisation (<i>note (d)</i>)	–	–	749,999	7,500
At end of year	<u>1,000,000</u>	<u>10,000</u>	<u>1,000,000</u>	<u>10,000</u>

The issued and fully paid share capital of the Company is equivalent to approximately RMB7,800,000 as at 31 December 2014 and 2013.

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

- (a) On 26 November 2013, pursuant to the written resolutions passed by the shareholders of the Company, the authorised share capital was increased to HK\$50,000,000 by the creation of an additional of 4,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- (b) On 26 November 2013, additional 100 ordinary shares were issued pursuant to the Reorganisation.
- (c) In connection with the placing, an aggregate of 250,000,000 new ordinary shares of the Company of HK\$0.01 each were issued at a price of HK\$0.78 per share on 9 December 2013.

- (d) Pursuant to the written resolutions of all shareholders passed on 26 November 2013, the Directors were authorised to capitalise the amount of HK\$7,499,989 (equivalent to approximately RMB5,850,000) standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 749,998,900 shares for allotment and issue to holders of shares whose names appear on the register of members of the Company at the close of business on 26 November 2013 (or as they may direct) in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in the Company following the placing and so that the shares allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued shares and the Directors were authorised to give effect to such capitalisation.

12. MAXIMUM EXPOSURE UNDER THE FINANCIAL GUARANTEE CONTRACTS

The Group's maximum exposure under the financial guarantee contracts is disclosed as below:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Financial guarantee issued		
Maximum amount guaranteed	477,300	503,678

To mitigate such risk, the Group requests the customers to provide collateral 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. In order to maintain the credit risk at desirable levels, the Group's average loan-to-value ratio was kept at a level that could ensure the recoverability of the outstanding guarantee amount. At the reporting date, the Group's exposures under unexpired financial guarantee contracts were secured by the collateral of the customers as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Real estate	236,787	186,285
Inventories	631,490	684,368
Machinery	63,271	117,891
Motor vehicles	–	2,448
Property rights	2,050	2,050
	933,598	993,042

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 year ended 31 December 2014, the revenue was mainly derived from the provision of (i) guarantee services, (ii) pawn loan services, (iii) financial consultation services, (iv) entrusted loan services and (v) finance lease services to our customers.

FINANCIAL REVIEW

Revenue

The revenue increased from approximately RMB76.1 million for the year ended 31 December 2013 to approximately RMB118.1 million for the year ended 31 December 2014, representing an increase of approximately RMB42.0 million or 55.2%. The increase was attributable to the net effect of the following reasons:

Guarantee services

Our Group continued to expand our guarantee services in our home market in Fujian Province. We mainly provided the financing guarantee services during the years ended 31 December 2013 and 2014. During the year 2014, the PRC banks have adopted a relatively tight credit policy in granting loans to small and medium enterprises (“SMEs”). The PRC banks are generally more willing to lend to SMEs whose borrowings are guaranteed by licensed financing guarantee companies. As such, more SMEs needed our financial guarantee services.

Our Group’s guarantee service income increased by 5.3% from approximately RMB14.9 million for the year ended 31 December 2013 to approximately RMB15.7 million for the year ended 31 December 2014. The increase in income from our guarantee services was mainly attributable to the increase of the number of financing guarantee contracts with revenue contribution from 170 for the year ended 31 December 2013 to 192 for the year ended 31 December 2014.

Pawn loan services

Our Group continued to use the registered capital of RMB30.0 million and part of the retained profit of Differ Pawn for the expansion of our pawn loan business. During the year 2014, approximately RMB6.1 million (being part of the net profit of Differ Pawn for year ended 31 December 2013) was kept by Differ Pawn as capital for the development of pawn loan business.

Our Group's pawn loan service income increased by 16.3% from approximately RMB12.7 million for the year ended 31 December 2013 to approximately RMB14.8 million for the year ended 31 December 2014. The increase in pawn loan service income was mainly attributable to the following reasons:

- (i) the number of pawn loan contracts with revenue contribution increased from 54 for the year ended 31 December 2013 to 55 for the year ended 31 December 2014; and
- (ii) the total amount of pawn loans granted under new or renewed contracts increased from approximately RMB95.6 million for the year ended 31 December 2013 to RMB105.4 million for the year ended 31 December 2014.

Financial consultation services

During the year 2014, more effort was made to expand our financial consultation business as the Directors believe that there were plenty of business opportunities in Fujian Province. In view of the tight credit environment in the PRC banking sector, more customers have sought our Group's financial consultation services in assisting them to obtain financing from PRC banks. As such, we put more focus on financial consultation services which charge our customers based on certain percentage, which ranged from 2.5% to 3.0%, of the amount of financing obtained by the customers as a result of our consultation ("Project Based Consultation Services"). For the year ended 31 December 2014, we had successfully assisted our customers in obtaining financing from banks of approximately RMB1.4 billion in total.

As such, the financial consultation service income of our Group increased sharply from approximately RMB19.7 million for the year ended 31 December 2013 to approximately RMB37.2 million for the year ended 31 December 2014. The increase in financial consultation service income was mainly due to the increase in the number of Project Based Consultation Services from 16 for the year ended 31 December 2013 to 31 for the year ended 31 December 2014.

Entrusted loan services

In light of the growth of the PRC economy and strong demand for financing services from SMEs, the Group continued to expand the entrusted loan business by inject funding to Differ Group (China). The capital injection of RMB60.0 million to Differ Group (China), by using of proceeds from the placing, has been completed in January 2014. The increase in the working capital of Differ Group (China) allows the Group to grant more entrusted loans to customers and thereby generated more entrusted loan interest income during the year.

Our Group's entrusted loan service income increased by 77.6% from approximately RMB22.0 million for the year ended 31 December 2013 to RMB39.1 million for the year ended 31 December 2014. The increase in entrusted loan service income was mainly due to (i) the increase in outstanding entrusted loan receivables from RMB115.0 million as at 31 December 2013 to RMB196.0 million as at 31 December 2014 and (ii) total amount of new or renewed entrusted loans granted increased from approximately RMB319.0 million for the year ended 31 December 2013 to RMB489.0 million for the year ended 31 December 2014.

Finance lease services

During the year 2014, the Group further developed our finance lease business. The capital injection to the Group's PRC subsidiary, Xiamen Differ Financial Leasing Company Limited ("Differ Lease"), has been completed in December 2013 by making use of proceeds from the placing. The increase of the registered capital of Differ Lease to HK\$128.0 million allows the Group to provide more financing to our customers of finance lease services and therefore more finance lease service income was generated.

For the year ended 31 December 2013 and 2014, our Group's finance lease service income was approximately RMB6.7 million and RMB11.3 million respectively. For the year ended 31 December 2014, we have 14 finance lease transactions with revenue contribution as compared with only 8 transactions in 2013.

Other income

Other income decreased from approximately RMB5.3 million for the year ended 31 December 2013 to approximately RMB4.7 million for the year ended 31 December 2014, representing a decrease of approximately RMB0.6 million or 11.3%. Our Group's other income mainly represented bank interest income and the government grants. The decrease in other income was mainly due to the decrease in government grant in support of our Group's financial service business from approximately RMB3.9 million for the year ended 31 December 2013 to approximately RMB2.8 million for the year ended 31 December 2014.

Employee benefit expenses

The employee benefit expenses increased from approximately RMB7.7 million for the year ended 31 December 2013 to approximately RMB9.9 million for the year ended 31 December 2014, representing an increase of approximately RMB2.2 million or 27.5%. 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 in Directors' remuneration (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 decreased from approximately RMB15.1 million for the year ended 31 December 2013 to approximately RMB11.4 million for the year ended 31 December 2014, representing a decrease of approximately RMB3.7 million or 24.0%. The decrease in other expenses was mainly attributable to absence of listing expenses for the year ended 31 December 2014 which was partly offset by the increase of various operating expenses due to business expansion.

Profit for the year attributable to the owners of the Company

Our Group's profit for the year ended 31 December 2014 was approximately RMB73.0 million, representing an increase of approximately RMB32.8 million, or 81.5%, from approximately RMB40.2 million for the year ended 31 December 2013.

OUTLOOK

In 2014, the PRC banks have been adopting a tight credit policy which increases the difficulties in obtaining financing by SMEs from banks. Under the prevailing restrictive credit environment, the Directors believe the demand of our Group's guarantee, pawn loans, entrusted loans, financial consultation and finance lease services will continue to grow in 2015. At the same time, the Group has strengthened the risk management measures and steps on granting new loans and guarantees to customers.

Looking forward, Fujian Province has its unique advantages due to its rich material and human resources and it has become the second batch of free-trade zone following Shanghai. The Directors believe that the PRC Central Government will take steps to expedite the social and economic development of Fujian Province. The Board has an optimistic view on the Group's existing businesses. In addition, the Group commenced distressed asset management business in January 2015 in order to capture the opportunities brought by the abundant supply of distressed asset in Fujian Province. The Board also considers that the Group's experiences in undertaking approval and due diligence procedures when granting loans to its customers in its ordinary and usual course of business (such as assessing the quality and value of the collateral and guarantees, the source of funds for repayments, the business conditions and creditworthiness of the borrowers and guarantors, etc.) give the Group an advantage in assessing the quality and value of the distressed assets. The Board further considers that the Group's existing client base and its network of cooperating banks in Fujian Province give the Group an advantage in locating buyers and sellers of distressed assets. Besides, having considered the potential merits of certain new financing and financing solution businesses, including P2P, internet microfinance business and money lending business in Hong Kong (collectively, the "New Businesses"), the Group has been conducting preliminary studies on the New Businesses and examining their potential advantages and the synergies with our existing businesses.

In conclusion, the Group will closely monitor and assess the existing and potential businesses and strive to capture opportunities to create value for our shareholders.

ADVANCE TO AN ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a general disclosure obligations arises where an advance to an entity from the Group exceeds 8% of the total assets of the Group. Pursuant to Rule 17.22 of the GEM Listing Rules, details of advances as defined under Rule 17.15 of the GEM Listing Rules which remained outstanding as at 31 December 2014 were as follow:

- 1) Entrusted Loan Agreement dated 24 October 2014 (“Entrusted Loan Agreement A”)

Entrusted Loan Agreement A was granted by Xiamen Differ Venture Capital Company Limited (“Differ VC”), an indirect wholly-owned subsidiary of the Company to 廈門九天豪杰實業有限公司 (Xiamen Jiu Tian Hao Jie Industrial Limited) (“Customer A”) through the lending bank 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 Customer A for a term of 6 months.

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

Principal amount:	RMB50,000,000
Interest rate:	1.8% per month
Loan period:	as mentioned above
Repayment:	Customer A shall repay the interests on a monthly basis and the principal amount at the end of the loan period

Security and guarantees:

- (i) the pledge of a piece of residential land in the PRC which is valued by an independent valuer at approximately RMB137,831,000;
- (ii) personal guarantees of one individual; and
- (iii) corporate guarantee of two companies which are principally engaged in real estate development in the PRC.

- 2) Entrusted loan agreement dated 4 December 2014 (“Entrusted Loan Agreement B1”) and entrusted loan agreement dated 24 December 2014 (“Entrusted Loan Agreement B2)

Entrusted Loan Agreement B1 was granted by Differ VC to 廈門倫輝貿易有限公司 (Xiamen Lun Hui Trading Limited) (“Customer B”) through the lending bank pursuant to which Differ VC has entrusted the lending bank with an amount of RMB25,000,000 for the purpose of lending the same to Customer B for a period from 6 December 2014 to 5 June 2015.

In addition, Entrusted Loan Agreement B2 was granted by Differ VC to Customer B through the lending bank pursuant to which Differ VC has entrusted the lending bank with an amount of RMB25,000,000 for the purpose of lending the same to Customer B for a period from 26 December 2014 to 25 June 2015.

The aggregate principal amount of Entrusted Loan Agreement B1 and Entrusted Loan Agreement B2 was RMB50,000,000.

The principal terms of Entrusted Loan Agreement B1 and Entrusted Loan Agreement B2 are as follows:

Aggregate principal amount:	RMB50,000,000
Interest rate:	1.8% per month
Loan period:	as mentioned above
Repayment:	Customer B 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 two shareholders of Customer B which is valued by an independent valuer at approximately RMB58,802,000.

3) Finance lease agreement dated 27 November 2014 (the “Finance Lease Agreement”)

The Finance Lease Agreement was entered into between Differ Lease (as the lessor) and 福建景發吊裝有限公司 (Fujian Jingfa Lifting Co., Ltd) (“Customer C”) (as the lessee). Pursuant to the Finance Lease Agreement, Differ Lease has agreed among other things, (i) to purchase certain machineries from Customer C at an aggregate consideration of RMB50,000,000; (ii) to lease such machineries back to Customer C immediately afterwards for a period of approximately 2 years for a series of rental payments payable by Customer C to Differ Lease on a monthly basis; and (iii) to transfer the ownership of such machineries to Customer C at the end of the lease period at a nominal consideration of RMB100.

The principal terms of the Finance Lease Agreement are as follows:

Amount of financing provided by Differ Lease to Customer C:	RMB50,000,000
Aggregate amount of rental payment (inclusive of handling fee and value-added tax):	RMB58,473,000
Lease period:	24 months
Ownership of the leased property at the end of lease period:	To be transferred to Customer C at a nominal consideration of RMB100
Internal rate of return:	13.4% (annualized)

Security and guarantees:

Customer C has provided the following security and guarantees to Differ Lease under the Finance Lease Agreement:

- (i) a cash deposit in the amount of RMB10,000,000 received by Differ Lease; and
- (ii) personal guarantees of 6 individuals who are related to Customer C.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any material contingent liabilities (2013: Nil).

CAPITAL COMMITMENT

As at 31 December 2014, the Group did not have any capital commitments contracted but not provided for in the financial statements (2013: 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

The 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.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2014.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

EVENTS AFTER THE REPORTING PERIOD

Following the commencement of the Group's distressed asset management business as announced by the Company on 5 January 2015, the Group entered into an agreement (the "Agreement") with an independent third party (the "Vendor") on 8 January 2015 to purchase the distressed asset (the "Acquisition"), being all rights in relation to the enforcement of the pledge of an industrial property (the "Collateral") in connection with certain non-performing debts owed by a debtor (including the right to enjoy first priority in receiving all proceeds from the disposal of the Collateral), at the consideration of RMB35,000,000. The full amount of the consideration has been paid by the Group to the Vendor in cash upon the signing of the Agreement. Based on the Group's internal assessment, the market value of the Collateral is estimated to be approximately

RMB45,000,000, which is also the amount expected to be recovered by the Group after successfully completing all legal procedures in relation to the enforcement of the pledge of the Collateral. Further details of the Acquisition are disclosed in the Company's announcement dated 8 January 2015.

HUMAN RESOURCES

As at 31 December 2014, the Group had a total of 106 employees (2013: 105). The staff costs (including Directors' emoluments) were approximately RMB9.9 million for the year ended 31 December 2014 (2013: RMB7.7 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.

During the year ended 31 December 2014, the Company has not granted any share options to its employees or Directors under the share option scheme of the Company adopted on 26 November 2013. 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 "Comparison of Business Objectives with Actual Business Progress" in this announcement, there was no specific plan for material investments or capital assets as at 31 December 2014.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2014, the Group had total cash and bank balances and current restricted bank deposits of approximately RMB252.8 million (2013: RMB298.6 million). The gearing ratio, calculated as percentage of total borrowings to the total assets of the Group was nil as at 31 December 2014 (2013: Nil). The current ratio is 14.4 times as at 31 December 2014 (2013: 18.8 times). During the year, 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 31 December 2014 as stated in the prospectus (the “Prospectus”) of the Company dated 3 December 2013

Actual business progress for the period from 25 November 2013 to 31 December 2014

1. Further development of our finance lease business

- Fully contribute the outstanding registered capital of 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 Group (China) or Differ VC
- The capital injection to Differ Group (China) of RMB60.0 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 Proceed” 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 Proceed” 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 31 December 2014, the net proceeds from placing had been applied as follows:

	Planned use of proceeds as stated in the Announcement from 25 November 2013 to 31 December 2014	Actual use of proceeds from 25 November 2013 to 31 December 2014
	<i>HK\$' million</i>	<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	2.2	2.0
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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2014, 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, protecting and enhancing shareholders' value. The Company's corporate governance practices are based on the principles and code provision as set out in the Code on Corporate Governance Practices (the "CG code") in Appendix 15 to the GEM Listing Rules.

Throughout the year ended 31 December 2014, 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 announcement since the Directors take the view that the Company shall support directors arising from corporate activities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 year ended 31 December 2014.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As far as the Directors are aware of, none of the Directors or any of their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 December 2014.

All the independent non-executive Directors were delegated with the authority to review on an annual basis the compliance of the terms of the non-competition undertaking and the enforcement of the non-competition undertaking given by Ms. Shi Hongjiao, Mr. Cai Huatan, Expert Corporate Limited and Ever Ultimate Limited (collectively, the "Controlling Shareholders"). Each of the Controlling Shareholders confirmed that (a) they have provided all information necessary for the enforcement of the non-competition undertaking, as requested by all independent non-executive Directors from time to time; and (b) each of the Controlling Shareholders had fully complied with the non-competition undertaking for the year ended 31 December 2014. All independent non-executive Directors also confirmed that they were not aware of any non-compliance with the non-competition undertaking given by the Controlling Shareholders during the same period.

AUDIT COMMITTEE

The audit committee of the Company currently comprises three independent non-executive Directors, namely Mr. Chan Sing Nun (chairman), Mr. Tsang Hin Man Terence and Mr. Zeng Haisheng (members), who have reviewed the financial statements and annual results of the Group for the year ended 31 December 2014.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

Hong Kong, 16 February 2015

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.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.dfh.cn.