DIFFER GROUP HOLDING COMPANY LIMITED
鼎豐集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 6878)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Turnover for the year ended 31 December 2015 was approximately RMB183,150,000 (2014: RMB118,091,000), representing an increase of approximately 55.1% as compared with the previous year.

- Profit attributable to owners of the Company for the year ended 31 December 2015 was approximately RMB103,788,000 (2014: RMB73,013,000), representing an increase of approximately 42.2% as compared with the previous year.

- Earnings per share of the Company for the year ended 31 December 2015 was approximately RMB2.56 cents (2014 (restated): RMB1.83 cents).

- The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Differ Group Holding Company Limited (the "Company") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 together with the comparative figures for the corresponding period in 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Income from financial related services	4	**162,150**	118,091
Income from disposal of distressed assets	4	**21,000**	–
Other income	4	**4,432**	4,664
Employee benefit expenses		**(12,966)**	(9,867)
Depreciation and amortisation expenses		**(2,603)**	(1,860)
Operating lease expenses		**(1,357)**	(807)
Other expenses		**(24,531)**	(11,439)
Finance costs	6	**(3,641)**	–
Profit before income tax	7	**142,484**	98,782
Income tax expense	8	**(36,960)**	(25,769)
Profit for the year		**105,524**	73,013

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss in subsequent periods			
– Exchange differences on translating foreign operation		**(2,895)**	(276)
– Fair value gain on available-for-sale financial assets		**30,700**	–
– Release to profit or loss upon disposal of available-for-sale financial assets		**(21,000)**	–
		6,805	(276)
Total comprehensive income for the year		**112,329**	72,737
Profit for the year attributable to:			
Owners of the Company		**103,788**	73,013
Non-controlling interests		**1,736**	–
		105,524	73,013
Total comprehensive income attributable to:			
Owners of the Company		**110,593**	72,737
Non-controlling interests		**1,736**	–
		112,329	72,737
Earnings per share	10		
– Basic (RMB cents)		**2.56**	1.83
– Diluted (RMB cents)		**2.56**	1.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**14,406**	14,652
Prepaid land lease		**6,919**	7,326
Restricted bank deposits		**2,930**	7,900
Finance lease, loan and account receivables	11	**380,591**	49,647
Goodwill	12	**33,400**	–
		438,246	79,525
Current assets			
Available-for-sales financial assets	13	**81,500**	–
Finance lease, loan and account receivables	11	**790,096**	314,071
Prepayments, deposits and other receivables	14	**83,155**	5,468
Restricted bank deposits		**94,178**	88,212
Cash and bank balances		**89,510**	164,579
		1,138,439	572,330
Current liabilities			
Accruals, other payables, deposits received and deferred income		**106,122**	25,775
Provision for taxation		**18,812**	13,979
Bank borrowings		**124,837**	–
		249,771	39,754
Net current assets		**888,668**	532,576
Total assets less current liabilities		**1,326,914**	612,101

	Notes	**2015** **RMB'000**	2014 RMB'000
Non-current liabilities			
Deposits received and deferred income		**93,684**	31,553
Bank borrowings		**218,591**	–
Corporate bonds		**16,800**	–
		329,075	31,553
Net assets		**997,839**	580,548
EQUITY			
Share capital	15	**8,292**	7,800
Reserves		**893,503**	572,748
Equity attributable to owners of the Company		**901,795**	580,548
Non-controlling interests		**96,044**	–
Total equity		**997,839**	580,548

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2015

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Merger and other reserves *RMB'000*	Statutory reserve *RMB'000*	Financial assets revaluation reserve *RMB'000*	Convertible bonds equity reserve *RMB'000*	Translation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2014	7,800	137,515	277,562	7	7,402	–	–	532	76,993	507,811	–	507,811
Profit for the year	–	–	–	–	–	–	–	–	73,013	73,013	–	73,013
Other comprehensive income for the year	–	–	–	–	–	–	–	(276)	–	(276)	–	(276)
Total comprehensive income for the year	–	–	–	–	–	–	–	(276)	73,013	72,737	–	72,737
Transfer to statutory reserve	–	–	–	–	7,624	–	–	–	(7,624)	–	–	–
At 31 December 2014 and 1 January 2015	**7,800**	**137,515**	**277,562**	**7**	**15,026**	**–**	**–**	**256**	**142,382**	**580,548**	**–**	**580,548**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**103,788**	**103,788**	**1,736**	**105,524**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**9,700**	**–**	**(2,895)**	**–**	**6,805**	**–**	**6,805**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**9,700**	**–**	**(2,895)**	**103,788**	**110,593**	**1,736**	**112,329**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**12,748**	**–**	**–**	**–**	**(12,748)**	**–**	**–**	**–**
Issue of ordinary shares by placing	**353**	**130,183**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**130,536**	**–**	**130,536**
Share issue expenses	**–**	**(2,098)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,098)**	**–**	**(2,098)**
Recognition of equity component of convertible bonds	**–**	**–**	**–**	**–**	**–**	**–**	**37,425**	**–**	**–**	**37,425**	**–**	**37,425**
Issue of share in respect of conversion of convertible bonds	**139**	**90,429**	**–**	**–**	**–**	**–**	**(37,425)**	**–**	**–**	**53,143**	**–**	**53,143**
Arising from acquistion of subsidiaries and deemed partial disposal of subsidiaries	**–**	**–**	**–**	**(8,352)**	**–**	**–**	**–**	**–**	**–**	**(8,352)**	**94,308**	**85,956**
At 31 December 2015	**8,292**	**356,029**	**277,562**	**(8,345)**	**27,774**	**9,700**	**–**	**(2,639)**	**233,422**	**901,795**	**96,044**	**997,839**

NOTES:

1. CORPORATE AND GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 December 2012. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 December 2013 and transferred listing to the Main Board of the Stock Exchange on 6 July 2015.

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (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 service, express loan service, financial service, finance lease service and asset management service.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies.

2.3 Functional and presentation currency

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

3. ADOPTION OF HKFRSs 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.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these new and revised standards has no material impact on the Group's financial statements.

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 2012-2014 Cycle[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]

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

2 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. Information on new and revised HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and revised HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the finance assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

4. REVENUE AND OTHER INCOME

Revenue represents income from the Group's principal activities, net of value-added tax.

	2015	2014
	RMB'000	*RMB'000*
Income from financial related services		
Interest income from:		
– Pawn loans	**13,970**	14,814
– Entrusted loans	**50,488**	39,087
– Money lending	**2,866**	–
Consultancy service income	**56,760**	37,163
Income from guarantee services	**16,561**	15,741
Income from finance lease services	**21,505**	11,286
	162,150	118,091
Income from disposal of distressed assets	**21,000**	–
Other income		
Bank interest income	**1,639**	1,805
Gain on disposal of property, plant and equipment	**164**	–
Government grants*	**707**	2,810
Net foreign exchange gain	**95**	–
Others	**1,827**	49
	4,432	4,664

* The Group received grants from the relevant PRC government authorities in support of the Group's financial service business in the PRC. There were 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, finance lease services, money lending and assets management. The executive directors allocate resources and assess performance on an aggregated basis. The Group's revenue from external customers is divided into certain 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 and Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile.

The geographical location of customers is based on the location at which the services were provided. The total revenue from external customers is principally sourced from the PRC (including Hong Kong). The total revenue is disclosed in note 4. The Group's non-current assets other than financial instruments are principally located in the PRC (including Hong Kong).

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue.

6. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on bank borrowings	**3,300**	–
Interest on corporate bonds	**341**	–
	3,641	–

7. PROFIT BEFORE INCOME TAX

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

	2015	2014
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**2,196**	1,453
Amortisation of prepaid land lease	**407**	407
Impairment loss on finance lease, loan and account receivables	**6,696**	–
Employee benefit expenses (including Directors' remuneration)		
Salaries	**11,510**	8,502
Pension scheme contributions – Defined contribution plans	**423**	373
Other benefits	**1,033**	992
	12,966	9,867
Net foreign exchange (gain)/loss	**(95)**	24
Operating lease charges in respect of properties	**1,357**	807

8. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax		
PRC		
– current year	**35,832**	25,769
– withholding tax	**1,128**	–
	36,960	25,769

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.

Enterprise income tax arising from subsidiaries operated in the PRC for the year was calculated at 25% (2014: 25%) of the estimated assessable profits during the year.

Withholding tax was calculated at 10% of the dividends declared in respect of profits earned by PRC entities to a non-PRC holding company during the year.

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 ended 31 December 2015 and 2014.

9. DIVIDENDS

No dividend has been declared by the Company during the year (2014: Nil).

10. EARNINGS PER SHARE

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

Basic earnings per share

	2015	2014
	RMB'000	*RMB'000*
Profit for the year attributable to the owners of the Company	**103,788**	73,013

	2015	2014
	Number of shares	Number of shares
	('000)	*('000)*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,046,621**	4,000,000
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**1,304**	–
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**4,047,925**	4,000,000
Basic earnings per shares (RMB cents)	**2.56**	1.83
Dilutive earnings per shares (RMB cents)	**2.56**	1.83

The weighted average number of shares for the purpose of calculating the basic earnings per share has been retrospectively adjusted for the effect of the share subdivision completed during the year ended 31 December 2015.

11. FINANCE LEASE, LOAN AND ACCOUNT RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Non-current assets		
Finance lease receivables	**348,671**	49,647
Loan receivables	**31,920**	–
	380,591	49,647
Current assets		
Pawn loan receivables	**48,100**	46,850
Entrusted loan receivables	**371,800**	196,000
Finance lease receivables	**246,766**	68,247
Loan receivables	**84,200**	–
Receivables from guarantee customers	**32,009**	–
Account receivables	**7,221**	2,974
	790,096	314,071

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 5 years.

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 loan receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The maturity date for each loan contract is normally not more than 2 years.

For account receivables, it represented interest receivables from pawn loans, entrusted loans, finance lease and loan receivables 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.

For receivables from guarantee customers, it represented the repayment paid to the banks on behalf of the guarantee customers. The guarantee customers are obliged to settle the amounts according to the term set out in relevant contracts and 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 finance lease, loan and account receivables, net of impairment loss, as of each reporting date is as follows:

	2015	2014
	RMB'000	*RMB'000*
0 to 30 days	**358,542**	174,799
31 to 90 days	**169,951**	82,062
91 to 180 days	**50,731**	36,044
Over 180 days	**591,463**	70,813
	1,170,687	363,718

12. GOODWILL

During the year ended 31 December 2015, the Group recognised a goodwill arising from business combination with Jiashi International Financial Limited ("JIFL") (formerly known as Jiashi Development Limited) and its subsidiaries (collectively the "Jiashi Group") of approximately RMB33,400,000, and was allocated to the cash-generating unit of finance leasing for impairment testing.

For the purposes of the goodwill impairment test, its recoverable amount was determined based on a value-in-use calculation, covering a detailed 5-year budget plan plus an extrapolated cash flow projections by applying a long term growth rate subsequent to this 5-year plan, with a pre-tax discount rate of 10.3%.

The key assumptions used in the budget plan are:

i) Cash flow beyond the five-year period are extrapolated using an estimated zero growth rate; and

ii) That gross margins will be maintained at its current level throughout the 5-year budget plan.

The Group management's key assumptions have been determined based on past performance and its expectations for the market's development. The discount rate used is pre-tax and reflect specific risks relating to the relevant business.

The Directors concluded that the cash-generating unit demonstrates sufficient cashflows that justify the carrying value of the goodwill and hence no impairment of goodwill is necessary as at 31 December 2015.

13. AVAILABLE-FOR-SALES FINANCIAL ASSETS

	2015	2014
	RMB'000	*RMB'000*
Distressed assets	**81,500**	–

The available-for-sale financial assets are denominated in RMB and there is no public market for investments.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Prepaid expenses	**1,149**	628
Deposits paid	**339**	201
Amounts paid for distressed assets	**62,000**	–
Other receivables	**19,667**	4,639
	83,155	5,468

The carrying amounts of deposits paid and other receivables approximate their fair values as these financial assets which are measured at amortised cost, are expected to be repaid within a short timescale, such that the time value of money is not significant.

15. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value of share capital HK$'000	Equivalent nominal value of share capital RMB'000
Authorised:			
Ordinary share of HK$0.0025 each			
At 1 January 2014 and 31 December 2014	5,000,000	50,000	39,000
Share subdivision *(note (c))*	15,000,000	–	–
At 31 December 2015	20,000,000	50,000	39,000
Issued and fully paid:			
Ordinary share of HK$0.0025 each			
At 1 January 2014 and 31 December 2014	1,000,000	10,000	7,800
Issue of ordinary shares by placing *(note (a))*	42,000	420	353
Issue of ordinary shares in respect of conversion of convertible bonds *(note (b))*	17,002	170	139
Share subdivision *(note (c))*	3,177,006	–	–
At 31 December 2015	4,236,008	10,590	8,292

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

(a) In connection with the placing, an aggregate of 42,000,000 new ordinary shares of the Company of HK$0.01 each were issued at a price of HK$3.70 per share on 16 October 2015.

(b) On 2 November 2015, approximately 17,002,000 shares were issued in respect of conversion of convertible bonds.

(c) On 30 November 2015, pursuant to the written resolutions passed by the shareholders of the Company, the authorised share capital of HK$50,000,000 was divided into 20,000,000,000 subdivided shares. All subdivided shares will rank pari passu with each other in all respects with the shares in issue prior to the share subdivision.

16. MAXIMUM EXPOSURE UNDER THE FINANCIAL GUARANTEE CONTRACTS

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

	2015	2014
	RMB'000	*RMB'000*
Financial guarantee issued		
Maximum amount guaranteed	**344,630**	477,300

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:

	2015	2014
	RMB'000	*RMB'000*
Real estate	**186,563**	236,787
Inventories	**586,688**	631,490
Machinery	**10,937**	63,271
Motor vehicles	**5,855**	–
Property rights	**–**	2,050
	790,043	933,598

MANAGEMENT DISCUSSION AND BUSINESS REVIEW

As an integrated financing service provider, the Group mainly provides short to medium-term financing and financing-related solutions in Fujian Province. During the year ended 31 December 2015, the turnover was mainly derived from the provision of (i) guarantee services, (ii) express loan services (including pawn loan, entrusted loan and money lending services), (iii) financial services (previously known as financial consultation services), (iv) finance lease services and (v) asset management service (previously known as distressed asset management business). The Management decided to rename and group certain services to better reflect the nature of each of the services provided. It should also enable more appropriate understanding of each of the services by our customers and shareholders.

FINANCIAL REVIEW

Turnover

The turnover increased from approximately RMB118.1 million for the year ended 31 December 2014 to approximately RMB183.2 million for the year ended 31 December 2015, representing an increase of approximately RMB65.1 million or 55.1%. The increase was attributable to the net effect of the following reasons:

Guarantee services

We mainly provided the financial guarantee services during the years ended 31 December 2014 and 2015. Our Group's guarantee services income slightly increased by 5.2% from approximately RMB15.7 million for the year ended 31 December 2014 to approximately RMB16.6 million for the year ended 31 December 2015. Our Group continued to expand our financial guarantee services in our home market in Fujian Province.

Express loan services

Pawn loan services

Our Group's pawn loan services income decreased by 5.7% from approximately RMB14.8 million for the year ended 31 December 2014 to approximately RMB14.0 million for the year ended 31 December 2015. The decrease in pawn loan services income was mainly due to decrease of average pawn loan receivables during the year ended 31 December 2015.

Entrusted loan services

In light of the growth of the PRC economy and strong demand for financing services to small and medium enterprises ("SMEs"), the Group continued to expand the entrusted loan business in the PRC. By using of part of the proceeds from the Subscription (as defined below) in October 2015, it allows the Group to grant more entrusted loans to customers and thereby generated more entrusted loan interest income.

Our Group's entrusted loan service income increased by 29.2% from approximately RMB39.1 million for the year ended 31 December 2014 to RMB50.5 million for the year ended 31 December 2015. The increase of entrusted loan service income was mainly due to the (i) the increase of outstanding entrusted loan receivables from approximately RMB196.0 million as at 31 December 2014 to RMB371.8 million as at 31 December 2015 and (ii) total amount of new or renewed entrusted loans granted increased from approximately RMB489.0 million for the year ended 31 December 2014 to RMB591.8 million for the year ended 31 December 2015.

Money lending services

The Group commenced its Hong Kong money lending business in August 2015. During the year ended 31 December 2015, the Group has recorded the income of approximately RMB2.0 million in relation to such business. Besides, the Group has also provided short-term financing to certain customers in the PRC and recorded the interest income of approximately RMB0.9 million.

Financial services (previously known as financial consultation services)

During the year 2015, we have continued to put effort to expand our financial services business as the Directors believe that there were plenty of business opportunities. In view of the tight credit environment in the PRC banking sector, more customers have sought our Group's financial services in assisting them in obtaining financing from PRC banks and in some circumstances when our loan book was full, we referred our customers to our peer companies. As such, we mainly focused on the financial services which charge our customers based on certain percentage of the amount of financing obtained by the customers as a result of our consultation.

The financial services income of our Group increased sharply from approximately RMB37.2 million for the year ended 31 December 2014 to RMB56.8 million for the year ended 31 December 2015. During the year ended 31 December 2015, we had successfully assisted our customers in obtaining financing from banks of over RMB2.0 billion in total, representing an increase of approximately RMB600 million as compared with the corresponding period of last year. The increase in financial services income was mainly due to the fact that we had assisted our customers in obtaining more financing from banks and peer companies.

Finance lease services

During the year ended 31 December 2015, the Group further developed its finance lease business. The acquisition of the Jiashi Group is completed in late October 2015 (the "Acquisition"). Jiashi Group is principally engaged in finance lease business. Through the Acquisition, the Group can achieve the synergy effect and capture the great business opportunities of finance lease industry in Fujian Province in future. Jiashi Group has a special focus in the agricultural and fishery industries which are supported heavily by the central government. These industries provide a relatively safe loan exposures to our Group especially under this unstable market condition.

Our Group's finance lease services income increased by 90.5% from approximately RMB11.3 million for the year ended 31 December 2014 to RMB21.5 million for the year ended 31 December 2015. The increase of finance lease service income was mainly due to the finance lease services income from the Jiashi Group has been consolidated into the Group after the date of the Acquisition.

Asset management services (previously known as distressed asset management services)

The Group commenced its asset management business in January 2015. During the year ended 31 December 2015, the Group has acquired five distressed assets. Two of distressed assets (of which the Group's acquisition cost were RMB50 million) have been disposed and the Group recorded the profit from disposal of distressed assets of approximately RMB21 million.

Other income

Other income decreased from approximately RMB4.7 million for the year ended 31 December 2014 to approximately RMB4.4 million for the year ended 31 December 2015, representing a decrease of approximately RMB0.3 million or 5.0%. Our Group's other income mainly represented the bank interest income and the government grant. The decrease in other income was mainly due to the fact that we have received less government grant during the year ended 31 December 2015.

Employee benefit expenses

The employee benefit expenses increased from approximately RMB9.9 million for the year ended 31 December 2014 to approximately RMB13.0 million for the year ended 31 December 2015, representing an increase of approximately RMB3.1 million or 31.4%. Our Group's employee benefit expenses mainly comprised staff salaries, directors' emoluments and other benefits. The increase in employee benefit expenses was mainly attributable to the increase of staff salaries as a result of completion of the Acquisition. Besides, our Group hired more staff for business expansion.

Other expenses

The other expenses increased from approximately RMB11.4 million for the year ended 31 December 2014 to approximately RMB24.5 million for the year ended 31 December 2015, representing an increase of approximately RMB13.1 million or 114.5%. The increase in other expenses was mainly attributable to (i) increase of business and other taxes due to the increase in revenue generated from our business; (ii) increase of legal and professional fee due to the transfer of listing to Main Board and the Acquisition; and (iii) increase of provision of bad debts of approximately RMB6.7 million.

Profit for the year attributable to the owners of the Company

Our Group's profit for the year attributable to the owners of the Company was approximately RMB103.8 million for the year ended 31 December 2015, representing an increase of approximately RMB30.8 million, or 42.2%, from approximately RMB73.0 million for the year ended 31 December 2014.

OUTLOOK

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

In addition, the Group commenced its asset management business in January 2015. The Group actively seeks opportunities to acquire value asset (such as non-performing loan receivables or other distressed debts) from banks or other entities in Fujian province at attractive prices. After acquiring the value assets, the Group will assume the pre-existing rights and obligations between the banks and the debtors and will then formulate plans to achieve recovery based on the Group's targets on profit, cash flow, cost and return on investment as well as the circumstances pertaining to each individual asset.

We consider that there is plenty of room for the development of the finance leasing business in the Fujian Province, the PRC. The launch of the free-trade zone in Fujian and with the issue of policies on "One Belt One Road" and the National 13th Five-Year Plan will lead to substantial business opportunities in the finance lease industry. As a result of the Acquisition, the Group will expand its financing leasing to cover more industries, from the current manufacturing and transportation engineering industries to the distant marine fisheries, tourism, agricultural drones industries and car leasing to individuals. Through the Acquisition, the Group can enlarge the scope of finance lease business quickly. More importantly, the banking relationship of Jiashi Group will help the Group to leverage its overall loan portfolio in the future.

During the year, a total of 42,000,000 placing shares (before subdivision each issued and unissued share of HK$0.01 each into four subdivided shares of HK$0.0025 each, "Share Subdivision") were successfully placed to not less than six independent placees (the "Subscription"). The net proceeds from the Subscription of approximately HK$152.9 million was utilized for the Group's business development including, in particular, (i) for lending to the Group's customers and acquisition of the value assets in the ordinary and usual course of the Group's business; and (ii) general working capital of the Group.

The Group adopted a flexible and robust business model which can easily and swiftly adapt to the fast changing economic environment which is becoming more visible in the PRC today. The change in the PRC economy via the reduction of excess capacity, the new 13th Five Year Plan and the "One Belt One Road" initiative will bring about challenges as well as opportunities to SMEs. The Directors are already preparing the Group to assist its customers to capture these opportunities and face these challenges.

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

ADVANCE TO AN ENTITY

Pursuant to Rule 13.13 of the Listing Rules, a general disclosure obligations arises where an advance to an entity from the Group exceeds 8% of the total assets of the Group. Pursuant to Rule 13.13 of the Listing Rules, details of advances as defined under Rule 13.15 of the Listing Rules which remained outstanding as at 31 December 2015 were as follow:

1) Entrusted Loan Agreements with Customer A ("Entrusted Loan Agreement")

Entrusted Loan Agreement was granted by 廈門市鼎豐創業投資有限公司 (Xiamen Differ Venture Capital Company Limited) ("Differ VC"), an indirect wholly-owned subsidiary of the Company to 廈門豪豐投資有限公司 (Xiamen Hao Feng Investment Company Limited) ("Customer A") through the lending bank pursuant to which Differ VC has entrusted the lending bank with an amount of RMB111,800,000 for the purpose of lending the same to Customer A for a term of 12 months.

The principal terms of Entrusted Loan Agreement are as follows:

Outstanding principal amount:	RMB111.8 million
Interest rate:	17.0% per annum
Loan period:	From 26 October 2015 to 25 October 2016
Repayment:	the Customer A shall repay the interests on a monthly basis and the principal amount at the end of the loan period

Security and guarantees:

(i) the pledge of the equity rights from a shareholder of Customer A at fair value of approximately RMB120 million.

2) **The Finance Lease Agreement with Customer B ("Finance Lease Agreement")***

The Finance Lease Agreement was entered into between 嘉實(廈門)融資租賃有限公司 (Jiashi (Xiaman) Finance Lease Limited) ("Jiashi Lease") (as the lessor) and 福建省順來發海洋漁業有限公司(Fujian Shun Lai Fa Ocean Fishery Limited) ("Customer B") (as the lessee). Pursuant to the Finance Lease Agreement, Jiashi Lease has agreed among other things, (i) to purchase certain distant marine fisheries from the designated suppliers by Customer B at an aggregate consideration of approximately RMB210,000,000; (ii) to lease such distant marine fisheries to Customer B immediately afterwards for a period of approximately 5 years for a series of rental payments payable by Customer B to Jiashi Lease on a monthly basis in an aggregate amount over the entire lease period of approximately RMB257,430,000; and (iii) to transfer the ownership of such distant marine fisheries to Customer B after the end of the lease period at a nominal consideration of RMB3,200,000.

The principal terms of Finance Lease Agreement are as follows:

Amount of financing provided by Jiashi Lease to the Customer B:	RMB210,000,000
Aggregate amount of rental payment:	RMB257,430,000
Lease period:	60 months
Ownership of the leased property after the end of lease period:	To be transferred to the Customer at a nominal consideration of RMB3,200,000
Internal rate of return:	14.3%

Security and guarantees:
The Customer B has agreed to provide the following additional security and guarantees to Jiashi Lease under the Finance Lease Agreement:

(i) a cash deposit in the amount of approximately RMB85,884,000 pledged by the Customer B to Jiashi Lease; and

(ii) one personal guarantee and one corporate guarantee.

* The Finance Lease Agreement was entered into between Jiashi Lease and Customer B on 28 January 2015, which is before the Acquisition.

CONTINGENT LIABILITIES

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

COMMITMENTS

(i) Operating lease commitments

Future minimum rental payable under non-cancellable operating lease of the Group in respect of buildings at the reporting date are as follows:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**2,008**	1,051
Later than one year and not later than five years	**4,246**	1,894
	6,254	2,945

The Group leases certain properties under operating leases. The leases run for an initial period of 1 to 5 years, with options to renew the lease terms at the expiry dates or at dates as mutually agreed between the Group and the respective landlords. None of these leases include any contingent rentals.

(ii) Capital commitments

As at 31 December 2015, the Group had capital commitments, which were contracted but not provided for, in respect of the capital injection to its subsidiaries of RMB530,500,000 (2014: Nil).

FOREIGN EXCHANGE RISK MANAGEMENT

The exposure to currency exchange rate of the Group is minimal as majority of the Group's subsidiaries operates in the PRC with most of the transaction denominated and settled in RMB. The Group has not entered into any foreign exchange hedging arrangement. The Directors consider that exchange rate fluctuation has no significant impact on our Group's financial performance.

TREASURY POLICIES

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

On 24 August 2015, the Company has entered into the agreement (as amended and supplemental by a supplemental deed dated 25 August 2015 and a second supplemental deed dated 17 September respectively) with Jiashi Company Limited to acquire (i) the sale shares, representing the entire issued share capital of JIFL, and (ii) the sale loan of approximately RMB128.3 million, representing all obligations, liabilities and debts owing by JIFL to Jiashi Company Limited, at the consideration of approximately RMB104 million. Completion of the Acquisition took place on 26 October 2015.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

HUMAN RESOURCES

As at 31 December 2015, the Group had a total of 147 employees (2014: 106). The staff costs (included Directors' emoluments) were approximately RMB13.0 million for the year ended 31 December 2015 (2014: RMB9.9 million). The remuneration package of the employees is determined by various factors such as their working experience and job performance, the market condition, industry practice and applicable employment law. Year-end bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of employees' salaries to the central pension scheme. The Group also maintains the Mandatory Provident Fund Scheme and insurance for its employees in Hong Kong.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under "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 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, the Group had total cash and bank balances and current restricted bank deposits of approximately RMB183.7 million (2014: 252.8 million). The gearing ratio, calculated as percentage of total borrowings to the total assets of the Group was approximately 22.8% as at 31 December 2015 (2014: Nil). The current ratio was approximately 4.6 times as at 31 December 2015 (2014: 14.4 times). During the year, the Group did not use any financial instruments for hedging purpose.

During the year, pursuant to a share placing and subscription agreement, Ever Ultimate Limited, an existing shareholder of the Company, placed 42,000,000 ordinary shares of the Company to certain independent third parties at HK$3.7 per share, and subscribed for 42,000,000 new ordinary shares issued by the Company at the same price. The aggregate cash consideration received, before share issue expenses, was approximately HK$155,400,000. This transaction resulted in an increase of the issued share capital and share premium account of HK$420,000 and HK$154,980,000 respectively. Share issue expenses of HK$2,498,000 were charged to the share premium account accordingly.

CHARGE ON ASSETS

The Group's restricted bank deposits of approximately RMB97.1 million and RMB96.1 million as at 31 December 2015 and 2014 respectively were pledged to secure for the Group's facilities of providing financial services to the customers.

COMPARSION OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives for the period from 25 November 2013 to 31 December 2015 as stated in the prospectus date 3 December 2013 ("the "Prospectus")	Actual business progress for the period from 25 November 2013 to 31 December 2015

1. Further development of our finance lease business

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

2. Strengthening of our entrusted loan business

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

3. Enhancement of our guarantee services

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

4. Improvement on risk management

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

USE OF PROCEEDS

The business objectives, future plans and planned use of proceeds as stated in the Prospectus (the updated amount of net proceeds is presented on the allotment results dated 6 December 2013) (the "Announcement") were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds from the placing were applied based on the actual development of our business and financial industry. During the period from 25 November 2013 to 31 December 2015, the net proceeds from placing had been applied as follows:

		Planned use of proceeds as stated in the Announcement from 25 November 2013 to 31 December 2015	Actual use of proceeds from 25 November 2013 to 31 December 2015
		HK$' million	*HK$' million*
1.	Further development of our finance lease business	78.0	78.0
2.	Strengthening of our entrusted loan business	51.8	86.1 *(note)*
3.	Enhance of guarantee services	34.5	0.2 *(note)*
4.	Improvement on risk management	5.0	4.0
5.	Net proceeds reserved for general working capital	5.7	6.7

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 that expected due to the increasingly challenging credit market, no new cooperation banks are required for now. As such, we have used HK$34.3 million (which was planned to be used for guarantee business) as capital for expansion of our entrusted loan business.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme was adopted by the Company on 26 November 2013, the principal terms of which are set out in the paragraph headed "Share Option Scheme" under the section headed "Statutory and General Information" of the Prospectus. Following the completion of the Share Subdivision, the total number of Shares in respect of which options may be granted under the Scheme shall not exceed 400,000,000 Shares, being 9.44% of the total number of Shares in issue as at the date of this announcement. No share options were granted, exercised or cancelled by the Company under the Scheme during the year ended 31 December 2015 and there were no outstanding share options under the Scheme as at 31 December 2015.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after listing.

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 Corporate Governance Code (the "CG code") in Appendix 14 to the Listing Rules.

Throughout the year ended 31 December 2015, the Company had complied with the CG Code with the exception from the deviation from the code provisions A.1.8 as explained below:

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by Directors of listed issuers as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of Directors. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 December 2015.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As far as the Directors are aware of, none of the Directors or any of their respective assocaiates (as defined in the Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 December 2015.

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 requrested 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 2015. 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 2015.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2015 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, 24 March 2016

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.