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DIFFER GROUP HOLDING COMPANY LIMITED

鼎豐集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6878)

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

Placing Agent



京基證券集團
KINGKEY SECURITIES GROUP

The Board is pleased to announce that on 2 June 2020 (after trading hours), the Company entered into the Agreement with the Placing Agent and the Vendor, pursuant to which, (a) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Vendor and to procure the Placee(s) for the Sale Shares, on a best effort basis, at the Placing Price per Sale Share; and (b) the Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue up to 265,000,000 new Shares at the Subscription Price of HK\$0.38 per Subscription Share.

The number of the Sale Shares represents: (i) approximately 4.16% of the existing Shares in issue as at the date of this announcement; and (ii) approximately 4.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Placing Price of HK\$0.38 per Sale Share represents (i) a discount of approximately 9.52% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on the date of the Agreement; and (ii) a discount of approximately 10.59% to the average of the closing prices per Share of HK\$0.425 as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement.

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

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

As a result of the Placing, the aggregate percentage holding of the Vendor and parties acting in concert with it will be reduced from approximately 47.16% to approximately 43.00%. Subsequently, as a result of the Subscription, the aggregate percentage shareholding of the Vendor and the parties acting in concert with it will be increased from approximately 43.00% to approximately 45.28%. An application will be made by the Vendor to the Executive for the granting of the Waiver. Completion of the Subscription will be subject to, among other things, obtaining the Waiver.

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

THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that on 2 June 2020 (after trading hours), the Company entered into the Agreement with the Placing Agent and the Vendor, pursuant to which, (a) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Vendor and to procure Placee(s) for, the Sale Shares, on a best effort basis, at the Placing Price per Sale Share; and (b) the Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue up to 265,000,000 new Shares at the Subscription Price of HK\$0.38 per Subscription Share.

THE AGREEMENT

Date: 2 June 2020

Parties:

Issuer:	The Company
Placing Agent:	Kingkey Securities Group Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
	To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ultimate beneficial owner of the Placing Agent is Chen Jiajun
Vendor:	Expert Corporate Limited, a substantial shareholder of the Company, which is wholly and beneficially owned by Mr. Hong Mingxian, an executive Director

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

PLACING UNDER THE AGREEMENT

The number of the Sale Shares

Pursuant to the Agreement, the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Vendor and to procure Placee(s) for, the Sale Shares, on a best effort basis, at the Placing Price per Sale Share, subject to terms and conditions set out in the Agreement.

The number of the Sale Shares represents: (i) approximately 4.16% of the existing Shares in issue as at the date of this announcement; and (ii) approximately 4.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

As at the date of this announcement, the Vendor owns an aggregate of 3,001,200,000 Shares, including the Sale Shares, representing approximately 47.16% of the total number of Shares in issue as at the date of this announcement.

Placees

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

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

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

Placing Price

The Placing Price of HK\$0.38 per Sale Share represents:

- (a) a discount of approximately 9.52% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (b) a discount of approximately 10.59% to the average closing price of approximately HK\$0.425 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement.

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

The net Placing Price, after deduction of the relevant expenses for the Placing, is approximately HK\$0.378 per Sale Share.

Placing commission and other fee payable

The Vendor shall pay to the Placing Agent the placing commission in the sum of HK\$400,000 and all the costs and expenses in connection with the Placing.

Completion of the Placing

The Placing is unconditional and will take place on the Closing Date, which is 5 June 2020 or such other date as the Vendor and the Placing Agent agreed in writing.

SUBSCRIPTION UNDER THE AGREEMENT

Subscription Shares

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

The number of the Subscription Shares is equivalent to the number of the Sale Shares, which represents: (a) approximately 4.16% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 4.00% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares).

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

Subscription Price

The Subscription Price is the same as the Placing Price.

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

The Company will bear the expenses properly incurred by the Vendor in relation to the Placing and the Subscription. The net Subscription Price after deduction of such expenses is estimated to be approximately HK\$0.378 per Subscription Share.

Conditions precedent of the Subscription

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

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

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

Completion of the Subscription

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

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

Application for listing

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

Dispensation from Rule 26 of the Takeovers Code

As a result of the Placing, the aggregate percentage holding of the Vendor and parties acting in concert with it will be reduced from approximately 47.16% to approximately 43.00%. Subsequently, as a result of the Subscription, the aggregate percentage shareholding of the Vendor and the parties acting in concert with it will be increased from approximately 43.00% to approximately 45.28%. An application will be made by the Vendor to the Executive for the granting of the Waiver. Completion of the Subscription will be subject to, among other things, obtaining the Waiver.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 27 June 2019, up to 1,272,677,576 Shares (representing 20% of the Shares in issue on the said date of annual general meeting). The Directors has not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement.

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

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the (i) asset management business (including a) property development and investment and b) distressed assets, equities investment and fund management), (ii) provision of financial related services (including finance lease services, express loan services, consultancy services, guarantee services and the security brokerage services) and (iii) commodity trading business.

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

The gross proceeds from the Subscription are expected to be approximately HK\$100,700,000. The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Vendor (including the Placing Agent's commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) are expected to be approximately HK\$100,191,246. The Company intends to use the net proceeds from the Subscription for the repayment of indebtedness of the Group.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

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

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

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

Name of Shareholders	As at the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendor (Note 1)	3,001,200,000	47.16%	2,736,200,000	43.00%	3,001,200,000	45.28%
Ever Ultimate Limited (Note 2)	1,115,800,000	17.53%	1,115,800,000	17.53%	1,115,800,000	16.83%
Mr. Ng Chi Chung (Note 2)	12,098,000	0.19%	12,098,000	0.19%	12,098,000	0.18%
Placees	–	–	265,000,000	4.16%	265,000,000	4.00%
Other public shareholders	2,234,289,880	35.12%	2,234,289,880	35.12%	2,234,289,880	33.71%
Total:	6,363,387,880	100.00%	6,363,387,880	100.00%	6,628,387,880	100.00%

Notes:

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

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

DEFINITIONS

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

“Agreement”	the placing and subscription agreement dated 2 June 2020 and entered into among the Company, the Vendor and the Placing Agent in relation to the Placing and the Subscription
“associates”	has the meaning ascribed thereunder the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Company”	Differ Group Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Closing Date”	5 June 2020 or such other date as the Vendor and the Placing Agent may agree in writing
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate(s) for the time being of the Executive Director
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 June 2019, pursuant to which a maximum of 1,272,677,576 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) independent of and not connected with the Company, its subsidiaries and their respective associates, and connected persons
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investors(s) procured by the Placing Agent to purchase any of the Sale Shares pursuant to the Agreement
“Placing”	the placing to the Placee(s) procured by the Placing Agent for the Sale Shares, on a best effort basis, subject to the terms and conditions set out in the Agreement
“Placing Agent”	Kingkey Securities Group Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Price”	HK\$0.38 per Sale Share

“PRC”	People’s Republic of China and for the purpose of this announcement, excluding Hong Kong the Macau Administrative Region of the People’s Republic of China and Taiwan
“Sale Shares”	265,000,000 Shares beneficially owned by the Vendor to be sold pursuant to the Agreement
“SFC”	Securities and Futures Commission
“Share(s)”	ordinary issued share(s) of HK\$0.0025 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Subscription”	the subscription for the Subscription Shares by the Vendor at the Subscription Price pursuant to the Agreement
“Subscription Price”	HK\$0.38 per Subscription Share, which is equivalent to the Placing Price
“Subscription Share(s)”	an aggregate of 265,000,000 new Shares to be allotted and issued by the Company to and subscribed by the Vendor pursuant to the terms and conditions of the Agreement
“substantial shareholder(s)”	has the meaning ascribed thereunder the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendor”	Expert Corporate Limited, a company incorporated in the British Virgin Islands, wholly and beneficially owned by Mr. Hong Mingxian, an executive Director
“Waiver”	the waiver to be granted by the Executive pursuant to Note 6 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligations of the Vendor and parties acting in concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it as a result of the allotment and issue of the Subscription Shares

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
Differ Group Holding Company Limited
NG Chi Chung
Executive Director

Hong Kong, 2 June 2020

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

As at the date of this announcement, the executive Directors are Mr. HONG Mingxian and Mr. NG Chi Chung; the non-executive Directors are Mr. CAI Huatan and Mr. WU Qinghan; and the independent non-executive Directors are Mr CHAN Sing Nun, Mr. LAM Kit Lam and Mr. CHEN Naike.