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DIFFER GROUP HOLDING COMPANY LIMITED

鼎豐集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6878)

DISCLOSEABLE TRANSACTION – PROVISION OF GUARANTEES

PROVISION OF GUARANTEE

Reference is made to the announcement of the Group dated 13 September 2019 and 27 September 2019 in relation to the Previous Guarantee Service Master Agreement.

It is the current intention of the Customers to maintain the banking facilities in the aggregate amount of not exceeding RMB255,000,000 (equivalent to approximately HK\$300,000,000) granted by the Lending Bank continuously for the next two years, either by way of renewal of the previous banking facilities granted by the Lending Bank, or by way of obtaining new banking facilities from the Lending Bank after the expiry of the previous facilities. Therefore, the Customers sought the continuous guarantee and consultancy services from the Group for the next two years. In view of the above, the Directors and the Customers consider that it is in the interest of all relevant parties to enter into the Financial Service Master Agreement so as to expedite the future process of the Group's provision of guarantee and consultancy services to the Customers. The Financial Service Master Agreement has replaced and superseded the Previous Guarantee Service Master Agreement.

The Board is pleased to announce that on 2 March 2021, the Financial Service Master Agreement was entered into among the Company and Differ China (as the Guarantors) and the Customers (as the borrowers) for a period of two years. During any time within the period of the Financial Service Master Agreement, the Guarantors should provide the consultancy services to the Customers and have guaranteed to pay all Indebtedness in an aggregate amount of not exceeding RMB255,000,000 (equivalent to approximately HK\$300,000,000), being the Guarantee Cap, in respect of the Facilities due and owing to the Lending Bank by the Customers in the event of the Customers' default. Under the Financial Service Master Agreement, separate Maximum Guarantee Agreements may be entered into among the Guarantors and the Lending Bank (as the lender). In any case, the aggregate of the guarantee amount provided by the Guarantors shall be subject to a maximum amount of RMB255,000,000 (equivalent to approximately HK\$300,000,000), being the Guarantee Cap.

IMPLICATIONS UNDER THE LISTING RULES

In respect of the Guarantee Cap under the Financial Service Master Agreement, certain applicable percentage ratio under Rule 14.07 of the Listing Rules was more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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Summarised below are the principal terms of the Financial Service Master Agreement:

THE FINANCIAL SERVICE MASTER AGREEMENT

- Date : 2 March 2021
- Guarantors : The Company and Differ China
- Lender : The Lending Bank
- Borrower : The Customers
- Guarantee Cap : Up to RMB255,000,000 (equivalent to approximately HK\$300,000,000)
- Service fee rate : 3.1% per annum of the guarantee amount (which is calculated proportionally for each month, and any part thereof shall be charged at the full monthly rate)
- Term : 2 years

The service fee will be settled in full by the Customers within five working days upon entering into the sperate Maximum Guarantee Agreements.

SECURITY AND GUARANTEES

The Transaction is secured by the following in favour of the Guarantors:

- (i) the pledge of the equity rights from the shareholder of the Customers which is valued by an independent valuer at fair value of approximately RMB984,689,000 (equivalent to approximately HK\$1,158,458,000); and
- (ii) personal guarantee of the ultimate shareholder of the Customers.

INFORMATION ON THE CUSTOMERS

Customer A is a limited liability company established in the PRC and is principally engaged in textile industry in the PRC.

Customer B is a limited liability company established in the PRC and is principally engaged in textile business in the PRC. It is a wholly-owned subsidiary of Customer A.

Customer C is a limited liability company established in the PRC and is principally engaged in textile business in the PRC. It is a 90%-owned subsidiary of Customer A and is 10% owned by the ultimate shareholder of Customer A.

The Customers are ultimately beneficially owned by the same shareholder and thus the transactions contemplated under the Financial Service Master Agreement should be aggregated pursuant to Rule 14.23 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Customers and their ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

INFORMATION ON THE LENDING BANK

The Lending Bank is a local branch of a PRC commercial bank principally engaged in the provision of a range of banking services and related financial services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lending Bank and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

INFORMATION ON THE GROUP, THE COMPANY AND DIFFER CHINA

The Group is principally engaged in the (i) assets 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 Company is a limited liability company established in the Cayman Islands. The principal activity of the Company is investment holding and provision of financial related services.

Differ China is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Differ China is principally engaged in the provision of financial related services.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE TRANSACTION

Taking into account the principal business activities of the Group, the Transaction is in the ordinary and usual course of business of the Group.

The terms of the Financial Service Master Agreement were negotiated on an arm's length basis between the Group and the Customers based on, among other things, the financing needs requested by the Customers, the quality and value of the security provided, and the Group's assessment on the source of funds for repayment and the business conditions and creditworthiness of the Customers. The Directors are of the view that the Financial Service Master Agreement was entered into on normal commercial terms in accordance with the Group's approval procedures. Taking into account the approval procedures undertaken by the Group, the pledge of the equity rights from the shareholder of the Customers at fair value exceed the Guarantee Cap and that service fees are expected to be generated as a result of the entering into of the Financial Service Master Agreement, the Directors consider that the terms of the Transaction are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

In respect of the Guarantee Cap under the Financial Service Master Agreement, certain applicable percentage ratio under Rule 14.07 of the Listing Rules was more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Differ Group Holding Company Limited
“Customer A”	龍之族(中國)有限公司 (Dragon Clan (China) Company Limited), a limited liability company established in PRC which is principally engaged in textile industry in PRC
“Customer B”	石獅富融商貿有限公司 (Shishi Fu Rong Trading Company Limited), a limited liability company established in PRC which is principally engaged in textile industry in PRC and is a wholly-owned subsidiary of Customer A

“Customer C”	福建京福輝紡織科技有限公司 (Fujian Jing Fu Huei Textile Technology Company Limited), a limited liability company established in PRC which is principally engaged in textile industry in PRC. It is a 90%-owned subsidiary of Customer A and is 10% owned by the ultimate shareholder of Customer A
“Customers”	collectively, Customer A, Customer B and Customer C, the ultimate beneficial owner of Customer A, Customer B and Customer C is Mr. Hong Jianshe (洪建設), who is a citizen and businessman in PRC and an independent third party of the Company
“Differ China”	鼎豐集團(中國)有限公司 (Differ Group (China) Company Limited), an indirect wholly-owned subsidiary of the Company
“Director(s)”	The director(s) of the Company
“Facilities”	the banking facilities in the aggregate amount of not exceeding RMB255,000,000 (equivalent to approximately HK\$300,000,000) available for use from time to time by the Customers from the Lending Bank under the loan agreements entered or to be entered into between them
“Financial Service Master Agreement”	the master agreement dated 2 March 2021 entered into among the Company and Differ China (as the Guarantors) and the Customers (as the borrower) for a period of two years. During any time within the period of the Financial Service Master Agreement, the Guarantors should provide the consultancy services to the Customers and have guaranteed to pay all Indebtedness in an aggregate amount of not exceeding RMB255,000,000 (equivalent to approximately HK\$300,000,000), being the Guarantee Cap, in respect of the Facilities due and owing to the Lending Bank by the Customers in the event of the Customers’ default
“Group”	the Company and its subsidiaries

“Guarantee Cap”	the guarantee amount cap of RMB255,000,000 (equivalent to approximately HK\$300,000,000) pursuant to the Financial Service Master Agreement
“Guarantors”	the Company and Differ China
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indebtedness”	an aggregate amount of not exceeding RMB255,000,000 (equivalent to approximately HK\$300,000,000) in respect of the Facilities provided or to be provided by the Lending Bank to the Customers
“Lending Bank”	a local branch of a PRC commercial bank
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Guarantee Agreements”	the maximum guarantee agreements entered or to be entered into among the Guarantors and the Lending Bank separately, pursuant to which the Guarantors agreed to guarantee to pay all Indebtedness in an aggregate amount of not exceeding RMB255,000,000 (equivalent to approximately HK\$300,000,000) in respect of the Facilities due and owing to the Lending Bank by the Customers in the event of default of Customers, and the guarantee period shall start from the date of the relevant maximum guarantee agreements to two years after the due date of the relevant loans granted by the Lending Bank to the Customers
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Previous Guarantee Service Master Agreement”	the master guarantee agreement and service agreement dated 13 September 2019 entered into among the Company and Differ China (as the Guarantors) and the Customers (as the borrower) for a period of two years. During any time within the period of the Previous Guarantee Service Master Agreement, the Guarantors have guaranteed to pay all Indebtedness in an aggregate amount of not exceeding RMB295,000,000 (equivalent to approximately HK\$347,059,000), being the guarantee cap, in respect of the facilities due and owing to the Lending Bank by the Customers in the event of the Customers’ default
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the provision of guarantees by the Company and Differ China in favour of the Lending Bank pursuant to the terms of the Financial Service Master Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 2 March 2021

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1:RMB0.85. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

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

As at the date of this announcement, the executive Directors are Mr. HONG Mingxian 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.