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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 AND ADVANCE TO AN ENTITY – PROVISION OF GUARANTEES

PROVISION OF GUARANTEE

The Board is pleased to announce that on 29 June 2017, the Guarantee Service Agreements were entered into among the Company and Differ China (as the Guarantors) and the Customers (as the borrowers). On the same date, the Maximum Guarantee Agreements were entered into among the Guarantors and the Lending Bank (as the lender). Pursuant to the Guarantee Service Agreements and the Maximum Guarantee Agreements, the Guarantors have guaranteed to pay all Indebtedness in an aggregate amount of not exceeding RMB315,000,000 (equivalent to approximately HK\$357,955,000) in respect of the Facilities due and owing to the Lending Bank by the Customers in the event of the Customers' default.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the aggregate guarantee amount under the Guarantee Service Agreements were 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.

As the assets ratio as defined under Rule 14.07(1) of the Listing Rules in respect of the aggregate guarantee amount under the Guarantee Service Agreements exceeds 8%, the Transaction is also subject to the general disclosure obligations under Rule 13.13 of the Listing Rules. The information required to be disclosed pursuant to Rule 13.13 of the Listing Rules in respect of the Transaction is disclosed in this announcement.

PROVISION OF GUARANTEES

The Board is pleased to announce that on 29 June 2017, the Guarantee Service Agreements were entered into among the Company and Differ China (as the Guarantors) and the Customers (as the borrowers). On the same date, the Maximum Guarantee Agreements were entered into among the Guarantors and the Lending Bank (as the lender) separately. Pursuant to the Guarantee Service Agreements and the Maximum Guarantee Agreements, the Guarantors have guaranteed to pay all Indebtedness in an

aggregate amount of not exceeding RMB315,000,000 (equivalent to approximately HK\$357,955,000) in respect of the Facilities due and owing to the Lending Bank by the Customers in the event of the Customers' default.

Summarised below are the principal terms of the Guarantee Service Agreements:

THE GUARANTEE SERVICE AGREEMENTS

Guarantee Service Agreement A

Date	: 29 June 2017
Guarantors	: The Company and Differ China
Lender	: The Lending Bank
Borrower	: Customer A
Guarantee amount	: RMB155,000,000 (equivalent to approximately HK\$176,137,000)
Guarantee fee rate	: 2.1% 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)
Consultancy fee rate	: 1.0% 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)
Total guarantee fee and the consultancy fee	: RMB1,201,250 (equivalent to approximately HK\$1,365,057)
Term	: from 29 June 2017 to 20 September 2017

The guarantee fee and consultancy fee will be settled in full by Customer A upon entering into the Guarantee Service Agreement A.

Guarantee Service Agreement B

Date	: 29 June 2017
Guarantors	: The Company and Differ China
Lender	: The Lending Bank
Borrower	: Customer B
Guarantee amount	: RMB80,000,000 (equivalent to approximately HK\$90,909,000)

Guarantee fee rate	: 2.1% 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)
Consultancy fee rate	: 1.0% per annum of the guarantee amount (less than one month is also calculated for one month)
Total guarantee fee and the consultancy fee	: RMB620,000 (equivalent to approximately HK\$704,545)
Term	: from 29 June 2017 to 20 September 2017

The guarantee fee and consultancy fee will be settled in full by Customer B upon entering into the Guarantee Service Agreement B.

Guarantee Service Agreement C

Date	: 29 June 2017
Guarantors	: The Company and Differ China
Lender	: The Lending Bank
Borrower	: Customer C
Guarantee amount	: RMB80,000,000 (equivalent to approximately HK\$90,909,000)
Guarantee fee rate	: 2.1% 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)
Consultancy fee rate	: 1.0% per annum of the guarantee amount (less than one month is also calculated for one month)
Total guarantee fee and the consultancy fee	: RMB1,653,333 (equivalent to approximately HK\$1,878,788)
Term	: from 29 June 2017 to 7 February 2018

The guarantee fee and consultancy fee will be settled in full by Customer C upon entering into the Guarantee Service Agreement C.

SECURITY AND GUARANTEES

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

- (i) the pledge of the equity rights from the ultimate shareholder of the Customers at fair value of approximately RMB604,440,000 (equivalent to approximately HK\$686,864,000); 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 Guarantee Agreements 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 a provider of short to medium-term financing and financing-related solutions in the PRC and Hong Kong and is principally engaged in the provision of (i) financing guarantee services, (ii) express loan services, (iii) financial services, (iv) finance lease services and (v) asset management business.

The Company is a limited liability company established in the Cayman Islands. The principal activity of the Company is investment holding.

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 services and financing guarantee 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 Guarantee Service Agreements (including the guarantee amounts, the guarantee fees and the guarantee periods) 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 Guarantee Service Agreements were entered into on normal commercial terms in accordance with the Group's approval procedures. Taking into account the approval procedures undertaken by the Group and that guarantee fees are expected to be generated as a result of the entering into of the Guarantee Service Agreements, 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

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the aggregate guarantee amount under the Guarantee Service Agreements were 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.

As the assets ratio as defined under Rule 14.07(1) of the Listing Rules in respect of the aggregate guarantee amount under the Guarantee Service Agreements exceeds 8%, the Transaction is also subject to the general disclosure obligations under Rule 13.13 of the Listing Rules. The information required to be disclosed pursuant to Rule 13.13 of the Listing Rules in respect of the Transaction is disclosed in this announcement.

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
“Customers”	collectively, Customer A, Customer B and Customer C, each being an independent third party
“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
“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 RMB315,000,000 (equivalent to HK\$357,955,000) available for use from time to time by the Customers from the Lending Bank under the loan agreements entered into between them
“Group”	the Company and its subsidiaries
“Guarantee Service Agreements”	collectively, the Guarantee Service Agreement A, Guarantee Service Agreement B and Guarantee Service Agreement C

“Guarantee Service Agreement A”	the guarantee service agreements dated 29 June 2017 entered into among the Company and Differ China (as the Guarantors) and the Customer A (as the borrower), pursuant to which the Guarantors agreed to guarantee to pay the amount of not exceeding RMB155,000,000 (equivalent to approximately HK\$176,137,000) in respect of the facility due and owing to the Lending Bank by the Customer A in the event of Customer A’s default
“Guarantee Service Agreement B”	the guarantee service agreements dated 29 June 2017 entered into among the Company and Differ China (as the Guarantors) and the Customer B (as the borrower), pursuant to which the Guarantors agreed to guarantee to pay the amount of not exceeding RMB80,000,000 (equivalent to approximately HK\$90,909,000) in respect of the facility due and owing to the Lending Bank by the Customer B in the event of Customer B’s default
“Guarantee Service Agreement C”	the guarantee service agreements dated 29 June 2017 entered into among the Company and Differ China (as the Guarantors) and the Customer C (as the borrower), pursuant to which the Guarantors agreed to guarantee to pay the amount of not exceeding RMB80,000,000 (equivalent to approximately HK\$90,909,000) in respect of the facility due and owing to the Lending Bank by the Customer C in the event of Customer C’s default
“Guarantors”	the Company and Differ China
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indebtedness”	an aggregate amount of not exceeding RMB315,000,000 (equivalent to approximately HK\$357,955,000) in respect of the Facilities 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 date 29 June 2017 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 RMB315,000,000 (equivalent to HK\$357,955,000) in respect of the Facilities due and owing to the Lending Bank by the Customers in the event of Customers’ default, and the guarantee period shall start from the date of 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
“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 Guarantee Service Agreements and the Maximum Guarantee Agreements
“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, 29 June 2017

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1:RMB0.88. 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, Mr. NG Chi Chung and Mr. CAI Huatan; the non-executive Directors are Mr. CAI Jianfeng and Mr. WU Qinghan; and the independent non-executive Directors are Mr. CHAN Sing Nun, Mr. LAM Kit Lam and Mr. ZENG Haisheng.