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## **DIFFER GROUP AUTO LIMITED**

### **鼎豐集團汽車有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6878)**

## **SUPPLEMENTAL ANNOUNCEMENT TO 2023 ANNUAL REPORT**

This announcement is made by Differ Group Auto Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”). This announcement is made to provide the following supplementary information to the 2023 Annual Report in relation to the details of the diversity of finance lease, loan and account receivables and business model of guarantee service business in the directors’ report.

### **FINANCE LEASE, LOAN AND ACCOUNT RECEIVABLES**

#### **Diversity**

As at 31 December 2023, the Group has about 45 customers with total gross amount of finance lease, loan and account receivables in the sum of approximately RMB1,009.6 million. The total gross amount of the finance lease, loan and account receivables from the five largest customers was approximately RMB870.5 million. As at 31 December 2023, the Group has certain concentration risk on the gross amount of finance lease, loan and account receivables as it has two customers with gross amount of approximately RMB671.6 million and the gross amount of finance lease, loan and account receivables due from the largest customer was approximately RMB423.6 million.

## **Guarantee Service Business**

### ***BUSINESS MODEL***

We generally provide financing guarantee to corporate customers, which are incorporated and operating in Mainland China for their debt financing arrangements with licensed banks in Mainland China. Our financing guarantee customers are channelled through 1) our own business network and 2) referrals from our business partners, such as banks and chamber of commerce. We do not use or pay any intermediates for solicitation of business.

The amount of financing guarantee fee chargeable is determined by our management in consideration of series of factors, including the guaranteed amount, the value of collaterals, the background, credit history and financial health of our financing guarantee customers and/or their counter guarantors, and/or the counter guaranteed amount provided by the counter guarantors to the Group. We charge our customers guarantee fee which is usually calculated in the region of 3.1% to 4.5% of the principal amount of the loan provided by the bank to our customer.

We manage the risks of our financing guarantee through:

- The assessment of the credit status and financial health of our financing guarantee customers and/or their counter guarantors.
- The monitoring over the repayment status of our financing guarantee customers under the corresponding debt financing arrangements.
- The monitoring over the valuation and pledging status of collaterals.
- The contractual right to claim and revert the ownership of the collaterals.

As for governance structure, we have established a management team in China to approve and review our financing guarantee. The management team has been carrying out a risk management practice to controlling the provision of financial guarantees to a level commensurate with the scale, credit history and financial health of corporates customers and associates and to reduce the risk for contingent default loss. In balanced consideration of the inherent credit risks and business opportunities in the PRC guarantee market, the Company has adopted a prudent approach to operate this business in 2023 and there were no new customers for the guarantee service business for the years ended 31 December 2022 and 2023.

The above information does not affect the information disclosed in the 2023 Annual Report and save as disclosed in this announcement, all other information in the 2023 Annual Report remains unchanged.

By order of the Board of  
**Differ Group Auto Limited**  
**FENG Xiaogang**  
*Executive Director*

Hong Kong, 20 September 2024

*As at the date of this announcement, the executive Directors are Dr. FENG Xiaogang and Mr. TONG Lu; the non-executive Director is Mr. KANG Fuming; and the independent non-executive Directors are Mr. CHAN Sing Nun, Mr. LAM Kit Lam and Ms. CHUANG Yin Lam.*