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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)

(I) MEMORANDUM OF UNDERSTANDING IN RELATION TO ARRANGEMENT FOR RESTRUCTURING FINANCING;

AND

(II) WITHDRAWAL OF APPLICATION FOR THE APPOINTMENT OF RESTRUCTURING OFFICERS AND UPDATE ON HONG KONG PROPOSED RESTRUCTURING

I. MEMORANDUM OF UNDERSTANDING IN RELATION TO ARRANGEMENT FOR RESTRUCTURING FINANCING

Reference is made to the announcement of the Company dated 16 June 2023 (the “**Announcement**”) in relation to, among other things, the application to the Grand Court of the Cayman Islands for the appointment of Restructuring Officer. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to announce that, after the Petition was made, the Company has continued its effort in liaising for support for the debt restructuring of the Company, and upon negotiation, a potential investor (the “**Investor**”) expressed its interest in arranging for funding for the Company and introducing restructuring adviser to the Company to pursue restructuring in Hong Kong.

Accordingly, on 4 July 2023, the Company and the Investor have entered into a non-legally binding memorandum of understanding (the “**MOU**”), pursuant to which, the Investor has agreed to arrange for provision of restructuring financing to the Company for facilitating the preparation of the debt restructuring plan. Salient terms of the MOU are as follow:

Date: 4 July 2023

Parties: (i) the Company
(ii) the Investor, namely Great Manners Enterprises Limited

To the best of the knowledge, information and belief of the Company, the Investor and its ultimate beneficial owner are parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter

Subject to the execution of a formal and legally binding funding agreement, the Investor shall arrange for the provision of restructuring financing by itself or by party(ies) which may be procured by it, to the Company for the purpose of preparing and implementing a restructuring plan which is agreeable to the Investor.

The total amount of the restructuring financing will be determined after arm's length negotiations between the Investor and the Company and will be set out in the formal funding agreement.

Exclusivity

In consideration of the expenses to be incurred by the Investor in the negotiation of the MOU, the Company will not, directly or indirectly, for the period of three (3) months from the date of the MOU (or such later date to be agreed by the parties hereto) (the "**Exclusivity Period**") (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Company with respect to the obtaining of restructuring funding.

Termination

The MOU shall be terminated in the earlier of the (1) the expiry of the Exclusivity Period; (2) the termination of this Memorandum by the Parties in writing; (3) the entering into of the Funding Agreement; or (4) the breach of the Company of its obligations or undertakings in the MOU. Upon termination (save for in the event of (3) above), neither party shall have any duty and liability owed to each other under the MOU save for confidentiality, costs and any antecedent breach.

II. WITHDRAWAL OF APPLICATION FOR THE APPOINTMENT OF RESTRUCTURING OFFICERS

In light of the above-mentioned development and the Investor's support to the Company to pursue a speedy restructuring in Hong Kong, given the change in circumstances, upon further consideration on the support from the Investor, and the cost to be involved if the Petition and application for the appointment of Restructuring officers are to continue, the Company considers it beneficial to focus its time and resources to formulate and implement a debt restructuring plan in Hong Kong, as well as to defend the winding up petition filed with the High Court of Hong Kong against the Company as announced on 20 June 2023. As such, the Company decided to withdraw the Petition for the appointment of the Restructuring Officers from the Grand Court of Cayman Islands and will make the necessary arrangement as soon as possible. The Company will also take necessary step to vacate the hearing for the Petition on 10 July 2023 as fixed by the Grand Court of Cayman Islands.

The Company wishes to emphasise that despite the withdrawal, it shall continue to use its best effort to implement a debt restructuring plan in Hong Kong and to maintain the operation of the Company for the benefit of all its shareholders, creditors and the Company as a whole. The Company has also engaged a Hong Kong restructuring adviser as recommended by the Investor to assist the Company on the restructuring. Further details relating to the proposed debt restructuring of the Company will be announced as and when appropriate.

The Company would also like to express its appreciation and gratitude to Mr. Lai Kar Yan (Derek) of Deloitte Touche Tohmatsu, Mr. Cheng Man Lung of Deloitte Advisory (Hong Kong) Limited and Mr. Michael Green of Deloitte & Touche LLP as the proposed Joint and Several Restructuring Officers of the Company for their invaluable advice and assistance to the Company.

Shareholders, investors and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Differ Group Auto Limited
Ng Chi Chung
Chairman and Executive Director

Hong Kong, 4 July 2023

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