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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 28 September 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 1,723,103,976 Placing Shares to the Placees who and whose ultimate beneficial owners will be Independent Third Parties at a price of HK\$0.055 per Placing Share.

The Placing Price of HK\$0.055 per Placing Share represents (i) a discount of 16.7% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of 16.7% to the average of the closing prices per Share of HK\$0.066 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum Placing Shares of 1,723,103,976 Shares represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the Placing.

The Placing Shares are to be issued under the General Mandate granted to the Directors at the AGM.

The maximum gross proceeds from the Placing will be approximately HK\$94.8 million. The net proceeds, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$91.8 million, representing a net issue price of approximately HK\$0.0533 per Placing Share.

The Company intends to use the net proceeds arising from the Placing as to (i) approximately HK\$8.0 million for general working capital of the Group; (ii) approximately HK\$15.0 million for the costs of implementation of the restructuring plan of the Company; and (iii) the remaining proceeds for the repayment of the outstanding liabilities.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the condition set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

28 September 2023

Issuer

The Company

Placing Agent

GEO Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent will charge the Company a placing commission of 3% of the aggregate Placing Price for the Placing Shares. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents and the size of the Placing. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are intended to be placed to not less than six Placees, who, to the best of the knowledge and belief of the Placing Agent, are not holdings any Shares and are investors who are independent of and not acting in concert with the directors, chief executives, senior management or substantial shareholders of the Company, any of its subsidiaries or their respective associates.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum Placing Shares of 1,723,103,976 Shares represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the Placing. The maximum nominal value of the Placing Shares under the Placing will be HK\$4,307,759.94.

Placing Price

The Placing Price of HK\$0.055 per Placing Share represents (i) a discount of 16.7% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of 16.7% to the average of the closing prices per Share of HK\$0.066 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent market prices of the Shares. Given the size of the Placing Shares involved (which represent approximately 20% of the existing Shares in issue), the Directors consider that the Placing Price are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Condition of the Placing

The Placing is conditional upon the Stock Exchange granting listing of, and permission to deal in, the Placing Shares. The Company and the Placing Agent shall each use their respective best endeavours to procure the fulfilment of the said condition. If the condition is not fulfilled on or prior to 6 October 2023 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and neither party shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach).

Completion

Completion of the Placing will take place on Completion Date (or at such other time and/or such other place to be agreed between the Company and the Placing Agent).

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the AGM, subject to the limit up to 1,723,103,976 Shares (representing approximately 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The 1,723,103,976 Placing Shares to be allotted and issued under the Placing utilises all of the General Mandate. As at the date of this announcement, the Company has not utilised the General Mandate.

Termination

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 9:00 a.m. on the Completion Date if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent to be material in the context of the Placing; or
- (iii) there is any material change (whether or not forming part of a series of changes) in the market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or

- (iv) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (v) there is any suspension of dealings in the Shares on the Stock Exchange for more than five (5) consecutive Business Days (other than as a result of or in connection with the Placing); or
- (vi) any event of force majeure (being an event beyond the control of the parties of the Placing Agreement and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties of the Placing Agreement.

Upon termination of the Placing Agreement pursuant to above, all liabilities of the parties in the Placing Agreement shall cease and determine, and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Placing are as follows:

Shareholders	As at the date of this announcement		Immediately after Completion assuming all the Placing Shares has been placed out	
	Number of Shares	Approximate percentage of shareholding %	Number of Shares	Approximate percentage of shareholding %
Expert Corporate Limited (<i>Note 1</i>)	1,300,000,000	15.09	1,300,000,000	12.57
Ever Ultimate Limited (<i>Note 2</i>)	36,306,000	0.42	36,306,000	0.35
<i>Public Shareholders</i>				
Other Public Shareholders	7,279,213,880	84.49	7,279,213,880	70.41
Placees	–	–	1,723,103,976	16.67
Total	8,615,519,880	100.00	10,338,623,856	100.00

Notes:

1. These Shares were held by Expert Corporate Limited, which was wholly and beneficially owned by Mr. Hong Mingxian. By virtue of the SFO, Mr. Hong Mingxian is deemed to be interested in the 1,300,000,000 Shares under the SFO.
2. These Shares were held by Ever Ultimate Limited, which was wholly and beneficially owned by Mr. Ng Chi Chung. By virtue of the SFO, Mr. Ng Chi Chung is deemed to be interested in 36,306,000 Shares under the SFO.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company's principal activities are investment holdings and its subsidiaries are principally engaged in (i) automobile e-commerce business; (ii) assets management business; (iii) provision of financial related services; and (iv) commodity trading business.

Assuming all the Placing Shares have been placed out, the maximum gross proceeds from the Placing will be approximately HK\$94.8 million. The net proceeds, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$91.8 million, representing a net issue price of approximately HK\$0.0533 per Placing Share.

The Company intends to use the net proceeds in the following manner:

- (i) firstly, approximately HK\$8.0 million shall be used for general working capital of the Group, such as salary and rental expenses;
- (ii) secondly, approximately HK\$15.0 million shall be used for the costs of the implementation of the restructuring plan of the Company; and
- (iii) thirdly, the remaining net proceeds shall be used for the repayment of outstanding liabilities.

In case the Placing Shares are not fully placed and the amount of proceeds raised are reduced, the net proceeds will be applied in full in the aforesaid order.

In view of the above, the Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND-RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company had not conducted any fund-raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds and intended use of proceeds	Actual use of net proceeds
17 April 2023	Placing of new Shares under general mandate	Approximately HK\$100.0 million for repayment of the outstanding indebtedness; and approximately HK\$90.7 million for general working capital of the Group	Approximately HK\$104.0 million for repayment of the outstanding indebtedness; and approximately HK\$86.9 million for general working capital of the Group

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged 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:

“associates”	has the meaning ascribed thereunder the Listing Rules;
“AGM”	the annual general meeting of the Company held on 28 June 2023;
“Board”	the board of Directors;
“Business Day(s)”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong throughout their normal business hours;
“Company”	Differ Group Auto 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 (stock code: 6878);

“Completion”	The completion of the Placing in accordance with the terms and conditions of the Placing Agreement;
“Completion Date”	The third Business Day after the date upon which all the conditions set out in the Placing Agreement are satisfied or such other time and/or date as the Company and the Placing Agent may agree in writing;
“connected persons”	has the meaning as ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates;
“Last Trading Day”	28 September 2023, being the last trading day for the Shares prior to the issue of this announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any individual, corporate or other investor procured by the Placing Agent to subscribe an of the Placing Shares pursuant to the Placing Agent’s obligation under the Placing Agreement;
“Placing”	the placing by or on behalf of the Placing Agent of the Placing Shares, on a best efforts basis, on the terms of and subject to the terms and conditions set out in the Placing Agreement;
“Placing Agent”	GEO Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO;

“Placing Agreement”	the conditional placing agreement dated 28 September 2023 and entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$0.055 per Placing Share;
“Placing Shares”	up to 1,723,103,976 new Shares to be placed under the Placing;
“SFO”	the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of the Company of HK\$0.0025 each;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

On behalf of the Board
Differ Group Auto Limited
NG Chi Chung
Chairman and Executive Director

Hong Kong, 28 September 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.