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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)**

### **(1) PROPOSED SHARE CONSOLIDATION; (2) CHANGE IN BOARD LOT SIZE; AND (3) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **Placing Agents**



#### **Financial Adviser to the Company**



#### **1. PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares of par value of HK\$0.025 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.5 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

As at the date of this announcement, there are 939,423,988 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased from the date of this announcement up to the effective date of the Share Consolidation, upon the Share Consolidation becoming effective, there will be 46,971,199 Consolidated Shares in issue which are fully paid or credited as fully paid.

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

## **2. PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 3,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

## **3. THE PLACING**

On 9 October 2024 (after trading hours), the Placing Agents and the Company entered into the conditional Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agents, on a non-underwritten basis up to 20,638,820 Placing Shares at the Placing Price of HK\$1.1 per Placing Share to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the Specific Mandate.

Assuming that there will be no further changes in the issued share capital of the Company between the date of this announcement and the Completion, the number of Placing Shares under the Placing represents (i) approximately 43.9% of the Consolidated Issued Share Capital of the Company; and (ii) approximately 30.5% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming only all the Placing Shares have been placed and completed in full). The aggregate nominal value of the number of the Placing Shares under the Placing will be HK\$10,319,410.

The Placing Price of HK\$1.1 per Placing Share represents (i) a discount of approximately 38.2% to the closing price of HK\$1.78 per Share as quoted on the Stock Exchange on 9 October 2024, being the date of the Placing Agreement (assuming the Share Consolidation has become effective); (ii) a discount of approximately 55.3% to the average closing price of HK\$2.46 per Share on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Placing Agreement (assuming the Share Consolidation has become effective); and (iii) a discount of approximately 37.1% to the average closing price of HK\$1.75 per Share on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Placing Agreement (assuming the Share Consolidation has become effective).

Subject to the Completion and assuming the Placing Shares are placed in full, it is expected that the gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$22.7 million and HK\$21 million respectively. On such basis, the net issue price will be approximately HK\$1.02 per Placing Share. It is expected that the net proceeds from the Placing will be used for the Group's general working capital (including the costs in relation to the Scheme).

**Since the Completion is subject to the fulfillment or waiver of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. The Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares and other securities of the Company.**

#### **4. LISTING RULES IMPLICATIONS**

The Placing Shares will be allotted and issued under the Specific Mandate which are subject to the approval of the Shareholders at the EGM. The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, no Shareholders have a material interest in the Placing Agreement and transactions contemplated thereunder and therefore, no Shareholders will be required to abstain from voting at the EGM to approve the relevant resolution(s) regarding the Placing and the Specific Mandate.

A circular containing, among other things, further details of the Share Consolidation and the Placing Agreement, a notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 4 November 2024.

**Shareholders and potential investors of the Company should note that the Share Consolidation is subject to satisfaction of certain conditions precedent set out in this announcement, while the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## 1. PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares of par value of HK\$0.025 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.5 each.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$250,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.025 each, of which 939,423,988 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares will be issued or repurchased from the date of this announcement up to the effective date of the Share Consolidation, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company shall be HK\$250,000,000 divided into 500,000,000 Consolidated Shares of par value of HK\$0.5 each, of which 46,971,199 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

As at the date of this announcement, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or similar rights which are convertible or exchangeable into, any Shares or Consolidated Shares.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due solely due to the Share Consolidation becomes effective. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

## **Conditions of the Share Consolidation**

The implementation of the Share Consolidation is conditional upon:

- (i) The passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Consolidated Shares in issue to and be issued upon the Share Consolidation becoming effective; and
- (iii) The compliance with the relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the obtaining of all necessary approvals from the regulatory authorities otherwise as may be required in respect of the Share Consolidation, if any.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 26 November 2024, being the second Business Day after the date of EGM.

## **Listing Application**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders, but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

## **Odd lots arrangement and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Details of the odd lots arrangement will be set out in the circular.

**Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

## **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, Shareholders may during the period from 9:00 a.m. on Tuesday, 26 November 2024 to 4:30 p.m. on Monday, 6 January 2025 (both days inclusive), submit share certificates for the Existing Shares (in light green colour) to the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company for new share certificates for the Consolidated Shares (in yellow colour). Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 2 January 2025, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Existing Shares which are in light green colour.

## **2. PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 3,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.089 per Existing Share (equivalent to the theoretical closing price of HK\$1.78 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$890; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$17,800 on the assumption that the Share Consolidation becomes effective; and (iii) the value of each board lot of 3,000 Consolidated Shares would be HK\$5,340 on the assumption that the Change in Board Lot Size has also become effective.

The Change in Board Lot Size will not result in any change in relative rights of the Shareholders.

### **Reasons for the proposed Share Consolidation and the Change in Board Lot Size**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange, (i) market price of the Shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value per board lot should be greater than HK\$2,000.

In view of the prevailing trading prices of the Existing Shares, in order to comply with the Rule 13.64 of the Listing Rules, the Board proposes to implement the Share Consolidation. It is expected that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the proposed Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules. Based on the closing price of HK\$0.089 per Existing Share (equivalent to HK\$1.78 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the expected market value of each board lot of 3,000 Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$5,340, which is greater than HK\$2,000 and therefore complies with the requirement as set out in the said “Guide on Trading Arrangements for Selected Types of Corporate Actions”. Accordingly, the Board is of the view that the Share Consolidation with the Change in Board Lot Size is beneficial to the Company and the Shareholders as a whole.

Save for the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders. Although the Share Consolidation may lead to the creation of odd lots of Shares, the Company will appoint a securities firm as agent to provide matching services for odd lots of Shares for a period of not less than three weeks, which will alleviate the difficulties caused by the creation of odd lots of Shares. In view of the above, the Board considers that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **3. THE PLACING**

On 9 October 2024 (after trading hours), the Placing Agents and the Company entered into the conditional Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agents, on a non-underwritten basis up to 20,638,820 Placing Shares at the Placing Price of HK\$1.1 per Placing Share to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties.

The principal terms and conditions of the Placing Agreement are set out below.

#### **Date**

9 October 2024 (after trading hours)

## **Parties**

- (a) The Company as the issuer; and
- (b) The Placing Agents

## **Placing Agents**

Pursuant to the terms and conditions of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agents, on a non- underwritten basis up to 20,638,820 Placing Shares to not less than six (6) independent Placees who and whose ultimate beneficial owners are Independent Third Parties. Each of the Placing Agents will be responsible to place up to 50% of the number of Placing Shares. The terms and conditions of the Placing Agreement were arrived at after arm's length negotiation between the Company and the Placing Agents under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms and conditions of the Placing Agreement are fair and reasonable based on current market conditions. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agents and their respective ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Placing Agents and their respective ultimate beneficial owners were not interested in any other securities of the Company. The Placing Agents will be entitled to receive a placing commission as follows: (i) of 6.5% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares which have been successfully and actually placed by the Placing Agents on the Company's behalf in accordance with the Placing Agreement, and (ii) brokerage fee of 1% of the amount which is equal to the Placing Price multiplied by the number of the total Placing Shares which have been successfully and actually placed plus any other out-of-pocket charges and expenses properly and reasonably incurred by the Placing Agents in relation to the Placing.

## **Placees**

The Placing Agents will, on a non-underwritten basis place up to 20,638,820 Placing Shares to not less than six (6) Placees at the Placing Price pursuant to the terms and conditions of the Placing Agreement. The Placing Agents shall use their best endeavours to ensure that, among others, each and every of the Placee is an Independent Third Party.

## **Number of the Placing Shares**

Assuming that there will be no further changes in the issued share capital of the Company between the date of this announcement and the Completion apart from the Share Consolidation, the number of Placing Shares under the Placing represents (i) approximately 43.9% of the Consolidated Issued Share Capital of the Company; and (ii) approximately 30.5% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming all the Placing Shares have been placed and the Placing is completed in full). The aggregate nominal value of the number of the Placing Shares under the Placing will be HK\$10,319,410.

## **Ranking of the Placing Shares**

The Placing Shares under the Placing 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.

## **Placing Price**

The Placing Price of HK\$1.1 per Placing Share represents:

- (i) a discount of approximately 38.2% to the closing price of HK\$1.78 per Existing Share as quoted on the Stock Exchange on 9 October 2024, being the date of the Placing Agreement (assuming the Share Consolidation has become effective);
- (ii) a discount of approximately 55.3% to the average closing price of HK\$2.46 per Existing Share on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Placing Agreement (assuming the Share Consolidation has become effective);
- (iii) a discount of approximately 37.1% to the average closing price of HK\$1.75 per Existing Share on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Placing Agreement (assuming the Share Consolidation has become effective);
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 16.9%, represented by the theoretical diluted price of approximately HK\$2.045 per Share (taking into account the effect of the Share Consolidation) to the benchmarked price of approximately HK\$2.46 per Share (taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules); and

- (v) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation of the placing of new Shares under special mandate completed 29 February 2024 and the issuance of Placing Shares represented by a discount of approximately 22.2%, represented by the theoretical diluted price of approximately HK\$9.805 per Share (taking into account the effect of the Share Consolidation) to the benchmarked price of approximately HK\$12.60 per Share (taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules).

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agents after taken into account (i) the Company's winding up petition in Hong Kong; (ii) the uncertainty of the outcome of the Scheme; (iii) the prevailing market prices of the Shares; (iv) the recent market performance of the Shares; (v) the financial position of the Company. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and conditions of the Group and in the interests of the Company and the Shareholders as a whole.

Subject to the Completion, it is expected that the gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$22.7 million and HK\$21.0 million respectively (assuming the Placing Shares are placed in full). On such basis, the net issue price will be approximately HK\$1.02 per Placing Share. It is expected that the net proceeds from the Placing will be used for the Group's general working capital (including the costs in relation to the Scheme).

#### **Conditions of the Placing Agreement**

The Completion is conditional upon the fulfilment of all of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares;
- (b) the passing of necessary resolution(s) at the EGM to be held and convened by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and other applicable laws and regulations to approve the Placing Agreement and the transactions contemplated hereunder, including the Specific Mandate for the allotment and issue of the Placing Shares;
- (c) all necessary consents and approvals to be obtained on the part of each of the Placing Agents and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained; and
- (d) the Share Consolidation becoming unconditional.

The Company shall use its reasonable endeavours to procure the fulfillment of the condition referred to in the above condition (a), (b) and (d). The parties shall use their respective reasonable endeavours to procure the fulfillment of the condition referred to in the above condition (c). In the event any of the conditions referred to in the above are not fulfilled on or before 30 December 2024 (or such later date as may be agreed between the parties hereto in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

### **Termination of the Placing Agreement**

Notwithstanding anything contained in the Placing Agreement, the Placing Agents may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agents, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agents' absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agents' absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agents' absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or

- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agents' absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in Clause 4(A) comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agents would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant in the manner abovementioned, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

#### **Application for Listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares under the Placing.

#### **Specific Mandate**

The Placing Shares will be allotted and issued under the Specific Mandate which are subject to the approval of the Shareholders at the EGM.

## EXPECTED TIMETABLE

Despatch date of circular with notice of the EGM . . . . . Monday, 4 November 2024

Latest time for lodging transfers of shares in order to  
qualify for attendance and voting at the EGM . . . . . 4:30 p.m.  
on Friday, 15 November 2024

Register of members closes (both days inclusive) . . . . . Monday, 18 November 2024  
to Friday, 22 November 2024

Latest time for lodging forms of proxy for the EGM . . . . . 10:00 a.m.  
on Wednesday, 20 November 2024

Date and time of the EGM . . . . . 10:00 a.m.  
on Friday, 22 November 2024

Publication of the announcement of the results  
of the EGM . . . . . Friday, 22 November 2024

The following events are conditional on the fulfillment of the conditions for the  
implementation of the Share Consolidation and Change in Board Lot Size as set out in  
this announcement

Effective date of the Share Consolidation . . . . . Tuesday, 26 November 2024

First day of free exchange of existing share certificates  
for new share certificates for Consolidated Shares. . . . . Tuesday, 26 November 2024

Dealing in the Consolidated Shares commences . . . . . 9:00 a.m. on  
Tuesday, 26 November 2024

Original counter for trading in the Existing Shares in  
board lots of 10,000 Existing Shares (in the form of  
existing share certificates) temporarily closes . . . . . 9:00 a.m. on  
Tuesday, 26 November 2024

Temporary counter for trading in the Consolidated  
Shares in board lots of 500 Consolidated Shares (in  
the form of existing share certificates) opens . . . . . 9:00 a.m. on  
Tuesday, 26 November 2024

Original counter for trading in the Consolidated Shares in new board lots of 3,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens . . . . .9:00 a.m. on Tuesday, 10 December 2024

Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences . . . . .9:00 a.m. on Tuesday, 10 December 2024

Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares. . . . .9:00 a.m. on Tuesday, 10 December 2024

Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares. . . . .4:00 p.m. on Thursday, 2 January 2025

Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) closes . . . . .4:10 p.m. on Thursday, 2 January 2025

Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends . . . . .4:10 p.m. on Thursday, 2 January 2025

Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares . . . . Monday, 6 January 2025

**REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 December 2012. The Company’s shares have been listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is mainly engaged in (i) assets management business (mainly including property development and investment); (ii) provision of financial related services (mainly including finance lease services and express loan services); (iii) commodity trading business; and (iv) automobile e-commerce business.

As disclosed in previous announcements of the Company, the latest being dated 2 September 2024, that the Company is facing the winding up petition filed by its creditors. The winding-up proceedings remain in process at the High Court of Hong Kong, while the Company is in the course of adjusting and revising the terms of the Scheme in response to the comments from certain creditors and regulator.

As disclosed in the Company's 2024 interim report, as at 30 June 2024, the Group had net current liabilities of RMB1,064.2 million, the gearing ratio, calculated as percentage of total borrowings to the total assets of the Group was 36.6%, and the current ratio is 0.81 times. While the negotiation between the Company and the creditors of the Company over the terms of the Proposed Restructuring is ongoing, in order for the Company to finance the settlement of its existing financial obligations and future operating expenditures, and to ensure the continuing operation of the Company, the Company will need to seek other additional financing.

Assuming the Placing Shares are placed in full, the gross proceeds from the Placing will be approximately HK\$22.7 million. The net proceeds from the Placing (after deduction of placing commissions, estimated professional fees and other related expenses of approximately HK\$1.7 million) are estimated to be approximately HK\$21.0 million, which are intended to be applied for the general working capital (including the costs in relation to the Scheme) of the Company. In order to ensure the smooth operation of the Scheme and to provide comfort to the Creditors, it is important to ensure that the Company has sufficient general working capital for a relatively longer period of time.

Based on the above, the Board considers that raising capital through the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the number of Shares in issue from the date of this announcement up to and including the date of completion of the Placing, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Consolidation; and (iii) immediately after completion of the Placing:

Shareholders	As at the date of this announcement		Immediately after completion of the Share Consolidation		Immediately upon the completion of the Placing assuming none of the Placing Shares are placed		Immediately upon the completion of the Placing assuming all the Placing Shares are placed in full	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Expert Corporate Limited ( <i>Note 1</i> )	130,000,000	13.84	6,500,000	13.84	6,500,000	13.84	6,500,000	9.61
Other public Shareholders	809,423,988	86.16	40,471,199	86.16	40,471,199	86.16	40,471,199	59.86
Independent places	—	—	—	—	—	—	20,638,820	30.53
<b>Total</b>	<b>939,423,988</b>	<b>100.00</b>	<b>46,971,199</b>	<b>100.00</b>	<b>46,971,199</b>	<b>100.00</b>	<b>67,610,019</b>	<b>100.00</b>

*Notes:*

- 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 130,000,000 Shares under the SFO.

**Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Placing are subject to various factors.**

## FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
28 September 2023 & 11 October 2023	Placing of new Shares under general mandate	Approximately HK\$19.4 million	approximately HK\$8.0 million for general working capital of the Group and approximately HK\$11.4 million for the costs of the implementation of the restructuring plan of the Company	used as intended and approved by the validation order dated 23 November 2023 granted by the High Court of Hong Kong
19 December 2023 & 29 February 2024 & 19 July 2024	Placing of new Shares under specific mandate	Approximately HK\$13.6 million	approximately HK\$10 million for part repayment of debts to the creditors of the Company and HK\$3.6 million for general working capital of the Company for the period from March 2024 to December 2025	The Company has applied to the High Court of Hong Kong and the court has approved for the validation order to use the proceeds from the placing of new Shares under specific mandate. Approximately HK\$6.3 million will be used as the costs for the implementation of the proposed Scheme; and HK\$7.3 million will be used as working capital of the Company. As at the date of this announcement, approximately HK\$7.3 million has been used as general working capital of the Company. For details, please refer to the two announcements of the Company both dated 19 July 2024 in relation to the proposed scheme and change in use of proceeds of the placing of new Shares under specific mandate.

Saved as disclosed above, the Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

The Placing Shares will be allotted and issued under the Specific Mandate which are subject to the approval of the Shareholders at the EGM.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, no Shareholders have a material interest in the Placing Agreement and transactions contemplated thereunder and therefore, no Shareholders will be required to abstain from voting at the EGM to approve the relevant resolution(s) regarding the Placing and the Specific Mandate.

A circular containing, among other things, further details of the Share Consolidation, the Placing Agreement, a notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 4 November 2024.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares under the Placing.

Save for the Previous Placing as disclosed in this announcement, the Company has not conducted any rights issue, open offer or specific mandate placing within the twelve (12)-month period immediately preceding the date of this announcement, or prior to such twelve (12)-month period where dealing in respect of the Shares issued pursuant thereto commenced within such twelve (12)-month period, nor has it issued any bonus securities, warrants or other convertible securities within such twelve (12)-month period. The Placing and the Previous Placing, in aggregate, do not result in a theoretical dilution effect of 25% or more. As such, the aggregate theoretical dilution impact of the Placing and the Previous Placing is in compliance with Rule 7.27B of the Listing Rules. Since the Completion is subject to the fulfillment or waiver of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. The Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (not being a Saturday, Sunday, public holiday or any day on which typhoon signal No. 8 or above or black rainstorm warning is hoisted or announcement on extreme conditions is issued in Hong Kong at any time from 9:00 a.m. to 5:30 p.m.) on which licensed banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 3,000 Consolidated Shares
“Company”	Differ Group Auto Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6878)
“Completion Date”	on the third (3rd) Business Day upon the fulfillment of conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agents may agree in writing)
“Connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consolidated Issued Share Capital”	the issued share capital after completion of the Share Consolidation
“Consolidated Share(s)”	ordinary share(s) of HK\$0.5 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM(s)”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation

“Existing Share(s)”	issued and unissued ordinary share(s) of HK\$0.025 each in the existing share capital of the Company before the Share Consolidation becoming effective
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agents as contemplated by the Placing Agreement, procured by the Placing Agents to subscribe for the Placing Shares pursuant to the Placing Agents’ obligations under the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agents to the Placee(s), on a non-underwritten basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent 1”	Great Bay Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company in relation to the Placing
“Placing Agent 2”	Fortune Origin Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company in relation to the Placing
“Placing Agents”	collectively the Placing Agent 1 and the Placing Agent 2
“Placing Agreement”	the placing agreement dated 9 October 2024 and entered into between the Company and the Placing Agents in relation to the Placing on a non-underwritten basis

“Placing Shares”	the 20,638,820 new Consolidated Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Previous Placing”	the offer by way of private placing of the placing shares by or on behalf of the placing agent to the placee(s), on a partially underwritten basis, on the terms and subject to the conditions set out in the placing agreement dated 19 December 2023, details of which have been disclosed in the announcement of the Company dated 19 December 2023 and circular dated 26 January 2024
“Proposed Restructuring”	the proposed debt restructuring of the Company which is being formulated and shall be announced further by the Company in due course
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th, Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“Scheme”	the scheme of arrangement to be entered into between the Company and the creditors, subject to the approval by the High Court, which will be implemented in Hong Kong
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued and unissued share capital of the Company
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares of HK\$0.025 each into one (1) Consolidated Share of HK\$0.5 each
“Shareholder(s)”	holder(s) of issued Share(s)
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of a maximum of 20,638,820 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs of Hong Kong
“%”	per cent.

*Unless otherwise specified in this announcement, the exchange rate adopted in this announcement for illustration only is approximately RMB0.9 to HK\$1. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.*

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

Hong Kong, 9 October 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.*