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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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF 100% EQUITY INTEREST  
AND SALE LOAN OF  
DIFFER GROUP (CHINA) COMPANY LIMITED**

**THE DISPOSAL**

On 23 December 2022, the Purchaser (an Independent Third Party) entered into the Agreement with the Vendor, which is a wholly-owned subsidiary of the Company, pursuant to which (i) the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares and Sale Loan; and (ii) the Purchaser has agreed to acquire and the Vendor has agreed to procure Xiamen Differ to sell the Target Shares to the Purchaser in aggregate for the Consideration. Pursuant to the Agreement, the Vendor and Xiamen Differ will sell the Disposal Group and the Sale Loan to the Purchaser.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal, exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and the Disposal is subject to the reporting and announcement requirements under the Listing Rules.

**THE DISPOSAL**

On 23 December 2022, the Purchaser entered into the Agreement with the Vendor, a wholly-owned subsidiary of the Company, pursuant to which (i) the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares and the Sale Loan; and (ii) the Purchaser has agreed to acquire and the Vendor has agreed to procure Xiamen Differ to sell the Target Shares to the Purchaser in aggregate for the Consideration of RMB1,067,769,219 (equivalent to approximately HK\$1,186,410,243) (comprising RMB850,000,000 (equivalent to approximately HK\$944,444,444) being the consideration for the Sale Shares and Target Shares and RMB217,769,219 (equivalent to approximately HK\$241,965,799) being the consideration of the Sale Loan).

Set out below are the key terms of the Agreement:

**Date:** 23 December 2022

**Parties:** (1) Purchaser : Hon Yin Company Limited (瀚然有限公司), which is an Independent Third Party

As advised by the Purchaser, the Purchaser is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding.

As advised by the Purchaser, Mr. Huang, a PRC resident and a businessman, is the sole shareholder of the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

(2) Vendor : Differ Hub Company Limited (鼎奐有限公司), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company. The principal business of the Vendor is investment holding.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the (i) automobile e-commerce business; (ii) assets management business (including management of non-performing loans and distressed assets work-out, property development and investment, equities investment and fund management), (iii) provision of financial related services (including express loans, loan guarantees, finance leases and securities brokerage services) and (iv) commodity trading business.

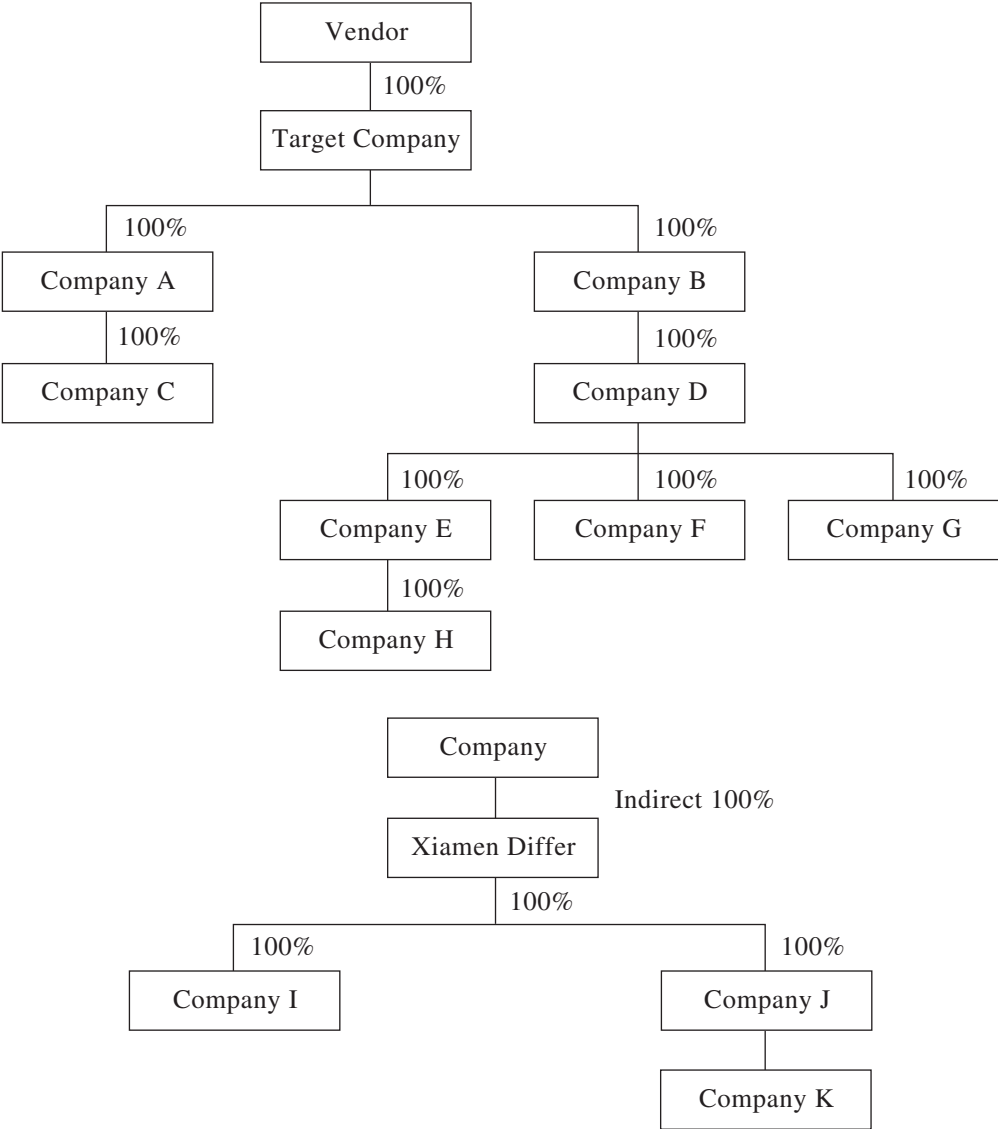
## **ASSETS TO BE DISPOSED**

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, which comprises 100% of the entire issued share capital of the Target Company, and the Sale Loan. The Sale Loan of RMB217,769,219 (equivalent to approximately HK\$241,965,799) represents the amount due from the Disposal Group to the Group as at the date of the Agreement.

Further, pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to procure Xiamen Differ to sell the Target Shares to the Purchaser.

The principal asset of the Company I, member of the Disposal Group, is the land use rights for the Land, which is a commercial/cultural development called Chu Zhou Fu Cheng (處州府城). The properties are leased or intended to be leased out as commercial properties for a short to medium-term (i.e. approximately 2 to 15 years) or a long term (i.e. more than 20 years) and comprise a total gross floor area of approximately 42,611 sq.m. as at 31 October 2022.

Set out below is the group structure of the Disposal Group as at the date of this announcement:



## **INFORMATION ON THE DISPOSAL GROUP**

The Disposal Group consist of the Target Group A and Target Group B.

### ***Target Group A owned by the Vendor***

The Target Company is incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

Company A is a company established in the British Virgin Islands with limited liability and principally engaged in investment holding.

Company B is a company established in Hong Kong with limited liability and principally engaged in investment holding and provision of express loan services.

Company C is a company established in Hong Kong with limited liability and is currently dormant.

Company D is a company established in the PRC with limited liability and principally engaged in investment holding and trading of commodities.

Company E is a company established in the PRC with limited liability and principally engaged in trading of commodities.

Company F is a company established in the PRC with limited liability and principally engaged in the provision of express loan services.

Company G is a company established in the PRC with limited liability and principally engaged in asset management and provision of express loan services.

Company H is a company established in the PRC with limited liability and principally engaged in trading of commodities.

### ***Target Group B owned by Xiamen Differ***

Company I is a company established in the PRC with limited liability and principally engaged in tourism property development and investment. Xiamen Differ held 100% of the entire equity interest in Company I.

Company J is a company established in the PRC with limited liability and principally engaged in property management services. Company J has set up a branch company, Company K. Xiamen Differ held 100% of the entire equity interest in Company J.

Set out below are the unaudited combined financial information of the Disposal Group, for the two financial years ended 31 December 2020 and 2021 and the unaudited combined financial information of the Disposal Group for the ten months ended 31 October 2022 (for illustration purpose only):

	<b>Year ended 31 December 2020 (Unaudited) RMB'000</b>	<b>Year ended 31 December 2021 (Unaudited) RMB'000</b>	<b>Ten months ended 31 October 2022 (Unaudited) RMB'000</b>
Revenue	4,937,204	266,248	279,894
Profit before tax	78,738	143,331	24,208
Profit after tax	65,954	117,320	11,093

The unaudited combined total asset value and net asset value of the Disposal Group as at 31 October 2022 amounted to approximately RMB1,859,971,000 and RMB908,292,000 respectively.

## **CONSIDERATION**

### ***Share Consideration***

Subject to the Completion, the Share Consideration for the sale and purchase of the Sale Shares and the Target Shares is RMB850,000,000 (equivalent to approximately HK\$944,444,444) which shall be paid by the Purchaser in the following manner:

1. RMB50,000,000 (equivalent to approximately HK\$55,555,556) within thirty (30) Business Days after the Completion Date;
2. RMB150,000,000 (equivalent to approximately HK\$166,666,667) on or before 31 July 2023;
3. RMB200,000,000 (equivalent to approximately HK\$222,222,222) on or before 31 January 2024;
4. RMB200,000,000 (equivalent to approximately HK\$222,222,222) on or before 31 July 2024; and
5. RMB250,000,000 (equivalent to approximately HK\$277,777,777) on or before 31 January 2025;

The Purchaser may elect to settle the entire Share Consideration prior to the said dates. If the Purchaser has not fully settled the relevant part of the Share Consideration on or before the aforementioned respective payment date, the Purchaser shall pay interest, at the rate of 10% per annum, on the outstanding amount of the relevant part of the Share Consideration, to the Vendor without prejudice to the right of the Vendor to demand the Purchaser to repay all or any part of the outstanding Share Consideration at any time after the aforementioned payment dates.

### ***Loan Consideration***

Subject to the Completion, the Loan Consideration of the Sale Loan is RMB217,769,219 (equivalent to approximately HK\$241,965,799) which shall be paid by the Purchaser on or before 31 January 2026. If the Purchaser has not fully settled the Loan Consideration on or before 31 January 2025, the Purchaser shall pay interest, at the rate of 10% per annum, on the outstanding amount of the Loan Consideration, to the Vendor without prejudice to the right of the Vendor to demand the Purchaser to repay all or any part of the outstanding Loan Consideration at any time after 31 January 2026.

In order to secure the payment obligation of the Share Consideration and Loan Consideration, the Purchaser shall, at its own cost, procure the following to the Vendor and/or person designated by the Vendor as security for payment:

#### *(a) Pledged shares*

- (1) Mr. Huang shall pledge his 100% shares in the Purchaser to the Vendor;
- (2) The Purchaser shall pledge the Target Shares A to Xiamen Differ Good Capital Investment Company Limited\* (廈門市鼎戈股權投資有限公司) (“**Xiamen Capital**”), an indirect wholly-owned subsidiary of the Company;
- (3) Company D shall pledge its 100% shares in Company G to Xiamen Capital;
- (4) Company B shall pledge its 100% shares in Company D to Xiamen Capital;  
and
- (5) The Purchaser shall pledge its 100% shares in the Target Company to the Vendor.

(collectively, the “**Pledged Shares**”)

#### *(b) Personal guarantee*

Mr. Huang shall execute a personal guarantee (the “**Guarantee**”), in the form to be satisfied by the Vendor, without any limit, in favour of the Vendor.

## **Basis of the Consideration**

### ***Basis of the Share Consideration***

The Share Consideration was determined by the Purchaser and the Vendor after arm's length negotiation with reference to the equity interest attributable to the Company of the unaudited adjusted consolidated net asset value of Disposal Group (the "**Adjusted NAV**") as at 31 October 2022.

The Adjusted NAV in the amount of approximately RMB884,828,000 (equivalent to approximately HK\$983,142,222) represents an aggregate value of the unaudited consolidated net assets of the Disposal Group as at 31 October 2022 in the amount of approximately RMB908,292,000; minus the amount of (i) the valuation of the market value, by using the market value approach of the Land as determined by an independent valuer in the sum of approximately RMB530,500,000; less (ii) the relevant book value as at 31 October 2022 in the sum of approximately RMB553,964,000, in the amount of approximately RMB23,464,000.

After the arm's length negotiation with the Purchaser, the Vendor has eventually accepted to fix the Share Consideration in a discount of 3.9% of the Adjusted NAV to taken into account of the effect of current turbulent economic environment. In order to ensure the Purchaser will fully satisfy the Share Consideration after the Completion Date, Mr. Huang will provide the Guarantee and the Purchaser, as disclosed above, will pledge the Pledged Shares to the Vendor or Xiamen Capital, as the case may be, as security for payment.

### ***Basis of the Loan Consideration***

The Loan Consideration was determined with reference to the amount of the Sale Loan of RMB217,769,219 (equivalent to approximately HK\$241,965,799) as at the date of this announcement.

Accordingly, the Board considers the Consideration and the terms and conditions of the Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **COMPLETION**

The Completion will take place on the Completion Date.

## **GUARANTEE PROVIDED BY THE GROUP TO THE DISPOSAL GROUP**

In September 2019, a bank, an Independent Third Party of the Company, has provided a loan to Company I for a sum of RMB150,000,000 (the "**First Bank Loan**"). To secure the repayment of the First Bank Loan, Company I has mortgaged certain landed property in favour of the bank. Xiamen Differ and Company D have further provided corporate guarantee in favour of the bank (collectively the "**Guarantee A**"). As at the date of the Agreement, the outstanding loan amount of Guarantee A is RMB109,000,000.

In November, 2021, another bank, an Independent Third Party of the Company, has provided a loan to Company H for a sum of RMB125,000,000 (the “**Second Bank Loan**”). To secure the repayment of the Second Bank Loan, Nanán has mortgaged certain landed property in favour of and City Development has charged the equity interest of Nanán to the bank (collectively the “**Guarantee B**”). As at the date of the Agreement, the outstanding loan amount of Guarantee B is RMB70,542,000.

The Purchaser has undertaken to procure Guarantee A and Guarantee B to be discharged by Company I and Company H respectively within 1 year from the Completion Date or at any time demanded by the Vendor. If Guarantee A has not been discharged within 1 year of the Completion Date, Company I shall pay 3.1% of the amount of Guarantee A to Xiamen Differ as an annual guarantee fee from the date after 1 year of the Completion Date. If Guarantee B has not been discharged within 1 year of the Completion Date, Company H shall pay 5% of the amount of Guarantee B to Nanán as an annual guarantee fee from the date after 1 year of Completion Date. Upon Completion, the Purchaser, Company H and Company I will execute documents to the Vendor’s satisfaction to secure the compliance of the said obligation.

The applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of the Guarantee A and the Guarantee B were less than 5%, the Guarantee A and the Guarantee B do not constitute discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The assets ratio as defined under Rule 14.07(1) of the Listing Rules in respect of the amount of the Guarantee A and the Guarantee B does not exceed 8%, accordingly the Guarantee A and the Guarantee B are not subject to the general disclosure obligations under Rule 13.13 of the Listing Rules.

#### **POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon the Completion, the Group will not hold any equity interest in the Target Company.

The Target Company, Company A, Company B, Company C, Company D, Company E, Company F, Company G and Company H will then all cease to be indirect wholly-owned subsidiaries of the Company. As a result, the financial results of the Target Company, Company A, Company B, Company C, Company D, Company E, Company F, Company G and Company H will cease to be consolidated with the Group’s financial statements.

Further, the Group will not hold any equity interest in Company I, Company J and Company K. Company I, Company J and Company K will then all cease to be indirect wholly-owned subsidiaries of the Company. The financial results of Company I, Company J and Company K will cease to be consolidated with the Group’s financial statements.



Based on the preliminary assessment (i) on the financial information of the Disposal Group as at 31 October 2022 and (ii) the Consideration, it is estimated that the Company will realise an unaudited loss on the Disposal of approximately RMB58,292,000 (equivalent to approximately HK\$64,768,889) before tax and other transaction costs as a result of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to a final audit to be performed by the auditors of the Company.

The Board intends to apply the net proceeds from the Disposal of approximately RMB1,067,589,219 (equivalent to approximately HK\$1,186,210,243) for acquisition of assets and general working capital of the Group.

### **REASONS FOR THE DISPOSAL**

The Disposal Group is principally engaged in assets management business (including management of non-performing loans and property development and investment), provision of financial related services and commodity trading business. After Completion, the Group will not hold any equity interest in the Disposal Group. The Directors consider that it is a good opportunity for the Group to dispose the equity interest so as to release funds which will be used as acquisition of assets and general working capital of the Group.

The Directors further consider the Disposal will be a good opportunity for the Group to dispose of its interest in the Disposal Group at this stage in order to lock in the financial return and to mitigate future risk from potential fluctuations in the property market in the PRC. Accordingly, the Group can release funds and further invest in automobile e-commerce business in the future. The Consideration to be received by the Vendor will improve the Group's overall cashflow and liquidity.

Furthermore, the completion of the Disposal means that the Company will reduce their scale in financial related services, assets management business and commodity trading business so as to put more financial resources on its automobile e-commerce business and better reflect the current status of the Group's future business development.

As the Disposal is being conducted after arm's length negotiations based on normal commercial terms, although the Group is expected to make a loss on the Disposal, the Directors consider that it is an opportunity for the Group to dispose of its interest in the Disposal Group to realise value from the Disposal and release funds in the future which will be used for the purposes mentioned above. The Directors are of the view that the Disposal is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal, exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and the Disposal is subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the sale and purchase agreement dated 23 December 2022 entered into between the Purchaser and the Vendor in relation to Disposal
“Board”	the board of Directors of the Company
“Business Day”	a day (excluding Saturday, Sunday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Hong Kong and the PRC are generally open for business throughout their normal business hours
“City Development”	Xiamen Differ Zone City Development Group Company Limited (廈門鼎造城市開發集團有限公司), a company incorporated in the PRC with limited liability, holding the entire equity interest of Nanan, an indirect wholly-owned subsidiary of the Company
“Company”	Differ Group Auto Limited (鼎豐集團汽車有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Company A”	Differ Supply Chain Development Group Limited (鼎豐供應鏈發展集團有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Vendor
“Company B”	Differ Financial Holdings Limited (鼎豐金融控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Vendor
“Company C”	Differ Supply Chain HK Limited (鼎豐供應鏈有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Vendor

“Company D”	Differ Group (China) Company Limited* (鼎豐集團(中國)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Vendor
“Company E”	Xiamen Differ Hub Supply Chain Technology Company Limited* (廈門鼎奐供應鏈科技有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Vendor
“Company F”	Xiamen Differ Venture Capital Company Limited* (廈門市鼎豐創業投資有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Vendor
“Company G”	Ganzhou Hao Sheng Corporate Investment Company Limited* (贛州市豪晟企業投資有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Vendor
“Company H”	Quanzhou Differ Hub Supply Chain Management Company Limited* (泉州鼎奐供應鏈管理有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Vendor
“Company I”	Lishui Fu Feng Cultural Tours Company Limited* (麗水市富豐文化旅遊有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Xiamen Differ
“Company J”	Xiamen Dingzao Commercial Operation Management Company Limited* (廈門鼎造商業運營管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Xiamen Differ
“Company K”	Lishui Branch of Xiamen Dingzao Commercial Operation Management Company Limited* (廈門鼎造商業運營管理有限公司麗水分公司), Lishui Branch of Company J
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	collectively the Share Consideration and the Loan Consideration

“Completion”	completion of the sale and purchase of the Sale Shares, Sale Loan and the Target Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	30 December 2022 or such other dates as agreed in writing by the Purchaser and the Vendor, being the date on which the Completion will be taken place
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser together with the disposal of Target Shares from Xiamen Differ (as procured by the Vendor) to the Purchaser as contemplated under the Agreement
“Disposal Group”	collectively the Target Group A and Target Group B
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Land”	the two land parcels legally owned by the Company I situated at northwest side of the intersection of Dayou Street and Dayang Road, Lishui, Zhejiang Province, the PRC, with a total site area of approximately 74,721 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	the consideration of RMB217,769,219 (equivalent to approximately HK\$241,965,799) payable by the Purchaser for the Sale Loan pursuant to the Agreement
“Nanan”	Nanan Differ Property Company Limited* (南安鼎豐置業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Mr. Huang”	Mr. Huang Jinxing, a PRC resident and a businessman, is the sole shareholder of the Purchaser
“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
“Purchaser”	Hon Yin Company Limited (瀚然有限公司), a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party, as advised by the Purchaser, which is entirely held by Mr. Huang.
“Sale Loan”	the aggregate amount due from the Disposal Group to the Vendor, as at the date of the Agreement, in the sum of RMB217,769,219 (equivalent to approximately HK\$241,965,799) in accordance with the Agreement
“Sale Shares”	1,100 shares, being 100% of the entire issued share capital of the Target Company
“Share Consideration”	the aggregate consideration of RMB850,000,000 (equivalent to approximately HK\$944,444,444) payable by the Purchaser for the Sale Shares and the Target Shares pursuant to the Agreement
“Shares”	the ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Shareholder”	the holder(s) of the Shares(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Differ Group (China) Company Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Target Group A”	collectively the Target Company, Company A, Company B, Company C, Company D, Company E, Company F, Company G and Company H
“Target Group B”	collectively Company I, Company J, and a branch of Company J (namely Company K)
“Target Shares”	collectively the Target Shares A and Target Shares B

“Target Shares A”	100% of the entire equity interest in Company I held by Xiamen Differ
“Target Shares B”	100% of the entire equity interest in Company J held by Xiamen Differ
“Xiamen Differ”	Xiamen Differ Yield Cultural Tourism Group Co., Limited* (廈門鼎繹文化旅遊集團有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor”	Differ Hub Company Limited (鼎奐有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	Square meter
“%”	per cent.

\* for identification purpose only.

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

Hong Kong, 23 December 2022

*For the purpose of illustration in this announcement only, the translation of RMB into HK\$ is based on the rate of HK\$1: RMB0.9. The above conversion rates are for illustrative purpose only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforesaid or any other rates or at all.*

*If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.*

*As at the date of this announcement, the executive Directors are Mr. NG Chi Chung and Dr. FENG Xiaogang; 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 Mr. CHEN Naike.*