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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



On 17 April 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to an aggregate of 1,441,677,576 Placing Shares, to not less than six Placees who and whose beneficial owners are Independent Third Parties at the Placing Price of HK\$0.140 per Placing Share. The Placing Shares will be allotted and issued under the General Mandate.

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 number of 1,441,677,576 Placing Shares represent (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.140 per Placing Share represents (i) a discount of approximately 6.67% to the closing price of HK\$0.150 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 9.09% to the average closing price of HK\$0.154 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming all the Placing Shares are fully placed, the gross proceeds and net proceeds (after deduction of commission and other expenses of the Placing) from the Placing will be approximately HK\$201.8 million and HK\$195.4 million, respectively, representing a net issue price of approximately HK\$0.136 per Placing Share. The Company intends to use the net proceeds as to (i) approximately HK\$100 million for repayment of the outstanding indebtedness; and (ii) approximately HK\$95.4 million for general working capital of the Group.

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. The allotment and issue of the Placing Shares is not subject to Shareholders' approval.

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

Since completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 17 April 2023 (after trading hours), 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 an aggregate of 1,441,677,576 Placing Shares at the Placing Price of HK\$0.140 per Placing Share to not less than six Placees who are professional, institutional or other investors that are Independent Third Parties.

THE PLACING AGREEMENT

Date : 17 April 2023 (after trading hours)

Issuer : The Company

Placing Agent : Realord Asia Pacific Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, up to an aggregate of 1,441,677,576 Placing Shares at the Placing Price of HK\$0.140 per Placing Share on a best efforts basis and will receive a placing commission of 3.0% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent (i.e. the gross proceeds from the Placing). Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition.

Placees

The Placing Shares will be placed to not less than six Placees, who, to the best of the knowledge and belief of the Placing Agent, are not holding 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 and will not be offered or sold to any person, firm or company which is a connected person of the Company. The Placing Agent undertook that none of the Placees or their associates would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the Listing Rules) of the Company.

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 number of 1,441,677,576 Placing Shares represent (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares will be HK\$3,604,193.94.

Placing Price

The Placing Price of HK\$0.140 per Placing Share represents:

- (i) a discount of approximately 6.67% to the closing price of HK\$0.150 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 9.09% to the average closing price of approximately HK\$0.154 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market price of the Shares and the financial condition of the Group. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and the financial condition of the Group and in the interests of the Company and the Shareholders as a whole.

Ranking

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.

Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction of the following:

- (i) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the Placing Agreement not having been terminated in accordance with its term.

In the event the conditions above are not fulfilled by 5 May 2023 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall be bound to carry out the remaining terms of the Placing Agreement and no party shall have any right to damages or reimbursement for any cost and expenses that it may have incurred in connection with or arising out of the Placing Agreement or the failure to complete the Placing save for any antecedent breach of the Placing Agreement or any accrued rights or remedies of any party arising prior to such date.

Completion

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

Application for listing of Placing Shares

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

Termination

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 10:00 a.m. on the Completion Date upon the occurrence of the following events:

- (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 hereof) of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which may result in a material change in the political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong or any other jurisdiction relevant to the Group and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing;
 - (ii) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing;
 - (iii) the introduction of 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 Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing;
 - (iv) any litigation or claim being instigated against any member of the Group, which has or may have a material effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing;
 - (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole;
 - (vi) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect or there has been a material 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 in Hong Kong or any other jurisdiction relevant to the Group 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.

Upon termination of the Placing Agreement as described above, 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 rights or obligations which may have accrued under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Since completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 1,441,677,576 new Shares under the General Mandate. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Assuming that all the Placing Shares are fully placed upon the completion of the Placing, all Shares of the General Mandate will be utilised by the Company.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company's principal activities are investment holding 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 are fully placed, the gross proceeds and net proceeds (after deduction of commission and other expenses of the Placing) from the Placing will be approximately HK\$201.8 million and HK\$195.4 million, respectively, representing a net issue price of approximately HK\$0.136 per Placing Share. The net proceeds from the Placing are intended to be applied in the following manner by December 2023:

- (i) approximately HK\$100.0 million shall be used for repayment of the outstanding indebtedness; and
- (ii) approximately HK\$95.4 million shall be used for general working capital of the Group.

Accordingly, the Directors consider that the Placing represents a good opportunity for the Company to raise additional funds for the operating expenses of the Group and to strengthen the Group's financial position, while broadening the capital base of the Company so as to maintain a healthy working capital position for alleviating the Group's liquidity pressure. The Placing will also broaden the Company's shareholder base with an aim of improving the liquidity of the Shares.

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 ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving issue of its securities in the past twelve (12) months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Placing (assuming all the Placing Shares are fully placed and there is no other change in the issued share capital of the Company before the completion of the Placing) are set out below:

Name of Shareholder	As at the date of this announcement		Immediately after the completion of the Placing (assuming all the Placing Shares are fully placed)	
	<i>Number of Shares</i>	<i>Approx.% (Note 2)</i>	<i>Number of Shares</i>	<i>Approx.% (Note 2)</i>
Expert Corporate Limited	1,310,000,000	18.17	1,310,000,000	15.14
Ever Ultimate (Note 1)	63,660,000	0.88	63,660,000	0.74
Mr. Ng (Note 1)	50,000,000	0.70	50,000,000	0.58
Public Shareholders				
Places	–	–	1,441,677,576	16.67
Other public Shareholders	5,784,727,880	80.25	5,784,727,880	66.87
Total	7,208,387,880	100.00	8,650,065,456	100.00

Notes:

- As at the date of this announcement, Ever Ultimate Limited (“Ever Ultimate”), is wholly and beneficial owned by Mr. Ng Chi Chung (“Mr. Ng”), the chairman and executive Director of the Company. By virtue of the SFO, Mr. Ng is deemed to be interested in 113,660,000 Shares under the SFO.
- The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Code on Takeovers and Mergers;
“AGM”	the annual general meeting of the Company held on 29 June 2022;
“associates”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day (other than Saturdays, Sundays, public holidays in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business;
“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 date of Completion, being the date on which all the conditions set out in the Placing Agreement are satisfied or such other date as the Company and the Placing Agent may agree in writing;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued shares capital of the Company as at the date of the AGM;

“Group”	the Company and its subsidiaries;
“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;
“Listing Committee”	Has the meaning ascribed thereto in the Listing Rules;
“Listing Rules”	The Rule Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any person or entity, who is professional, institutional or other investor(s), procured by the Placing Agent or its agent(s) to subscribe for any of the Placing Shares pursuant to 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”	Realord Asia Pacific Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFC;
“Placing Agreement”	The agreement entered into between the Company and the Placing Agent dated 17 April 2023 in relation to the Placing;
“Placing Price”	HK\$0.140 per Placing Share;
“Placing Share(s)”	a maximum of 1,441,677,576 new Shares to be placed pursuant to the Placing Agreement;
“SFO”	the Securities and Futures Ordinance, Chapter 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 issued Share(s);
“Stock Exchange”	the Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board
Differ Group Auto Limited
NG Chi Chung
Chairman and Executive Director

Hong Kong, 17 April 2023

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.