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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)

PROFIT WARNING

This announcement is made by Differ Group Auto Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company announces that, based on the Group’s latest available unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (“**Year 2023**”) and the information currently available to the Board, the Group expects to record a consolidated net loss of not less than approximately RMB600 million for the Year 2023, as compared with the net loss of approximately RMB180.4 million for the year ended 31 December 2022 (“**Year 2022**”).

The Board considers that such expected loss is mainly attributable to, among other factors,

(i) Increase in impairment loss on finance lease, loan and accounts receivable and other receivables (the “Receivables”)

In the Year 2023, some debtors were unable to repay the Receivables on time due to the economic slowdown in the People’s Republic of China (the “**PRC**”), which severely impacted their business. As at the date hereof, the Group has conducted impairment assessment on these receivables and based on the preliminary results, it is expected to record a substantial impairment loss on the Receivables.

(ii) Write-down of properties held for sales and fair value loss on the investment properties

Due to the economic slowdown and property market collapse in the PRC, the Group expects to write down properties held for sales and record a fair value loss on investment properties for the Year 2023.

(iii) Decrease of revenue from automobile e-commerce business

During the Year 2023, the Group faced financial difficulties and operated under significant liquidity pressure. As a result, the Group adopted a prudent approach to operate its automobile e-commerce business, and thus, the revenue generated from the automobile e-commerce business decreased as compared with the Year 2022.

As the Company is still in the process of preparing and finalising the audited condensed consolidated financial statements of the Group for the Year 2023. The information contained in this announcement is only a preliminary assessment by the Company based on the unaudited consolidated management accounts of the Group for the Year 2023 and other information currently available to the Board, which has not been audited or reviewed by the Auditor or the audit committee of the Company and may subject to possible adjustments upon their further review. The actual financial results for the Year 2023 may be different from the information in this announcement.

Further details of the Group's financial information and performance for the Year 2023 will be disclosed in the forthcoming annual results announcement which is expected to be published on 28 March 2024.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 March 2024

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