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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)

CHANGE IN USE OF PROCEEDS

References are made to (i) the announcements of Differ Group Auto Limited (the “**Company**”) dated 19 December 2023 and 29 February 2024, and the circular of the Company dated 26 January 2024 (the “**Circular**”) in relation to, among others, the placing of new Shares under Specific Mandate; and (ii) the announcement of the Company dated 19 July 2024 in relation to, among others, the proposed debt restructuring of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as used in the Circular.

USE OF PROCEEDS

As disclosed in the announcement of the Company dated 29 February 2024, the net proceeds from the Placing, after deducting the placing commission and other related expenses incurred in relation to the Placing, amount to approximately HK\$13.6 million. The Company intended to use the net proceeds from the Placing in the following manner:

- (i) HK\$10 million for part repayment of debts to the Scheme Creditors; and
- (ii) approximately HK\$3.6 million for general working capital of the Company for the period from March 2024 to December 2025.

As disclosed in the announcement of the Company dated 20 June 2023, the Company was served with a winding-up petition issued with the High Court for the winding-up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) under Companies Winding-up Proceedings No. 266 of 2023 on 20 June 2023. In the circumstances, the Company has to apply to the High Court for a validation order to use the proceeds from the Placing.

CHANGE IN USE OF PROCEEDS

As disclosed in the Circular, the Company proposed to conduct rights issue to raise capital for the cash compensation elements to the Scheme Creditors. However, after careful consideration and detailed evaluation of the financial position of the Company, especially after taking into account the suspension of trading of the Shares with effect from 2 April 2024, the Company considered that it is impracticable to conduct rights issue to raise capital for the cash compensation element for the Scheme Creditors, and it is in the benefit of the Company, the Shareholders and the Scheme Creditors to remove the element of the cash compensation from the Scheme.

In the circumstances, the Board had resolved to change the use of net proceeds in the following manner:

- (i) approximately HK\$6.3 million for the costs for the implementation of the Scheme after the Scheme has become effective; and
- (ii) approximately HK\$7.3 million for the general working capital of the Company for the period from March 2024 to December 2025.

The Company has applied to the High Court and the High Court has approved the validation order for the use of proceeds from the Placing. No proceeds from the Placing have been utilised as at the date of this announcement.

WARNING

Completion of the Scheme is subject to the fulfilment or waiver (as the case may be) of various conditions, including the listing approval to be issued by the Stock Exchange in relation to the Scheme Shares, which may or may not be granted. The terms of the Proposed Restructuring may or may not be further varied. Accordingly, the Scheme may not proceed and the debts of the Company may or may not be settled, and the risk of the Company being wound up may or may not be eliminated. Shareholders and potential investors of the Company should therefore exercise caution and consult professional advisers, if necessary, when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024. An application has been made by the Company to the Stock Exchange for resumption of trading in the Company's shares with effect from 9:00 a.m. on Monday, 22 July 2024.

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

Hong Kong, 19 July 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 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.