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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) UPDATES IN RELATION TO PROPOSED SCHEME OF ARRANGEMENT; AND (2) REVISED TERMS OF PROPOSED SCHEME OF ARRANGEMENT

This announcement is made by Differ Group Auto Limited (the “**Company**”) pursuant to Rule 13.09(2) 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 of the Laws of Hong Kong).

(1) UPDATES IN RELATION TO SCHEME OF ARRANGEMENT

References are made to the announcements of the Company dated 16 June 2023, 20 June 2023, 4 July 2023, 23 August 2023, 30 August 2023, 20 September 2023, 18 October 2023, 30 October 2023, 5 January 2024, 23 April 2024, 6 June 2024, 19 July 2024, 16 August 2024 and 2 September 2024 respectively (the “**Announcements**”) in relation to, among other things, the Proposed Restructuring of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as used in the Announcements.

The Company would like to update the Shareholders and its potential investors that, given the proceedings for the original Scheme has been dismissed, the Company has revised the terms of its proposed Scheme. As such, the terms of the Scheme as stipulated in the announcement of the Company dated 19 July 2024 shall be disregarded.

On 10 October 2024, the Company has, through its Restructuring adviser, issued a letter to the Scheme Creditors in relation to the revised major terms of the Scheme. On 16 October 2024, the Company has made an application to the High Court for convening a new Scheme Meeting for the Scheme Creditors to consider and if thought fit, approve the revised Scheme, whereby the direction hearing for the revised proposed Scheme is scheduled to be heard on 13 December 2024.

(2) REVISED TERMS OF PROPOSED SCHEME OF ARRANGEMENT

The revised major terms of the Scheme comprise the following two main components:

1. The straight bonds (the “**Bonds**”) to be issued for settling the outstanding debts due by the Company to the Scheme Creditors (other than excluding claims under the Scheme).
2. In place of personal guarantees, Share Charges over the companies under the Differ Security Group and Security Undertakings provided by the companies under the Differ Security Group shall be guarantees for the liabilities of the Company under the Bonds.

The Bonds

The debts of the Scheme Creditors shall be settled by the issue of the Bonds by the Company at the principal amount equals to 100% of the outstanding Debts due to the respective Scheme Creditors. Such Bonds shall bear an interest of 2% per annum. The accrued interest will not be paid annually but will be paid once together with the outstanding principal amount upon the respective maturity dates.

The Bonds to each Scheme Creditor will be divided into three tranches:

- (a) Tranche A Bonds: 33% of the principal amount of the Bonds entitled by the Scheme Creditor, shall fall due on the expiry of the 36th months from the date of their issuance;
- (b) Tranche B Bonds: 33% of the principal amount of the Bonds entitled by the Scheme Creditor, shall fall due on the expiry of the 48th months from the date of their issuance; and
- (c) Tranche C Bonds: 34% of the principal amount of the Bonds entitled by the Scheme Creditor, shall fall due on the expiry of the 60th months from the date of their issuance.

The Company shall have the right to, subject to its then financial and cash position, early repay all or part of any tranches of the Bonds together with the amount equals to the interest as such would have been accumulated up to the respective original maturity dates.

Share Charges of the Company’s shareholdings in each company in the Differ Security Group

The Company shall charge all the issued shares of each company of the Differ Security Group in favour of the Scheme Company to secure the payment obligations of the Company under the Scheme. Such Share Charges shall be monitored and

enforced by the Scheme Administrators or the security agent, if so appointed. The Company shall procure the execution of undated transfer documents for the enforcement of the Share Charges. In the event of default by the Company of its obligations under the Scheme, (i) the Scheme Administrators or the security agent, if so appointed, shall have the right to enforce the Share Charges or act as the receivers over the security and to assume control over the companies under the Differ Security Group; (ii) the Company shall be debarred from raising defence against any recovery action to be made by the Scheme Administrators for and on behalf of the Scheme Creditors.

The Security Undertakings

Each of the five companies under the Differ Security Group would undertake, and will procure their respective subsidiaries, not to dispose of the assets or proceeds from the sale of the assets of the Differ Security Group (save for first paying for all those necessary operating costs, expenses and repayment for the proper and unencumbered realisation of the assets).

Further announcement (s) will be made by the Company to inform the public on any updates on the Proposed Restructuring as and when appropriate.

WARNING

The proposed transactions contemplated under the Proposed Restructuring (including the Scheme) may or may not be fulfilled and are subject to conditions precedent of the Scheme, approval by the Shareholders (if necessary), creditors of the Company, regulators and the Court. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 17 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.