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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Differ Group Auto Limited (the “**Company**”), you should at once hand this circular together with the accompanying form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agents through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

This circular, for which the directors (the “**Directors**”) of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

A notice convening the extraordinary general meeting of the Company (the “**EGM**”) to be held at Unit 2105 on 21/F of West Tower Shun Tak Centre, Nos.168–200 Connaught Road Central, Hong Kong on 29 November 2024 at 3:00 p.m. is set out on pages 26 to 28 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish. This circular will be published on the websites of the Stock Exchange of Hong Kong at www.hkex.com.hk and that of the Company’s website at www.dfh.cn.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 9 October 2024 in relation to, among other things, the Placing
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (not being a Saturday, Sunday, public holiday or any day on which typhoon signal No. 8 or above or black rainstorm warning is hoisted or announcement on extreme conditions is issued in Hong Kong at any time from 9:00 a.m. to 5:30 p.m.) on which licensed banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 3,000 Consolidated Shares
“Company”	Differ Group Auto Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6878)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	on the third (3rd) Business Day upon the fulfillment of conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agents may agree in writing)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consolidated Issued Share Capital”	the issued share capital after completion of the Share Consolidation
“Consolidated Share(s)”	ordinary share(s) of HK\$0.5 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation and the Placing

DEFINITIONS

“Existing Share(s)”	issued and unissued ordinary share(s) of HK\$0.025 each in the existing share capital of the Company before the Share Consolidation becoming effective
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Latest Practicable Date”	4 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agents as contemplated by the Placing Agreement, procured by the Placing Agents to subscribe for the Placing Shares pursuant to the Placing Agents’ obligations under the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agents to the Placee(s), on a non-underwritten basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent 1”	Great Bay Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company in relation to the Placing
“Placing Agent 2”	Fortune Origin Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company in relation to the Placing

DEFINITIONS

“Placing Agents”	collectively the Placing Agent 1 and the Placing Agent 2
“Placing Agreement”	the placing agreement dated 9 October 2024 and entered into between the Company and the Placing Agents in relation to the Placing on a non-underwritten basis
“Placing Shares”	the 20,638,820 new Consolidated Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Previous Placing”	the offer by way of private placing of the placing shares by or on behalf of the placing agent to the placee(s), on a partially underwritten basis, on the terms and subject to the conditions set out in the placing agreement dated 19 December 2023, details of which have been disclosed in the announcement of the Company dated 19 December 2023 and circular dated 26 January 2024
“Proposed Restructuring”	the proposed debt restructuring of the Company which is being formulated and shall be announced further by the Company in due course
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“Scheme”	the scheme of arrangement to be entered into between the Company and the creditors, subject to the approval by the High Court, which will be implemented in Hong Kong
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares of HK\$0.025 each into one (1) Consolidated Share of HK\$0.5 each
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of a maximum of 20,638,820 Placing Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below.

Events	Times and dates
Despatch date of circular with notice of the EGM	Monday, 11 November 2024
Latest time for lodging transfers of shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 22 November 2024
Register of members closes (both days inclusive)	Monday, 25 November 2024 to Friday, 29 November 2024
Latest time for lodging forms of proxy for the EGM	3:00 p.m. on Wednesday, 27 November 2024
Record date for attendance and voting at the EGM	Friday, 29 November 2024
Date and time of the EGM	3:00 p.m. on Friday, 29 November 2024
Publication of the announcement of the results of the EGM	Friday, 29 November 2024

EXPECTED TIMETABLE

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and the proposed Change in Board Lot Size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 3,000 Consolidated Shares as set out in this circular.

Effective date of the Share Consolidation Tuesday, 3 December 2024

First day of free exchange of existing share certificates
for new share certificates for Consolidated Shares. Tuesday, 3 December 2024

Dealing in the Consolidated Shares commences 9:00 a.m. on
Tuesday, 3 December 2024

Original counter for trading in the Existing Shares in
board lots of 10,000 Existing Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on
Tuesday, 3 December 2024

Temporary counter for trading in the Consolidated
Shares in board lots of 500 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Tuesday, 3 December 2024

Original counter for trading in the Consolidated Shares
in new board lots of 3,000 Consolidated Shares
(in the form of new share certificates for the
Consolidated Shares) re-opens 9:00 a.m. on
Tuesday, 17 December 2024

Parallel trading in the Consolidated Shares (in the form
of new share certificates for the Consolidated Shares
and existing share certificates) commences 9:00 a.m. on
Tuesday, 17 December 2024

Designated broker starts to stand in the market to
provide matching services for odd lots of the
Consolidated Shares 9:00 a.m. on
Tuesday, 17 December 2024

Designated broker ceases to stand in the market to
provide matching services for odd lots of the
Consolidated Shares 4:00 p.m. on
Thursday, 9 January 2025

Temporary counter for trading in the Consolidated
Shares in board lots of 500 Consolidated Shares
(in the form of existing share certificates) closes 4:10 p.m. on
Thursday, 9 January 2025

EXPECTED TIMETABLE

Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends 4:10 p.m. on Thursday, 9 January 2025

Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares Monday, 13 January 2025

Note: All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

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)

Executive Directors:

Dr. Feng Xiaogang
Mr. Tong Lu

Non-executive Directors:

Mr. Kang Fuming

Independent non-executive Directors:

Mr. Chan Sing Nun
Mr. Lam Kit Lam
Ms. Chuang Yin Lam

Registered office:

Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Headquarters and principal place
of business in the PRC:*

Unit 1309
13/F., Xinjingdi Building
No. 469 Gaolin Middle Road,
Huli District, Xiamen City,
Fujian Province, PRC

*Principal place of business in
Hong Kong registered under Part XI
of the Company Ordinance:*

Unit 2105 on 21/F of West Tower
Shun Tak Centre, Nos. 168–200
Connaught Road Central
Hong Kong

11 November 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other matters, further details of (i) the Share Consolidation; (ii) the Change in Board Lot Size; (iii) the Placing; and (iv) a notice convening the EGM together with the proxy form and other information as required under the Listing Rules.

PROPOSED SHARE CONSOLIDATION

Reference is made to the Announcement. On 9 October 2024, the Board proposed to implement the Share Consolidation on the basis that every twenty (20) Existing Shares of par value of HK\$0.025 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.5 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$250,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.025 each, of which 939,423,988 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares will be issued or repurchased from the Latest Practicable Date up to the effective date of the Share Consolidation, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company shall be HK\$250,000,000 divided into 500,000,000 Consolidated Shares of par value of HK\$0.5 each, of which 46,971,199 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

As at the Latest Practicable Date, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or similar rights which are convertible or exchangeable into, any Shares or Consolidated Shares.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due solely due to the Share Consolidation. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

LETTER FROM THE BOARD

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) The passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Consolidated Shares in issue to and be issued upon the Share Consolidation becoming effective; and
- (iii) The compliance with the relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the obtaining of all necessary approvals from the regulatory authorities otherwise as may be required in respect of the Share Consolidation, if any.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 3 December 2024, being the second Business Day after the date of EGM.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Listing Application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

LETTER FROM THE BOARD

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders, but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint Placing Agent 1 and Placing Agent 2 as agents to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Shareholders who wish to take advantage of this facility should contact trading department of Placing Agent 1 at Room 2526–2536, 25/F, Sun Hung Kai Centre, Wanchai, Hong Kong (telephone number: (852) 2262 7233) and customer service and dealing department of Placing Agent 2 at 404–405, 4/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong (telephone number: (852) 3702 7021) from 17 December 2024 to 9 January 2025 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may during the period from 9:00 a.m. on Tuesday, 3 December 2024 to 4:30 p.m. on Monday, 13 January 2025 (both days inclusive), submit share certificates for the Existing Shares (in light green colour) to the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company for new share certificates for the Consolidated Shares (in yellow colour). Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

LETTER FROM THE BOARD

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 9 January 2025, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Existing Shares which are in light green colour.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 3,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.07 per Existing Share (equivalent to the theoretical closing price of HK\$1.4 per Consolidated Share) as at the Latest Practicable Date, (i) the value of each existing board lot of Existing Shares is HK\$700; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$14,000 on the assumption that the Share Consolidation becomes effective; and (iii) the value of each board lot of 3,000 Consolidated Shares would be HK\$4,200 on the assumption that the Change in Board Lot Size has also become effective.

The Change in Board Lot Size will not result in any change in relative rights of the Shareholders.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by that the Stock Exchange, (i) market price of the Shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value per board lot should be greater than HK\$2,000.

In view of the prevailing trading prices of the Existing Shares, the Board proposes to implement the Share Consolidation. It is expected that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the proposed Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules. Based on the closing price of HK\$0.07 per Existing Share (equivalent to HK\$1.4 per Consolidated Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the expected market value of each board lot of 3,000 Consolidated Shares, assuming the Share

LETTER FROM THE BOARD

Consolidation had become effective, would be HK\$4,200, which is greater than HK\$2,000 and therefore complies with the requirement as set out in the said “Guide on Trading Arrangements for Selected Types of Corporate Actions”. Accordingly, the Board is of the view that the Share Consolidation with the Change in Board Lot Size is beneficial to the Company and the Shareholders as a whole.

Save for the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders. Although the Share Consolidation may lead to the creation of odd lots of Shares, the Company will appoint a securities firm as agent to provide matching services for odd lots of Shares for a period of not less than three weeks, which will alleviate the difficulties caused by the creation of odd lots of Shares. In view of the above, the Board considers that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE PLACING AGREEMENT

Date

9 October 2024 (after trading hours)

Parties

- (1) The Company as the issuer; and
- (2) The Placing Agents

The terms of the Placing Agreement were arrived after arm’s length negotiations between the Company and the Placing Agents under normal commercial terms and with reference to the prevailing market conditions. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placing Agents

Pursuant to the terms and conditions of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agents, on a non-underwritten basis up to 20,638,820 Placing Shares to not less than six (6) independent Placees who and whose ultimate beneficial owners are Independent Third Parties. Each of the Placing Agents will be responsible to place up to 50% of the number of Placing Shares. The terms and conditions of the Placing Agreement were arrived at after arm’s length negotiation between the Company and the Placing Agents under normal commercial terms and with reference to the prevailing market conditions. In particular, the recent trading performance of the Shares and the low trading volume of the Shares during the two months period prior to date

LETTER FROM THE BOARD

of the Placing Agreement with an average daily trading volume amounted to approximately 0.93% of the total issued Shares as at the date of the Placing Agreement, indicated the low liquidity and demand for the Shares.

In light of the financial conditions of the Group, the Directors consider that the net proceeds of the Placing can strengthen the financial position and liquidity of the Group and can provide the immediate funding to the Group to satisfy its funding needs without increasing interest burden, within a relatively short time frame and at lower costs when compared with other means of fundraising. The Directors are of the view that the terms and conditions of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agents and their respective ultimate beneficial owners are Independent Third Parties. As at the Latest Practicable Date, the Placing Agents and their respective ultimate beneficial owners were not interested in any other securities of the Company. The Placing Agents will be entitled to receive a placing commission as follows: (i) of 6.5% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares which have been successfully and actually placed by the Placing Agents on the Company's behalf in accordance with the Placing Agreement, and (ii) brokerage fee of 1% of the amount which is equal to the Placing Price multiplied by the number of the total Placing Shares which have been successfully and actually placed plus any other out-of-pocket charges and expenses properly and reasonably incurred by the Placing Agents in relation to the Placing. Given the maximum gross proceeds of the Placing is HK\$22.7 million, the maximum placing commission and maximum brokerage fee that the Placing Agents could receive from the Placing amounts to approximately HK\$1.48 million and approximately HK\$0.22 million respectively.

Placees

The Placing Agents will, on a non-underwritten basis up to 20,638,820 Placing Shares to not less than six (6) Placees at the Placing Price pursuant to the terms and conditions of the Placing Agreement. The Placing Agents shall use their best endeavours to ensure that, among others, each and every of the Placee who is an individual, institutional or professional investor is an Independent Third Party.

Number of Placing Shares

Assuming that there will be no further changes in the issued share capital of the Company between the Latest Practicable Date and the Completion apart from the Share Consolidation, the number of Placing Shares under the Placing represents (i) approximately 43.9% of the Consolidated Issued Share Capital of the Company; and (ii) approximately 30.5% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the Placing is completed in full). The aggregate nominal value of the number of the Placing Shares under the Placing will be HK\$10,319,410.

LETTER FROM THE BOARD

Ranking of the Placing Shares

The Placing Shares under the Placing 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.

Placing Price

The Placing Price of HK\$1.1 per Placing Share represents:

- (i) a discount of approximately 38.2% to the closing price of HK\$1.78 per Existing Share as quoted on the Stock Exchange on 9 October 2024, being the date of the Placing Agreement (assuming the Share Consolidation has become effective);
- (ii) a discount of approximately 55.3% to the average closing price of HK\$2.46 per Existing Share on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Placing Agreement (assuming the Share Consolidation has become effective);
- (iii) a discount of approximately 37.1% to the average closing price of HK\$1.75 per Existing Share on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Placing Agreement (assuming the Share Consolidation has become effective);
- (iv) a discount of approximately 14.7% to the theoretical net asset value per Share (taking into account the effect of the Share Consolidation) of approximately HK\$1.29 on the basis of 46,971,199 Consolidated Share in issue as at 30 June 2024 (after taking into account the effect of the Share Consolidation) and the unaudited consolidated net asset value of the Group as at 30 June 2024 of approximately HK\$60.8 million as disclosed in the interim report of the Company published on 9 September 2024 for the six months ended 30 June 2024;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 16.9%, represented by the theoretical diluted price of approximately HK\$2.045 per Share (taking into account the effect of the Share Consolidation) to the benchmarked price of approximately HK\$2.46 per Share (taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules); and
- (vi) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation of the placing of new Shares under special mandate completed on 29 February 2024 and the issuance of Placing Shares represented by a discount of approximately 18.08%, represented by the cumulative theoretical diluted price of approximately HK\$9.70 to the benchmark price of HK\$11.84 per Consolidated Share as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of HK\$0.55 per Share on 19 December 2023 and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days before 19 December 2023 of HK\$0.592 per Share and adjusted for the effect of the Share Consolidation. For the

LETTER FROM THE BOARD

avoidance of doubt, as the Company has proposed a revised restructuring plan for the Scheme and the Company will no longer issue new shares under specific mandate for the Scheme, such proposed issue of new shares under specific mandate included in the Company's announcement dated 19 July 2024 was not aggregated in the calculation of dilution effect. For details for the proposal of the revised restructuring plan, please refer to the announcement of the Company dated 17 October 2024.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agents after taken into account (i) the Company's winding up petition in Hong Kong; (ii) the uncertainty of the outcome of the Scheme; (iii) the prevailing market prices of the Shares; (iv) the recent market performance of the Shares; and (v) the financial position of the Company. Reference was made to the market prices of the Shares traded on the Stock Exchange for the past twelve months up to and including the date of the Placing Agreement (the "**Reference Period**") as a benchmark to reflect the prevailing market price of the Shares. The market price of the Shares has been showing a fluctuating downward trend throughout the Reference Period. From the commencement of the Reference Period up to the end of the Reference Period, the Shares were traded on the Stock Exchange with a closing price of HK\$12.4 to HK\$1.78 respectively (assuming the Share Consolidation has become effective), downed by approximately 85.6%. In view of the fluctuating downward trend of the market price of the Shares and the comparatively pessimistic market sentiment of the current Hong Kong capital market, the Directors consider that the Placing Price, which represented a discount to the current market prices of the Shares at the time when entering into the Placing Agreement, is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

The Board also noticed that the placing fees charged by the Placing Agents are higher than the normal share placement in the market. To consider whether the Placing is in the best interest of the Company and the Shareholders, the Board has considered the following: (i) the financial position of the Company; (ii) the Company's winding up petition in Hong Kong; and (iii) the risk-free interest remains at a high level.

Given that the winding up petition proceedings of the Company remain in process at High Court of Hong Kong and the Company is still in process of revising the Scheme and making application to the court for convening of a new scheme meeting (please refer to paragraph headed "REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS" for details), the Placing Agents requested extra incentive for the placing of the Placing Shares. Given the reasons as stated above, the Directors (including the independent non-executive Directors) consider that the benefits of the Placing are expected to outweigh the potential dilution effect to the existing Shareholders and the terms and conditions of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

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Subject to the Completion, it is expected that the gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$22.7 million and HK\$21.0 million respectively (assuming the Placing Shares are placed in full). On such basis, the net issue price will be approximately HK\$1.02 per Placing Share. It is expected that the net proceeds from the Placing will be used for the Group's general working capital (including the costs in relation to the Scheme).

Conditions of the Placing Agreement

The Completion is conditional upon the fulfilment of all of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares;
- (b) the passing of necessary resolution(s) at the EGM to be held and convened by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and other applicable laws and regulations to approve the Placing Agreement and the transactions contemplated hereunder, including the Specific Mandate for the allotment and issue of the Placing Shares;
- (c) all necessary consents and approvals to be obtained on the part of each of the Placing Agents and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained; and
- (d) the Share Consolidation becoming unconditional.

The Company shall use its reasonable endeavours to procure the fulfillment of the condition referred to in the above condition (a), (b) and (d). The parties shall use their respective reasonable endeavours to procure the fulfillment of the condition referred to in the above condition (c). Save for the approvals set out in conditions (a) and (b) above and the approval of the Placing Agreement by the board of directors of each of the Placing Agents, the Company is not aware of other necessary consents and approvals which are required to be obtained by the parties to the Placing Agreement and the transactions contemplated hereunder. In the event any of the conditions referred to in the above are not fulfilled on or before 30 December 2024 (the “**Long Stop Date**”) (or such later date as may be agreed between the parties hereto in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

The Company expects all conditions of the Placing Agreement could be fulfilled by the Long Stop Date. In the event the condition of the Placing Agreement could not be fulfilled by the Long Stop Date and the Company and the Placing Agents desire to further extend the Long Stop Date, the Company will seek Shareholders' approval again and will comply with all applicable Listing Rules requirements.

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Termination of the Placing Agreement

Notwithstanding anything contained in the Placing Agreement, the Placing Agents may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agents, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (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 of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agents' absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agents' absolute opinion, would adversely affect the success of the Placing; or
- (iii) 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 Agents' absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agents' absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

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- (vi) any breach of any of the representations and warranties set out in Clause 4(A) of the Placing Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a 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 which in the absolute opinion of the Placing Agents would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant in the manner abovementioned, 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 antecedent breach under the Placing Agreement prior to such termination.

Application for Listing

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

Specific Mandate

The Placing Shares will be allotted and issued under the Specific Mandate which are subject to the approval of the Shareholders at the EGM.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 December 2012. The Company's shares have been listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is mainly engaged in (i) assets management business (mainly including property development and investment); (ii) provision of financial related services (mainly including finance lease services and express loan services); (iii) commodity trading business; and (iv) automobile e-commerce business.

As disclosed in previous announcements of the Company, the latest being dated 17 October 2024, that the Company is facing the winding up petition filed by its creditors. The winding-up petition proceedings remain in process at the High Court of Hong Kong, while the Company is in the course of adjusting and revising the terms of the Scheme in response to the comments from certain creditors and regulator. The Company will strive for a revised Scheme and make application to the Court for the convening of a new Scheme meeting as soon as practicable. Further announcement(s) will be made by the Company to inform the public on any updates on the Proposed Restructuring as and when appropriate.

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As disclosed in the Company's 2024 interim report, as at 30 June 2024, the Group had net current liabilities of RMB1,064.2 million, the gearing ratio, calculated as percentage of total borrowings to the total assets of the Group was 36.6%, and the current ratio is 0.81 times. While the negotiation between the Company and the creditors of the Company over the terms of the Proposed Restructuring is ongoing, in order for the Company to finance the settlement of its existing financial obligations and future operating expenditures, and to ensure the continuing operation of the Company, the Company will need to seek other additional financing.

The Directors have considered other alternative fundraising methods including equity financing (e.g. investments from strategic investor(s)), but the relatively weak capital market conditions and the ongoing negotiations on the terms of the Proposed Restructuring at the material time made it more challenging for the Group to explore other feasible fundraising alternatives for the implementation of the Scheme.

The Board has also considered fundraising methods such as rights issue and open offer. Having considered (a) the relatively higher costs for conducting rights issue and open offer due to the additional costs for engagement of various professional parties such as underwriters, reporting accountants, financial advisers and brokerage agents (if applicable); and (b) a relatively longer time is usually required for rights issue or open offer which involve more stringent documentary and registration requirements such as preparation of listing documents, application forms, registration requirements for a listing document and negotiations with the underwriter on the terms and conditions of the underwriting agreement, the Board does not consider rights issue or open offer to be desirable alternatives to the Placing. In the circumstances, the Board considered that it would be more appropriate to conduct the Placing under Specific Mandate as it would allow the holders of the Placing Shares to participate in the future returns of the Group when its business operations improve.

Assuming the Placing Shares are placed in full, the gross proceeds from the Placing will be approximately HK\$22.7 million. The net proceeds from the Placing (after deduction of placing commissions, estimated professional fees and other related expenses of approximately HK\$1.7 million) are estimated to be approximately HK\$21.0 million, which are intended to be applied for the general working capital (including the costs in relation to the Scheme) for the period from November 2024 to March 2026 (17) months which is necessary to allow the Company and Hong Kong subsidiaries of the Company to maintain its existence and operation. In order to ensure the smooth operation of the Scheme and to provide comfort to the Creditors, it is important to ensure that the Company has sufficient general working capital for a relatively longer period of time. The breakdown of

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the expected expenses of the Company and Hong Kong subsidiaries of the Company are projected as follows:

Description	Monthly <i>Amount</i> (HK\$'000)	Projected for November 2024 to March 2026 (17 months) <i>Amount</i> (HK\$'000)	Approximate percentage %
Salaries and Mandatory Provident Fund payment	393	6,674	31.78
Directors' remuneration and Mandatory Provident Fund payment	74	1,258	5.99
Rent, government rent and rates and building management fees of the registered office of the Company	119	2,019	9.61
Professional Fees	65	1,105	5.26
Audit fee with disbursement for annual audit of the Group	143	2,440	11.62
Valuation fee for the annual audit and interim review of the Group	64	1,088	5.18
Fees for PRC legal opinion for audit purpose	9	157	0.75
Provision of internal control review fees	8	142	0.68
Fees for compiling the environmental, social and governance report of the Company	3	57	0.27
Printer fee	44	742	3.53
Provision of share registration service	22	374	1.78
Overhead expenses (e.g. fuel, travelling expenses, office cleaning, office supplies, printing)	100	1,694	8.07
Costs for the implementation of the Scheme after the Scheme has become effective	191	3,250	15.48
Total:	1,235	21,000	100

Based on the above, the Board considers that raising capital through the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The use of net proceeds of this Placing of HK\$21 million is subject to the court approval by the validation order from the High Court. The Company will apply to the High Court for the validation order to use the net proceeds from this Placing such that the contemplated use of

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such proceeds as set out above shall not be void by virtue of the Company's winding up petition in Hong Kong under section 182 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Company will apply for the validation order on or before 31 January 2025. Shareholders are reminded that there is no guarantee that the validation order would be granted by the High Court. In the event where a validation order is not granted but the winding up petition is not dismissed or permanently stayed, the Company will not be able to use the net proceeds of this Placing of HK\$21 million. In respect of all transfers of issued and fully paid up Shares (including the Placing Shares) on or after 20 June 2023, being the date of the Company's winding-up petition, the Company had applied for and was granted validation order by the High Court on 9 August 2023 (with sealed order obtained on 17 August 2023). For details, please refer to the Company's announcements dated 20 June 2023 and 18 August 2023. Save as mentioned above, the Board considers that the Company's winding up petition in Hong Kong will not have any material and adverse impact on the Placing.

The Company will make further announcement(s) to keep the Shareholders and potential investors of the Company informed of any developments in relation to the Company's winding up petition as and when appropriate and in accordance with the Listing Rules.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the number of Shares in issue from the Latest Practicable Date up to and including the date of completion of the Placing, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Share Consolidation; and (iii) immediately after completion of the Placing:

Shareholders	As at the		Immediately after completion		Immediately upon the		Immediately upon the	
	Latest Practicable Date		of the Share Consolidation		completion of the Placing		completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %	assuming none of the Placing Shares are placed save for the underwritten part	Approximate %	assuming all the Placing Shares are placed in full	Approximate %
Expert Corporate Limited (<i>Note 1</i>)	130,000,000	13.84	6,500,000	13.84	6,500,000	13.84	6,500,000	9.61
Other public Shareholders	809,423,988	86.16	40,471,199	86.16	40,471,199	86.16	40,471,199	59.86
Independent placees	—	—	—	—	—	—	20,638,820	30.53
Total	939,423,988	100.00	46,971,199	100.00	46,971,199	100.00	67,610,019	100.00

Note:

- These Shares were held by Expert Corporate Limited, which was wholly and beneficially owned by Mr. Hong Mingxian. By virtue of the SFO, Mr. Hong Mingxian is deemed to be interested in the 130,000,000 Shares under the SFO.

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Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Placing are subject to various factors.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The following are fund raising activities of the Company during the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
19 December 2023 & 29 February 2024 & 19 July 2024	Placing of new Shares under specific mandate	Approximately HK\$13.6 million	Approximately HK\$10 million for part repayment of debts to the creditors of the Company and HK\$3.6 million for general working capital of the Company for the period from March 2024 to December 2025	The Company has applied to the High Court of Hong Kong and the court has approved for the validation order to use the proceeds from the placing of new Shares under specific mandate. Approximately HK\$6.3 million will be used as the costs for the implementation of the proposed Scheme; and HK\$7.3 million will be used as working capital of the Company. As at the date of this announcement, approximately HK\$7.3 million has been used as general working capital of the Company. For details, please refer to the two announcements of the Company both dated 19 July 2024 in relation to the proposed scheme and change in use of proceeds of the placing of new Shares under specific mandate.

Saved as disclosed above, the Company did not conduct any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

The Placing Shares will be allotted and issued under the Specific Mandate which are subject to the approval of the Shareholders at the EGM.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholders have a

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material interest in the Placing Agreement and transactions contemplated thereunder and therefore, no Shareholders will be required to abstain from voting at the EGM to approve the relevant resolution(s) regarding the Placing and the Specific Mandate.

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

Save for the Previous Placing, the Company has not conducted any rights issue, open offer or specific mandate placing within the twelve (12)-month period immediately preceding the Latest Practicable Date, or prior to such twelve (12)-month period where dealing in respect of the Shares issued pursuant thereto commenced within such twelve (12)-month period, nor has it issued any bonus securities, warrants or other convertible securities within such twelve (12)-month period. The Placing and the Previous Placing, in aggregate, do not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Placing and the Previous Placing is in compliance with Rule 7.27B of the Listing Rules. Since the Completion is subject to the fulfillment or waiver of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. The Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

EGM

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the Share Consolidation; (ii) the grant of the Specific Mandate; and (iii) the Placing Agreement and the transactions contemplated thereunder.

A notice convening the EGM to be held at Unit 2105 on 21/F of West Tower Shun Tak Centre, Nos.168–200 Connaught Road Central, Hong Kong on 29 November 2024 at 3:00 p.m. is set out on pages 26 to 28 of this circular. Ordinary resolutions will be proposed at the EGM to consider and, if thought fit, to approve (i) the Share Consolidation; (ii) the Placing Agreement and the transactions contemplated thereunder; and (iii) the Specific Mandate by way of poll, the results of which will be announced after the EGM.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, none of the Shareholders have a material interest in the Share Consolidation and the transactions contemplated under the Placing Agreement, including the grant of the Specific Mandate. Accordingly, no Shareholders will be required to abstain from voting on the resolutions to approve the Share Consolidation and the Placing Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors are considered as having a material interest in the Share Consolidation and the transactions contemplated under the Placing Agreement. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, but in any event not later than 48 hours before the time appointed for the holding of

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the EGM or any adjournment thereof. The completion and return of the enclosed form of proxy will not preclude you from attending and voting at the EGM or any adjournment should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 November 2024 to Friday, 29 November 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 November 2024.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

VOTING BY WAY OF POLL

Pursuant to Rule 13.19 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. Therefore the chairman of the meeting will demand a poll on the resolutions put to vote at the EGM.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the Placing Agreement are on normal commercial terms, and the Share Consolidation, the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Board would recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

Unless otherwise specified in this circular, the exchange rate adopted in this circular for illustration only is approximately RMB0.9 to HK\$1. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rate.

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

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Differ Group Auto Limited (the “**Company**”) will be held at 3:00 p.m. on 29 November 2024 at Unit 2105 on 21/F of West Tower Shun Tak Centre, Nos.168–200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Consolidated Shares (as hereinafter defined), every 20 existing issued and unissued shares of HK\$0.025 each (the “**Existing Share(s)**”) in the share capital of the Company be and are hereby consolidated into one share of HK\$0.5 (each a “**Consolidated Share**”) with effect from the second business day immediately following the day on which this resolution is passed (the “**Share Consolidation**”) and the directors of the Company (the “**Directors**”) be authorised to issue new share certificates in respect of the Consolidated Shares to holders of issued existing shares of the Company pursuant to the Share Consolidation and to do all things and execute all documents in connection with or incidental to the Share Consolidation;
2. Subject to the passing of resolution 1 as set out in this notice of the Meeting,
 - (i) Subject to and conditional upon the fulfillment of the conditions in the conditional placing agreement dated 9 October 2024 entered into between the Company and Great Bay Securities Limited and Fortune Origin Securities Limited, licensed corporations to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agents appointed by the Company in relation to the placing of up to 20,638,820 new consolidated share(s) of HK\$0.5 in the capital of the Company (the “**Placing Shares**”, each a “**Placing Share**”) on a best effort basis at the placing price of HK\$1.1 per Placing Share (a copy of the Placing Agreement marked “A” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting), the form and substance of the Placing Agreement be and are hereby approved, ratified and confirmed and any one directors of the Company (“**Director**”) be and is hereby authorised to approve any changes and amendments thereto as he may consider necessary, desirable or appropriate;

NOTICE OF EGM

- (ii) subject to the fulfillment of the conditions of the Placing Agreement, any one Director be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the Placing Agreement, including without limitation, to allot and issue the Placing Shares;
- (iii) subject to the fulfillment of the conditions of the Placing Agreement, any one Director be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the Placing Agreement, including without limitation, to allot and issue the Placing Shares;
- (iv) subject to and conditional upon (i) the passing of resolutions as set out in this notice of the Meeting; (ii) the listing committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and (iii) the obligations of the Placing Agents under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Placing Shares pursuant to the Placing Agreement be and is hereby confirmed and approved.”

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

Hong Kong, 11 November 2024

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of

business in Hong Kong:
Unit 2105 on 21/F of West Tower
Shun Tak Centre, Nos.168-200
Connaught Road Central
Hong Kong

Notes:

1. Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or, if he/she is the holder of two or more Shares, more than one proxy to attend and vote on his/her behalf in accordance with the articles of association. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for Meeting or any adjournment meeting.

NOTICE OF EGM

3. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the Meeting and in such event, appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto, if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand first in the Register of member of the Company in respect of the joint holding.
5. Any vote at the Meeting shall be taken by poll.
6. For ascertaining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 25 November 2024 to Friday, 29 November 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 November 2024.

As at the date hereof, the executive Directors are Dr. FENG Xiaogang and Mr. TONG Lu; the non-executive Directors is Mr. KANG Fuming; and the independent non-executive Directors are Mr. CHAN Sing Nun, Mr. LAM Kit Lam and Ms. CHUANG Yin Lam.