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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 Main Board of 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).

After review and analysis of the latest available consolidated management accounts of the Group for the year ended 31 December 2022 (“**Year**”) and assessment of the information currently available, the board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a consolidated net loss ranging from approximately RMB170 million to RMB190 million for the Year, as compared to the net profit of RMB438.3 million for the corresponding period of last year (“**Last Year**”).

The Board considers that consolidated net loss for the Year was mainly attributable to, among other factors:

(i) Decrease of revenue from property development and investment

During the Year, the Group suffered from the impact of COVID-19 in the PRC, the sales and delivery of properties have been delayed. The revenue from property development and investment for the Year was estimated to decrease by more than 50% as compared to Last Year.

Part of our largest property development project, Differ One City, was completed and ready to be delivered to the buyers in December of the Year. However, the delivery schedule was affected due to severe outbreaks of COVID-19 pandemic in the PRC during this period, only a small number of properties have been delivered and the related revenue of approximately only RMB137 million was recognized in December 2022. The delivery of such remaining properties is expected to be completed in 2023 tentatively and revenue of approximately RMB800 million will be contributed to the Group.

(ii) Loss on disposal of subsidiaries

During the Last Year, the Group disposed subsidiaries which mainly engaged in property development and recorded a net gain on disposal of subsidiaries of approximately RMB140.7 million. On the contrary, during the Year, the Group disposed of certain subsidiaries and expected to record total losses on disposal of subsidiaries of approximately RMB58 million.

(iii) Decrease in fair value gains on the investment properties

During the Last Year, the Group recorded a fair value gain on investment properties of approximately RMB121.8 million. Due to the completion of certain investment properties and the mild downward adjustment of the property market in PRC during the Year amid the COVID-19 outbreak, the fair value gain of investment properties for the Year was decreased by more than 80% as compared to Last Year.

(iv) Provision for financial guarantee

During the year, certain of our guarantee customers failed to repay the principals and the relevant interests to the bank by due date. Accordingly, the amount of provision for financial guarantee increased from approximately RMB24 million for the Last Year to not less than RMB130 million for the Year.

The Company is still in the process of finalising the consolidated financial results for the Year. The information contained in this announcement is only based on the assessment of the unaudited management accounts of the Group for the Year, which has not been audited or reviewed by the Company's auditors and may subject to finalisation and necessary adjustments.

Further details of the Group's financial information and performance for the Year will be disclosed in the forthcoming annual results announcement to be published on 31 March 2023.

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, 30 March 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.