



China MeiDong Auto Holdings Limited

中國美東汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1268

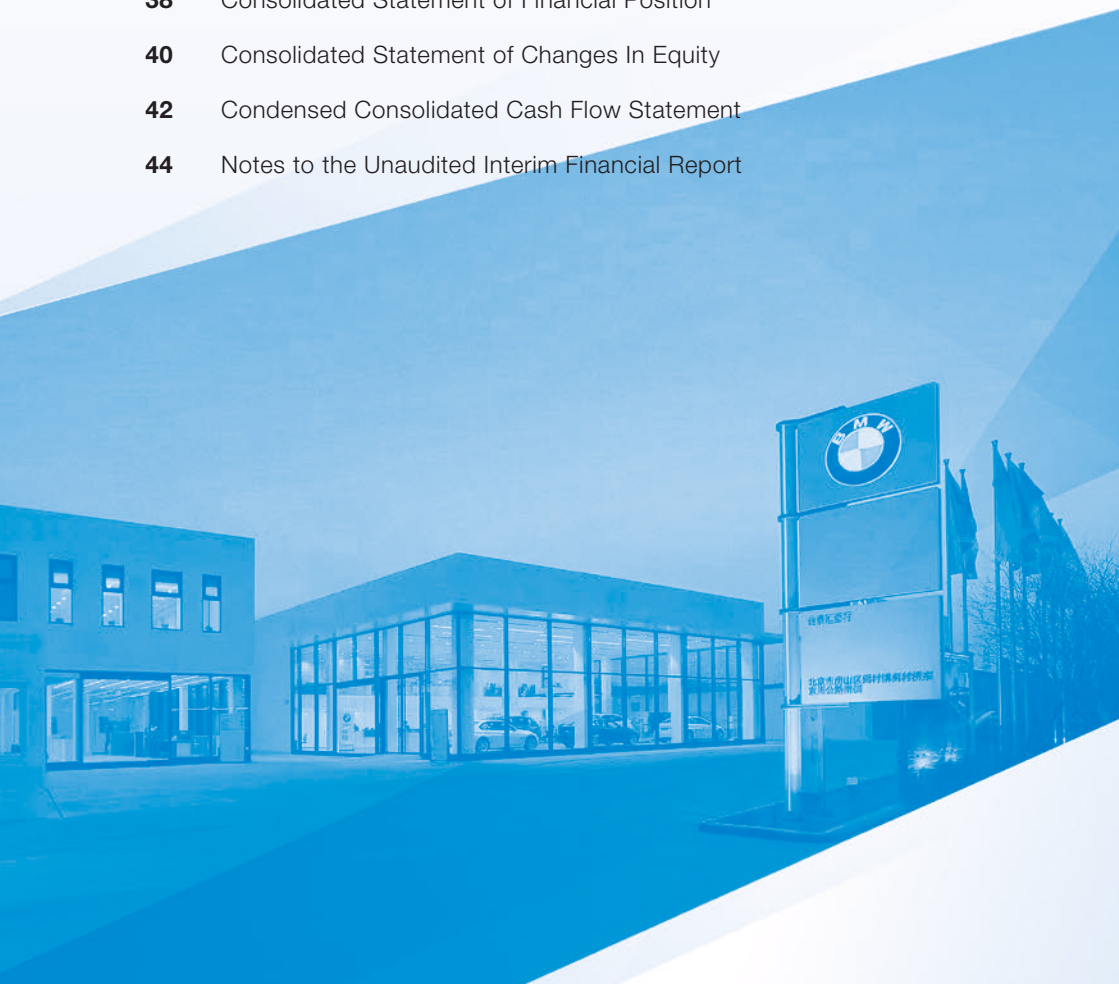
2025

INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

YE Fan (*Chairman*)
YE Tao (*Chief Executive Officer*)
LUO Liuyu

Independent Non-Executive Directors

CHEN Guiyi
WANG, Michael Chou
TO Siu Lun

AUTHORISED REPRESENTATIVES

YE Tao
CHAN Charmayne
ACG (CS, CGP), HKACG (CS, CGP)

COMPANY SECRETARY

CHAN Charmayne
ACG (CS, CGP), HKACG (CS, CGP)

AUDIT COMMITTEE

TO Siu Lun (*Chairman*)
CHEN Guiyi
WANG, Michael Chou

REMUNERATION COMMITTEE

WANG, Michael Chou (*Chairman*)
CHEN Guiyi
TO Siu Lun

NOMINATION COMMITTEE

YE Fan (*Chairman*)
TO Siu Lun
WANG, Michael Chou
LUO Liuyu
(*Appointed on 27 August 2025*)
CHEN Guiyi
(*Appointed on 27 August 2025*)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

13th Floor, Unit A1
Tian An Tech Industry Building
Huangjin Road
Nancheng District, Dongguan
Guangdong, PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2404
24th Floor, World-Wide House
19 Des Voeux Road Central
Hong Kong

AUDITOR

KPMG
Public Interest Entity Auditor registered
in accordance with the Accounting
and Financial Reporting Council
Ordinance
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

HW Lawyers

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
Bank of China (Hong Kong) Limited

STOCK CODE

1268

COMPANY'S WEBSITE

www.meidongauto.com

MANAGEMENT DISCUSSION AND ANALYSIS

Under the policy tone of “stabilizing growth and expanding domestic demand”, China’s automobile market showed signs of recovery in the first half of 2025. According to the data released by China Passenger Car Association (“**CPCA**”), benefiting from the national car trade-in and scrap renewal policies (the “**Two New Policies**”), domestic passenger car sales in the first half of 2025 increased by 10.8% year-on-year, reaching 10.902 million units. In particular, new energy vehicles were the main growth driver, with cumulative sales reaching 5.469 million units, a year-on-year increase of 33.3%, and their market penetration rate further rose to 50.2%. However, against the backdrop of new energy vehicles rapidly replacing traditional fuel vehicles and the reshaping of competition landscape, the luxury car market experienced a deep adjustment, with significant sales declines recorded across several brands.

To alleviate inventory pressure and compete for market demand, luxury car brands and dealers have intensified their promotional efforts. According to the “China Automobile Dealership Industry Development Report (2024-2025)” released by the China Automobile Dealers Association, the average discount rate for domestic luxury cars in 2024 reached 20.7%. Dealers’ gross profit on the difference between purchase and sale prices generally showed price inversion. In the first half of 2025, due to the impact of the Two New Policies and competition from new energy vehicles, the competition continued to further intensify. Profit compression has also led to a wave of dealer withdrawals from networks. In 2024, the scale of the national 4S store network decreased by 2.7% year-on-year, with 4,419 stores withdrawing from networks, marking the first contraction in recent four years. Industry forecasts suggest that the number of dealership withdrawals will remain high in 2025.

In response to the drastic changes in the operating environment, dealers have shifted their strategic focus from scale expansion to efficient operations, prioritizing cash flow management and cost control. Meanwhile, with structural adjustments in the dealer network, the continuation of the “trade-in” policy and the gradual transition of new energy vehicles from a purely direct-sales model to a hybrid model of “direct sales + authorized dealerships”, these developments have created opportunities for business growth among existing market participants.

The board (the “**Board**”) of directors (the “**Directors**”) of China MeiDong Auto Holdings Limited (the “**Company**”) presents below the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025 (the “**Period**” or the “**Reporting Period**”).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the Period, new passenger vehicle sales recorded a slight increase. For after-sales and mortgage facilitation services, with the continuously expanding service base, we also recorded solid revenue and profit growth during the Period. The absorption rate (excluding financial and other operating costs) further increased from 201.1% in the corresponding period last year to 257.9%, effectively mitigating the impact of declining gross profit on new vehicles. The Group also strived to maintain a healthy financial position by fully redeeming and canceling convertible bonds with a total principal amount of HK\$1,873.0 million during the Period.

In prior periods, the Group recognised impairment losses on goodwill and intangible assets-car dealership in view of ongoing macro-economic uncertainties and increasingly intense competition in the automotive sector. In the first half of 2025, these macro-economic uncertainties and price competition continued to further intensify and exceeded the management's prior forecast, which led to the operating results of certain stores, especially of certain luxury brands of the Group to be significantly lower than expected. Consequently, sales prices and gross margins of those stores continued to decline. In addition, the expectation regarding the impending release, followed by the subsequent actual release, of the consumption tax policy on ultra-luxury cars and the expected decline in mortgage facilitation commission rates have posed further challenges to the expected future profitability of those stores. Consequently, with the assistance of an external valuer (namely, AVISTA Business Consulting (Shanghai) Co., Ltd.), the Group conducted impairment tests on goodwill and dealership rights for stores with performance far below expectations. As mentioned above, the gross profit margin in the second half of this year is expected to be further impacted by the expansion of the consumption tax policy for ultra-luxury cars, coupled with decline in mortgage facilitation commission rates which will further affect the overall profitability of those stores. The Group adjusted key assumptions downward compared to the forecasts at the end of 2024, lowering expectations for future performance. As a result, the Group further recognised a non-cash impairment of goodwill and dealership rights, of approximately RMB0.87 billion for those underperforming CGUs (cash generating units) which were acquired in 2021 and 2022 (including notifiable transactions set out in the Company's announcement dated 12 August 2021 and circular dated 6 April 2022, and other acquisitions (which did not constitute notifiable transactions of the Company under the Listing Rules)).

MANAGEMENT DISCUSSION AND ANALYSIS

The recoverable amounts of these CGUs have been determined based on value-in-use calculations using cash flow projections based on the financial budgets approved by management covering a period of five years. The fair values less costs of disposal (“**FVLCD**”) of the CGUs are not estimated to be materially different from their respective value-in-use amounts (“**VIU**”) as the fair values of CGUs under discounted cash flow approach and VIU share similar financial forecast, forecast period and discount rate. Given that the FVLCD calculation requires specific inclusion of costs of disposal, FVLCD of CGUs are not estimated to be higher than their respective VIU amount. Thus, VIU has been adopted as the recoverable amount in the impairment testing. There have been no changes in the valuation method used compared with those adopted in the year ended 31 December 2024. The pre-tax discount rates applied to the impairment test were within a range from 13.0% to 14.2% as at 30 June 2025 (31 December 2024: 13.5% to 15.9%) as the domestic economy is undergoing an interest rate reduction cycle in 2025, resulting in lower cost of debt and this forecast shows a significant decrease compared to historical periods, with lower realizability risks in financial projections. More information (including key inputs, basis and assumptions used in the valuation) is set out in note 10 to the unaudited consolidated results of this report.

Revenue for the Period

The Group recorded a revenue of approximately RMB10,134.7 million for the Period, representing a year-on-year decrease of approximately 4.9% (first half of 2024: approximately RMB10,655.9 million). In particular, due to intense market competition, there was a significant decrease in the unit selling price of new passenger vehicles. As a result, revenue from sales of new passenger vehicles decreased by approximately 7.5% year-on-year to approximately RMB7,929.8 million (first half of 2024: approximately RMB8,569.4 million), accounting for approximately 78.2% (first half of 2024: approximately 80.4%) of total revenue. Revenue from after-sales and mortgage facilitation services increased by approximately 5.7% year-on-year to approximately RMB2,204.9 million (first half of 2024: approximately RMB2,086.5 million), accounting for approximately 21.8% (first half of 2024: approximately 19.6%) of total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales decreased by approximately 1.9% year-on-year from approximately RMB9,849.4 million in the first half of 2024 to approximately RMB9,658.9 million for the Period. The decrease in cost of sales was mainly attributable to the decrease in revenue from the sale of new passenger vehicles and increased rebates from manufacturers, resulting in a corresponding decrease in cost of sales of approximately 2.4% year-on-year; while the cost of sales for after-sales and mortgage facilitation services increased by approximately 3.5% year-on-year, which was generally in line with the growth in revenue.

Gross Profit

During the Period, gross profit decreased by approximately 41.0% year-on-year from approximately RMB806.4 million in the first half of 2024 to approximately RMB475.7 million. Overall gross profit margin decreased by 2.9 percentage points to approximately 4.7% (first half of 2024: approximately 7.6%), of which gross profit margin of sales of new vehicles further decreased by 5.7 percentage points to approximately -10.8% (first half of 2024: approximately -5.1%) due to the impact of imbalance between supply and demand and intensified competition in new passenger vehicles sales business.

Costs and Expenses

Considering the persistent weakness in domestic consumption power, the imbalance in the supply and demand dynamics of passenger vehicles, the widespread promotional strategies among dealers, the selling prices and profit levels of luxury vehicles are expected to remain under pressure. In addition, the expectation regarding the impending release, and then the actual release subsequently, of the expected decline in mortgage facilitation commission rates have posed further challenges to the expected future profitability of stores especially of luxury brands. As a result, the Group conducted impairment test with the assistance of an external valuer, leading to the recognition of an impairment of goodwill and dealership rights of approximately RMB867.9 million during the Period (first half of 2024: approximately RMB151.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Nevertheless, the Group maintained prudent cost control overall, with total operating expenses (distribution costs, administrative expenses and finance costs) decreasing year-on-year. In particular, distribution costs for the Period amounted to approximately RMB259.8 million (first half of 2024: approximately RMB295.4 million), accounting for approximately 2.6% of total revenue, representing a decrease of 0.2 percentage points as compared to approximately 2.8% for the corresponding period of last year. Administrative expenses amounted to approximately RMB258.2 million (first half of 2024: approximately RMB324.4 million), accounting for approximately 2.5% of total revenue, representing a decrease of 0.5 percentage points as compared to approximately 3.0% for the corresponding period of last year. Finance costs amounted to approximately RMB156.3 million (first half of 2024: approximately RMB131.0 million), accounting for approximately 1.5% of total revenue, representing an increase of 0.3 percentage points as compared to approximately 1.2% for the corresponding period of last year. The increase in finance costs was primarily attributable to the loss on repurchase of convertible bonds of approximately RMB92.3 million.

Taxation

During the Period, the Group's income tax credit amounted to approximately RMB202.8 million, as compared to the income tax expense of approximately RMB41.3 million for the corresponding period of last year. The change was mainly due to the reversal of deferred tax liabilities due to impairment of intangible assets, resulting in reversal of deferred tax expense of approximately RMB212.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the Period and Loss Attributable to Shareholders for the Period

During the Period, impacted by compressed gross profit margins from new passenger vehicle sales and impairment of goodwill and dealership rights, the Group's loss for the Period widened to approximately RMB818.2 million (first half of 2024: loss of approximately RMB22.9 million). The net profit margin also decreased by 7.9 percentage points from approximately -0.2% in the corresponding period last year to approximately -8.1%. Loss attributable to shareholders for the corresponding period last year was approximately RMB27.0 million, while it was approximately RMB814.7 million for the Period.

Dividend

Due to the increased loss for the Period, the Board resolved not to declare an interim dividend for the Period (for the six months ended 30 June 2024: nil).

Joint Venture

For the Period, share of profit of a joint venture amounted to approximately RMB4.4 million, representing a decrease of approximately 46.8% as compared to approximately RMB8.3 million for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

New Passenger Vehicle Sales

During the Period, benefiting from the implementation of the Two New Policies, new passenger vehicle sales volume recorded a slight increase. However, the positive impact of the volume growth was offset by a decline in unit selling prices, resulting in revenue decrease of approximately 7.5% to approximately RMB7,929.8 million compared to the corresponding period of last year (first half of 2024: approximately RMB8,569.4 million). Sales of premium brand vehicles remained the major revenue contributor, accounting for approximately 85.4% of the Group's new passenger vehicle sales revenue (first half of 2024: approximately 88.8%). The sales of new passenger vehicles of Porsche, BMW, and Lexus amounted to approximately RMB2,688.9 million, RMB2,588.1 million, and RMB1,491.1 million respectively, accounting for approximately 33.9%, 32.6%, and 18.8% of total new passenger vehicle sales in the Period. In terms of sales volume, benefiting from the Group's efficient operations and low inventory strategy, 28,214 units of new passenger vehicles were sold during the Period (first half of 2024: 26,176 units), representing a year-on-year increase of 7.8%. Sales volume of Porsche, BMW, and Lexus was 3,762 units, 9,773 units and 5,686 units, respectively in the Period.

After-Sales and Mortgage Facilitation Services

Revenue from after-sales and mortgage facilitation services consists principally of spare parts sales, provision of repair and maintenance services, provision of certain other automobile-related services such as vehicle registration services and mortgage facilitation services. During the Period, riding on the Group's expanding customer base and an increased adoption rate of mortgage facilitation services, after-sales and mortgage facilitation services recorded a solid growth despite the ongoing operating challenges. After-sales and mortgage facilitation services revenue reached approximately RMB2,204.9 million for the Period (first half of 2024: approximately RMB2,086.5 million), representing a year-on-year increase of approximately 5.7%. The number of vehicles served was 384,324 units, representing an increase of approximately 5.7% year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS

Current Network

The Group continues to implement its proven strategy of focusing on luxury brands, and expands its distribution network through new store openings and acquisitions on a single-city-single-store strategy. As of 30 June 2025, the Group had 74 self-operated stores situated in provinces and cities such as Beijing, Hebei, Hubei, Hunan, Jiangxi, Fujian, Guangdong, Gansu, and Anhui, including a joint venture operated by the Group and one Tesla after-sales service center.

The number of stores operated by the Group as at 30 June 2025 was as follows:

Number of stores under operation	First half of 2025	First half of 2024	Change
Porsche	15	16	-1
BMW	27	27	–
Lexus	20	20	–
Toyota	11	12	-1
Audi	0	1	-1
Tesla after-sales service center	1	2	-1
Total	74	78	-4

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Position

As at 30 June 2025, the total equity of the Group amounted to approximately RMB2,075.4 million (31 December 2024: approximately RMB2,956.8 million). Current assets amounted to approximately RMB3,741.2 million (31 December 2024: approximately RMB7,113.1 million). The decrease in current assets was mainly due to the early redemption of outstanding convertible bonds in full and the Group's efforts to repay its bills payable, resulting in a significant decrease in cash and cash equivalents and pledged bank deposits at the end of the Period, which decreased by 67.1% and 59.9%, respectively. Current liabilities amounted to approximately RMB3,551.3 million (31 December 2024: approximately RMB6,788.4 million). The decrease in current liabilities was mainly due to the above early redemption of convertible bonds in full and a decrease in trade and other payables. Accordingly, net current assets amounted to approximately RMB189.9 million (31 December 2024: approximately RMB324.7 million).

As at 30 June 2025, the Group's loans and borrowings amounted to approximately RMB941.6 million, representing a decrease of approximately 6.0% as compared to approximately RMB1,001.5 million as of 31 December 2024. Of which, short-term loans and borrowings amounted to approximately RMB673.8 million; and long-term loans and borrowings amounted to approximately RMB267.8 million. The Group also redeemed and cancelled the outstanding convertible bonds in full on 13 January 2025 (31 December 2024: approximately RMB1,759.2 million). The gearing ratio (being the sum of loans and borrowings, convertible bonds and lease liabilities divided by total equity attributable to equity shareholders of the Company) was approximately 110.9% as at 30 June 2025 (31 December 2024: approximately 144.0%).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, cash and cash equivalents, fixed deposits with more than three months to maturity when placed, and pledged bank deposits amounted to approximately RMB1,762.1 million. Most of the cash and cash equivalents, fixed deposits with more than three months to maturity when placed, and pledged bank deposits were denominated in Renminbi, USD, and Hong Kong dollars. Apart from part of the cash that are denominated in USD and Renminbi in overseas companies, the Group's business operations are located in Chinese Mainland and a majority of its transactions are denominated in Renminbi. Therefore, the Group expects that foreign exchange risks will have a limited effect on the Group, and are unlikely to have any material adverse effect on its normal operations. During the Period, the Group did not employ any significant financial instruments such as forward foreign exchange contracts, nor did it employ any financial instruments for hedging purposes. The management of the Company closely monitors foreign exchange risks, and will consider hedging significant foreign exchange risks when necessary or appropriate.

The operating and capital expenditure of the Group is funded by cash flow from operations, internal cash flow, financing agreements with banks and financing companies of automobile manufacturers, and proceeds from equity financing. The Group has adequate financial resources to meet all contractual obligations and operating requirements.

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities.

Significant Investments, Material Acquisitions and Disposals

The Group did not hold any significant investments, and did not make any material acquisitions nor disposals of subsidiaries, associates, or joint ventures during the Period. There were no future plans for material investments or capital assets which have been approved by the Board as of the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledged Assets of the Group

As at 30 June 2025, the Group pledged property, plant and equipment, right-of-use assets, inventories, trade and other receivables, and pledged bank deposits of approximately RMB1,700.3 million in aggregate (31 December 2024: approximately RMB3,053.2 million) to secure certain bills payable, loans and borrowings.

PROSPECTS

Looking ahead to the second half of 2025, the automotive dealership industry is expected to face ongoing challenges, including insufficient consumer spending, intensifying price wars, the expansion of the luxury vehicle tax scope, the expected decline in mortgage facilitation commission rates, and deep adjustments in the dealer network. In view of this, the Group will continue to adhere to its prudent and cautious approach, and respond flexibly to market uncertainties with a healthier balance sheet by reducing its debt burden and maintaining sufficient cash on hand. For business development, the Group will also continue to explore strategic opportunities in the new energy vehicle sector while actively promoting the development of after-sales and mortgage facilitation services, aiming to further increase the absorption rate through a larger customer base and higher service frequency, thereby creating a higher safety margin.

Amid accelerating industry consolidation, the Group will also carefully assess individual store performance, and maintain strict cost control, aiming to emerge as a resilient survivor in such challenging environment.

MANAGEMENT DISCUSSION AND ANALYSIS

STAFF TRAINING AND DEVELOPMENT

As at 30 June 2025, the Group had a total of 3,763 employees (31 December 2024: 3,706), with the majority based in the PRC. The total staff costs of the Group for the Period amounted to RMB359.7 million (first half of 2024: RMB334.2 million). In addition to offering competitive remuneration packages, discretionary bonuses, and share options which may be granted to eligible employees based on individual performance, the Group leverages its simple, direct, and data-driven corporate culture to serve as one of its key elements in attracting talents. The management team of the Group values the satisfaction of employees, and strives to create a better working environment and career path for employees. The Group also arranges tutors to guide employees in their career development, to deal with the training, review and promotion matters.

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders of the Company has provided the Company a written confirmation in respect of his/its compliance with the non-compete undertakings dated 13 November 2013 for the Period. The independent non-executive Directors have reviewed the status of compliance that, as far as they can ascertain, they were not aware of any breach of such non-compete undertakings during the Period.

STATUS UPDATE FOR RECTIFICATION OF PROPERTIES TITLE DEFECT

As disclosed in the prospectus of the Company dated 22 November 2013, the Company will provide timely updates on the status of rectifications for properties with title defects with respect to owned and leased properties. The Group has no status update on the property title defect for the Period. The Group will promptly announce the progress of the relevant matters in accordance with relevant regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM PRIOR PLACING AND SUBSCRIPTION

In January 2023, the Company placed 68,000,000 new shares of the Company (“**Shares**”) at the subscription price of HK\$15.05 per Share. The Company received net proceeds of approximately HK\$1,012 million, after deducting the relevant placement cost. 50% of the proceeds have been utilised during the Period. Below sets out the status of use of proceeds as of 30 June 2025:

Intended use of net proceeds as at 30 June 2025	Percentage of total net proceeds of such issue (approximately)	Unutilised proceeds as at 30 June 2025 (in HK\$ million)
Business expansion (including strategic investments and acquisitions)	50%	506
Working capital and other general corporate purposes	50%	0
Total	100%	506

Upon evaluation of the Group’s operations and business strategy, the Directors have resolved to change the use of the remaining unutilised net proceeds in the amount of approximately HK\$506 million to be used as working capital and other general corporate purposes, which is expected to be fully utilised by the Group by the end of 2028.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead to the second half of 2025, the automotive dealership industry is expected to face ongoing challenges. To maintain the Group's agility in the face of the dynamic market, the Group will continue to adhere to its prudent and cautious approach by reducing future business risks and maintaining strong liquidity. As such, the Directors has decided to allocate the remaining unutilised net proceeds to be used as working capital and other general corporate purposes. The Directors consider that the change of use of the unutilised net proceeds will allow the Group to deploy its financial resources more effectively and is in the interests of the Company and its shareholders as a whole. The Directors will continuously assess the changing market conditions and may amend the use of any unutilised net proceeds if and when necessary.

IMPORTANT EVENTS AND OTHER INFORMATION

Full redemption of Convertible Bonds issued by Sail Vantage Limited

In January 2022, Sail Vantage Limited ("**CB Issuer**", a wholly-owned subsidiary of the Company) issued convertible bonds to professional investors (as defined in Chapter 37 of the Rules (the "**Listing Rules**") Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) with an initial aggregate principal amount of HK\$2,750 million, and guaranteed by the Company (the "**Convertible Bonds**"). Listing of the Convertible Bonds commenced on the Stock Exchange on 14 January 2022. The closing price of the Shares as quoted on the Stock Exchange on 5 January 2022 (the date on which the initial conversion price was fixed) was HK\$39.35 per Share. The net price based on the net proceeds was approximately HK\$45.72 per Share assuming full conversion at the initial conversion price. All proceeds were utilised prior to the Period.

As of 1 January 2025, an aggregate principal amount of HK\$1,873 million of the Convertible Bonds was outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the terms and conditions of the Convertible Bonds, the CB Issuer redeemed all outstanding Convertible Bonds with an aggregate principal amount of HK\$1,873 million (representing approximately 68.11% of the Convertible Bonds initially issued) at 106.9428 per cent. of their principal amount. Such redeemed Convertible Bonds carried rights to convert into 42,398,203 Shares based on the then prevailing conversion price of HK\$44.1764 per Share) on 13 January 2025 upon receiving the bondholders' notice. The redemption was funded by the Group's internal resources and external borrowings. All redeemed Convertible Bonds have been cancelled. There are no outstanding Convertible Bonds in issue, and listing of the Convertible Bonds on the Stock Exchange was withdrawn with effect upon the close of business on 22 January 2025. See also the Company's announcement dated 14 January 2025.

Share option scheme

The prior share option scheme expired in November 2023. On 18 February 2025, the Company announced that it has resolved to propose the adoption of the 2025 Share Option Scheme (the **"2025 Share Option Scheme"**). The purposes of the 2025 Share Option Scheme are to recognise and acknowledge the contributions which the directors and employees of the Group (including persons who are granted options (the **"Options"**) under the 2025 Share Option Scheme as an inducement to enter into employment contracts (whether full time or part time) with these companies) have made or may make to the Group. The 2025 Share Option Scheme constitutes a share scheme involving the issue of new Shares under Chapter 17 of the Listing Rules and is accordingly subject to the approval of the shareholders of the Company (the **"Shareholders"**) in general meeting. The 2025 Share Option Scheme and a mandate (the **"Share Mandate Limit"**) for the allotment and issuance of new Shares for the satisfaction of any Options (upon exercise of the subscription rights attaching to such Options) not exceeding the Scheme Mandate Limit was approved by the Shareholders at an extraordinary general meeting held on 10 June 2025 (the **"EGM"**). Please refer to the Company's announcement dated 18 February 2025, a circular dated 21 May 2025 and the announcement for the poll results of EGM dated 10 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2025, 12,051,250 share options were outstanding under such prior share option scheme (with 427,000 share options lapsed during the Period). More information will be available at the section “SHARE OPTION SCHEME” in this report.

Change of company secretary and authorised representative

Ms. CHAN Charmayne replaced Mr. WONG Cheung Ki Johnny as the company secretary, an authorised representative under Rule 3.05 of the Listing Rules, an authorized representative for accepting service of process and notice on behalf of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the person authorised to accept service of process and notices on the Company’s behalf under Rule 19.05(2) of the Listing Rules, with effect from 18 February 2025.

CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

With effect from 27 August 2025, Ms. LUO Liuyu (an executive Director) and Mr. CHEN Guiyi (an independent non-executive Director) have been appointed as members of the Company’s nomination committee. Biographies of Ms. Luo and Mr. Chen are set out in the Company’s 2024 annual report. The Company believes that the above change could further strengthen the diversity of the nomination committee and the level of corporate governance practice of the Company as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company’s listed securities (including treasury shares, as defined under the Listing Rules) during the Period and until the date of this report. As at 30 June 2025, the Company did not hold any treasury shares or any repurchased shares pending cancellation.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE

The Company met the applicable code provisions set out in Part 2 of the Corporate Governance Code in Appendix C1 of the Listing Rules in force during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the Period.

REVIEW BY AUDIT COMMITTEE AND EXTERNAL AUDITOR

The interim results and this report have been reviewed by the Audit Committee of the Company.

KPMG, the Group’s external auditor, has carried out a review of the interim financial report for the Period in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests and short positions of the Directors and chief executive in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Long Positions or Short Positions in Shares and Underlying Shares of the Company

Name of Director	Capacity	Number of Shares	Number of underlying Shares ⁽³⁾	Approximate percentage of shareholding ⁽²⁾
YE Fan ⁽¹⁾	Interest of controlled corporation	703,916,000	–	52.29%
YE Tao	Beneficial owner	2,000,000	2,000,000	0.30%
LUO Liuyu	Beneficial owner	48,000	415,000	0.03%
CHEN Guiyi	Beneficial owner	750,000	250,000	0.07%
WANG, Michael Chou	Beneficial owner	188,000	500,000	0.05%

OTHER INFORMATION

Notes:

- (1) Mr. YE Fan is the settlor of the Ye Family Trust, a revocable discretionary family trust. The entire capital of Apex Holdings Enterprises Limited ("**Apex Holdings**") is an asset of such family trust, and Apex Holdings in turn holds the entire issued share capital of Apex Sail Limited ("**Apex Sail**"). Apex Sail directly holds 703,916,000 Shares and by virtue of the SFO, Mr. YE Fan is deemed to be interested in the Shares held by Apex Sail.
- (2) The percentage is calculated based on the total number of issued shares as at 30 June 2025, being 1,346,247,201.
- (3) Details of the Directors' interests in share options granted by the Company are set out in "Share Option Scheme" below.

Directors' Rights to Acquire Shares

Save for share options granted by the Company to certain Directors under the Company's share option scheme (the "**SOS**" or "**Share Option Scheme**", as further detailed in "Share Option Scheme" below), as of 30 June 2025, none of the Directors and chief executives had any interests or short positions in the shares, or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the SOS, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had any such person exercised any such right during the Period.

SUBSTANTIAL SHAREHOLDERS' OR OTHER PERSONS INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors, the following persons (other than the Directors or chief executives of the Company) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Shareholder	Capacity	Number of shares held	Approximate percentage of shareholding ⁽¹⁾
Substantial Shareholders			
Apex Sail ⁽²⁾	Beneficial owner	703,916,000 (L)	52.29%
Apex Holdings ⁽²⁾	Interest in a controlled corporation	703,916,000 (L)	52.29%
IQ EQ (Switzerland) Limited ⁽²⁾	Trustee	703,916,000 (L)	52.29%
HU Huanran ⁽³⁾	Interest of spouse	703,916,000 (L)	52.29%
Other persons			
Aikya Investment Management Limited	Investment manager	70,424,150 (L)	5.23%

Notes:

- (1) The percentage is calculated based on the total Shares in issue as at 30 June 2025, being 1,346,247,201. (L) denotes long position.
- (2) Apex Sail is wholly owned by Apex Holdings. The entire issued share capital of Apex Holdings is wholly owned by IQ EQ (Switzerland) Limited as the trustee of the Ye Family Trust. The Ye Family Trust is a revocable discretionary family trust founded by Mr. YE Fan as the settlor. The Ye Brothers and certain of their family members are the discretionary objects of the Ye Family Trust.
- (3) Mr. YE Fan is the settlor of the Ye Family Trust. By virtue of the SFO, Mr. YE Fan is deemed to be interested in the Shares of Apex Sail. Mr. YE Fan's spouse, Ms. HU Huanran, is deemed to be interested in such shareholding interests of Mr. YE Fan by virtue of the SFO.

OTHER INFORMATION

Save for the Shareholders as disclosed herein, the Company had not been notified of any substantial shareholder or other person (other than the Directors and chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares as recorded as at 30 June 2025 in the register to be kept by the Company under Section 336 of the SFO or was required to be disclosed under Divisions 2 and 3 of Part XV of the SFO and the Listing Rules.

SHARE OPTION SCHEME

2013 Share Option Scheme

On 13 November 2013, the Company has adopted the 2013 Share Option Scheme with the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the 2013 Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

Pursuant to the 2013 Share Option Scheme, the Company may, at their discretion, invite full-time or part-time employees of the Group, including Directors and subsidiaries of the Company, and any suppliers, customers, consultants, agents and advisors, whether on a contractual or honorary basis and whether paid or unpaid, who have contributed or will contribute to the Group to take up Options to subscribe for Shares. The exercise price of the Option will be determined by the Board but in any event cannot fall below the higher of the average of closing prices of the Shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the Option, the closing price of the Shares on the Stock Exchange on the date of grant or the nominal value of the Shares.

OTHER INFORMATION

The 2013 Share Option Scheme lapsed in November 2023. No further share options would therefore be granted thereunder. The Options under the 2013 Share Option Scheme are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years after the date of grant.

The total number of Shares in respect of which Options may be granted under the 2013 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on the date of the listing of the Company on 5 December 2013 without prior approval from the Shareholders. No Option may be granted in any 12-month period to any one employee which if exercised in full would result in the total number of Shares already issued and issuable to him under all the Options previously granted to him and the said Option exceeding 1% of the number of Shares issued and issuable under all the Options which may be granted under the 2013 Share Option Scheme or any other share option schemes at the time it is proposed to grant the relevant options to that employee.

Options granted under the 2013 Share Option Scheme must be taken up within 21 days of the date of grant, upon payment of HK\$1.00 per grant.

OTHER INFORMATION

During the Period, no Options under the 2013 Share Option Scheme were granted by the Company. The number of shares that may be issued in respect of options and awards, if any, granted under all schemes of the issuer during the Period divided by the weighted average total issued share capital of the Company during the Period was nil. Further information of the outstanding Options under the 2013 Share Option Scheme during the Period is set out below:

Name of grantees	Date of grant	Exercise price (HK\$)	Outstanding as of	During the Period				Outstanding as of	Exercise period
			1 January					30 June	
			2025	Granted	Exercised	Cancelled	Lapsed	2025	
Directors									
YE Tao	04.01.2018	2.58	500,000	-	-	-	-	500,000	04.01.2018-03.01.2028
		2.58	500,000	-	-	-	-	500,000	04.01.2019-03.01.2028
		2.58	500,000	-	-	-	-	500,000	04.01.2020-03.01.2028
		2.58	500,000	-	-	-	-	500,000	04.01.2021-03.01.2028
LUO Liuyu	04.01.2018	2.58	75,000	-	-	-	-	75,000	04.01.2021-03.01.2028
		6	42,500	-	-	-	-	42,500	18.07.2021-17.07.2029
		6	57,500	-	-	-	-	57,500	18.07.2022-17.07.2029
		25.05.2022	26.2	60,000	-	-	-	-	60,000
	18.07.2019	26.2	60,000	-	-	-	-	60,000	25.05.2023-24.05.2032
		26.2	60,000	-	-	-	-	60,000	25.05.2024-24.05.2032
		26.2	60,000	-	-	-	-	60,000	25.05.2025-24.05.2032
		26.2	60,000	-	-	-	-	60,000	25.05.2026-24.05.2032
CHEN Guiyi	18.07.2019	6	250,000	-	-	-	-	250,000	18.07.2022-17.07.2029
WANG, Michael Chou	18.07.2019	6	250,000	-	-	-	-	250,000	18.07.2021-17.07.2029
		6	250,000	-	-	-	-	250,000	18.07.2022-17.07.2029
Subtotal			3,165,000	-	-	-	-	3,165,000	

OTHER INFORMATION

Name of grantees	Date of grant	Exercise price (HK\$)	Outstanding					Outstanding	Exercise period
			as of					as of	
			1 January	During the Period				30 June	
			2025	Granted	Exercised	Cancelled	Lapsed	2025	
Employees									
Employee(s) (not	25.05.2022	26.2	60,000	-	-	-	-	60,000	25.05.2022-24.05.2032
a director/chief		26.2	60,000	-	-	-	-	60,000	25.05.2023-24.05.2032
executive of the		26.2	60,000	-	-	-	-	60,000	25.05.2024-24.05.2032
Company), being a		26.2	60,000	-	-	-	-	60,000	25.05.2025-24.05.2032
"Five highest paid individual(s)"									
Other senior	04.01.2018	2.58	7,500	-	-	-	-	7,500	04.01.2018-03.01.2028
management (Not		2.58	157,500	-	-	-	-	157,500	04.01.2019-03.01.2028
being a Director,		2.58	157,500	-	-	-	-	157,500	04.01.2020-03.01.2028
chief executive or		2.58	157,500	-	-	-	-	157,500	04.01.2021-03.01.2028
a five highest paid	18.07.2019	6.00	288,750	-	-	-	-	288,750	18.07.2019-17.07.2029
individuals)		6.00	303,750	-	-	-	-	303,750	18.07.2020-17.07.2029
		6.00	303,750	-	-	-	-	303,750	18.07.2021-17.07.2029
		6.00	303,750	-	-	-	-	303,750	18.07.2022-17.07.2029
	25.05.2022	26.2	112,500	-	-	-	-	112,500	25.05.2022-24.05.2032
		26.2	112,500	-	-	-	-	112,500	25.05.2023-24.05.2032
		26.2	112,500	-	-	-	-	112,500	25.05.2024-24.05.2032
		26.2	112,500	-	-	-	-	112,500	25.05.2025-24.05.2032

OTHER INFORMATION

Name of grantees	Date of grant	Exercise price (HK\$)	Outstanding as of 1 January	During the Period				Outstanding as of 30 June	Exercise period
			2025	Granted	Exercised	Cancelled	Lapsed	2025	
Other employees	04.01.2018	2.58	75,000	-	-	-	-	75,000	04.01.2020-03.01.2028
		2.58	117,500	-	-	-	-	117,500	04.01.2021-03.01.2028
	18.07.2019	6	48,750	-	-	-	-	48,750	18.07.2019-17.07.2029
		6	48,750	-	-	-	-	48,750	18.07.2020-17.07.2029
		6	163,750	-	-	-	(12,500)	151,250	18.07.2021-17.07.2029
		6	175,000	-	-	-	(12,500)	162,500	18.07.2022-17.07.2029
	16.01.2020	10.8	57,500	-	-	-	-	57,500	16.01.2021-15.01.2030
		10.8	60,000	-	-	-	-	60,000	16.01.2022-15.01.2030
		10.8	65,000	-	-	-	-	65,000	16.01.2023-15.01.2030
		26.2	1,533,000	-	-	-	(100,500)	1,432,500	25.05.2022-24.05.2032
	25.05.2022	26.2	1,533,000	-	-	-	(100,500)	1,432,500	25.05.2023-24.05.2032
		26.2	1,533,000	-	-	-	(100,500)	1,432,500	25.05.2024-24.05.2032
		26.2	1,533,000	-	-	-	(100,500)	1,432,500	25.05.2025-24.05.2032
		26.2	1,533,000	-	-	-	(100,500)	1,432,500	25.05.2025-24.05.2032
Subtotal (All employees, not being a director, chief executive, senior management or a five highest paid individual)			9,073,250	-	-	-	(427,000)	8,646,250	
Total			12,478,250 ⁴	-	-	-	(427,000)	12,051,250 ⁴	

Notes:

1. The term of the 2013 Share Option Scheme ended prior to the Period, and no further Options were available for grant thereunder throughout the Period.
2. A consideration of HK\$1 was payable by each grantee upon acceptance of the Option.
3. The Options are subject to a vesting period from the date of grant to the date immediately before the commencement of the exercise period. The vesting period and exercise period is also subject to earlier cancellation, lapse or termination in accordance with the 2013 Share Option Scheme.
4. Representing approximately 0.93% of the total issued Shares as of the beginning of the Period.
5. Representing approximately 0.90% of the total issued Shares as of end of the Period.

2025 Share Option Scheme

The Company has adopted the share option scheme of the Company on 10 June 2025 (the “**2025 Share Option Scheme**”). The purposes of the 2025 Share Option Scheme are to recognise and acknowledge the contributions which the eligible participants have made or may make to the Group, with the view to (i) provide the Company with a flexible means of remunerating and/or providing benefits to the eligible participants; (ii) attract, retain and motivate the eligible participants to continue to contribute to the growth and development of the Group; and (iii) to align the interests of the eligible participants with those of the Company and Shareholders by providing such eligible participants with the opportunity to acquire proprietary interests in the Company and becoming Shareholders, so as to optimise their performance and efficiency for the benefit of the Group and particularly in its fulfilment of strategic targets. The Directors consider the 2025 Share Option Scheme is an effective instrument to encourage, retain and attract talents of significant importance to the future business development of the Group.

OTHER INFORMATION

The following is a summary of the principal terms of the 2025 Share Option Scheme:

(i) *Duration of Share Option Scheme*

The 2025 Share Option Scheme will remain valid and effective for a period of 10 years from 10 June 2025.

(ii) *Eligible participants*

In assessing the eligibility of the participants, the Remuneration Committee will consider, in its sole discretion, on a case-by-case basis, the following factors: (i) contribution or potential contribution to the development, growth and performance of the Group; (ii) quality of work performed for the Group; (iii) initiative and commitment in performing his/her duties, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iv) length of service or contribution of the Group; and (v) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success.

Eligible participant means any directors and employees of the Company or any member of the Group (including persons who are granted Options under the 2025 Share Option Scheme as an inducement to enter into employment contracts (whether full time or part time) with these companies).

(iii) *The total number of shares available for issue*

The total number of Shares to be issued upon exercise of all Options to be granted under the 2025 Share Option Scheme is 134,624,720 shares, being no more than 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Adoption Date, 10 June 2025.

(iv) *The maximum entitlement of each participant*

The maximum number of Shares underlying the options granted to an eligible participant under the 2025 Share Option Scheme and at any time, any other share scheme (as defined in Chapter 17 of the Listing Rules) adopted by the Company pursuant to Chapter 17 of the Listing Rules (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time.

(v) *Grant of options*

The Company may at any time within 10 years from 10 June 2025 offer the grant of an Option to eligible participant.

(vi) *Offer and acceptance*

Consideration of HK\$1.00 is required to be paid by the eligible participants for the grant under the 2025 Share Option Scheme and such payment must be made within 21 days from the date on which the option is granted.

OTHER INFORMATION

(vii) Subscription price

The price per Share at which any Eligible Participant who accepts an offer for the grant of an Option (“**Offer**”) in accordance with the terms of the 2025 Share Option Scheme may subscribe for Shares on the exercise of an Option shall, subject to any adjustments made pursuant to the terms of the 2025 Share Option Scheme, be determined by the remuneration committee of the Company and notified to an any director or employee of, or any person who has accepted an employment offer (whether full time or part time) from, or who is being granted Options as an inducement to enter into employment contract with or as a recognition of the contribution of the employees of, any member of the Group (“**Eligible Participant(s)**”) and shall be at least the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on, in respect of any Option, the day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are open for the transaction of normal business but excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m. (“**Business Day**”) on which the Board resolves to make an Offer to an Eligible Participant (unless otherwise specified in the terms of the offer and acceptance letter between the Company and the Grantee evidencing the terms and conditions of an Option) (the “**Date of Grant**”), which must be a Business Day;
- (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five Business Days immediately preceding the Date of Grant; and
- (c) the nominal value of a Share on the Date of Grant, and as subsequently adjusted pursuant to the terms of the 2025 Share Option Scheme, if relevant.

(viii) Vesting of options

The minimum period for which any Option must be held before it vests shall not be less than 24 months, unless otherwise determined and approved by the remuneration committee of the Company, and in any event shall not be less than 12 months.

Since the adoption of the 2025 Share Option Scheme, no option has been granted under the 2025 Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the Period and there was no outstanding option as at 30 June 2025. As at 30 June 2025, the total number of Shares available for issue under the Share Option Scheme was 134,624,720 representing 10% of the entire issued share capital of the Company as at the date of this report.

ISSUE OF SHARES, BONDS AND WARRANTS

There were no issue or placing of shares, bonds or warrants during the Period.

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT



Review report to the board of directors of China MeiDong Auto Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 36 to 78 which comprises the consolidated statement of financial position of China MeiDong Auto Holdings Limited as of 30 June 2025 and the related consolidated statement of comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, as issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 August 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited

		Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
Revenue	3	10,134,666	10,655,863
Cost of sales	5	(9,658,922)	(9,849,442)
Gross profit		475,744	806,421
Other revenue and other net income	4	41,024	105,799
Distribution costs		(259,769)	(295,440)
Administrative expenses		(258,216)	(324,395)
Impairment losses on goodwill and intangible assets	5(c)	(867,874)	(151,304)
(Loss)/profit from operations		(869,091)	141,081
Finance costs	5(a)	(156,259)	(131,035)
Share of profits of a joint venture		4,405	8,287
(Loss)/profit before taxation	5	(1,020,945)	18,333
Income tax	6	202,795	(41,264)
Loss for the period		(818,150)	(22,931)
Other comprehensive income for the period (after tax):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		142	(3,503)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		271	(780)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited

		Six months ended 30 June 2025 RMB'000	2024 RMB'000
	Note		
Other comprehensive income for the period		413	(4,283)
Loss and total comprehensive income for the period		(817,737)	(27,214)
Loss attributable to:			
Equity shareholders of the Company		(814,662)	(26,998)
Non-controlling interests		(3,488)	4,067
Loss for the period		(818,150)	(22,931)
Total comprehensive income attributable to:			
Equity shareholders of the Company		(814,249)	(31,281)
Non-controlling interests		(3,488)	4,067
Total comprehensive income for the period		(817,737)	(27,214)
Loss per share			
Basic (RMB cents)	7(a)	(60.51)	(2.01)
Diluted (RMB cents)	7(b)	(60.51)	(2.01)

The notes on pages 44 to 78 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	8	1,350,194	1,431,364
Right-of-use assets	9	1,442,409	1,545,998
Intangible assets	10	245,948	1,129,773
Goodwill	10	–	17,527
Interest in a joint venture		17,665	32,803
Pledged bank deposits	13	24,778	–
Other non-current assets		72,755	74,650
Deferred tax assets		145,268	136,133
		3,299,017	4,368,248
Current assets			
Inventories	11	845,035	760,711
Trade and other receivables	12	1,158,833	1,587,709
Pledged bank deposits	13	845,513	2,108,108
Fixed deposits with more than three months to maturity when placed	14	23,000	12,000
Cash and cash equivalents	14	868,781	2,644,539
		3,741,162	7,113,067
Current liabilities			
Loans and borrowings	15	673,764	709,785
Trade and other payables	16	2,668,101	4,056,458
Convertible bonds	17	–	1,759,170
Income tax payables		47,522	93,065
Lease liabilities		161,882	169,916
		3,551,269	6,788,394
Net current assets		189,893	324,673
Total assets less current liabilities		3,488,910	4,692,921

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Loans and borrowings	15	267,800	291,700
Deferred tax liabilities		74,420	293,905
Lease liabilities		1,071,274	1,150,533
		1,413,494	1,736,138
NET ASSETS		2,075,416	2,956,783
EQUITY			
Share capital	18	107,888	107,888
Reserves		1,853,317	2,726,413
Total equity attributable to equity shareholders of the Company		1,961,205	2,834,301
Non-controlling interests		114,211	122,482
TOTAL EQUITY		2,075,416	2,956,783

Approved and authorised for issue by the board of directors on 27 August 2025.

Ye Fan
Director

Ye Tao
Director

The notes on pages 44 to 78 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 – unaudited

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Capital reserves	statutory reserves	Retained earnings	Exchange reserve	Other reserve	Sub-total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	107,888	714,317	986	2,768	470,828	3,719,880	(68,338)	203,976	5,152,255
(Loss)/profit for the period	-	-	-	-	-	(26,998)	-	-	(26,998)
Other comprehensive income for the period	-	-	-	-	-	-	(4,283)	-	(4,283)
Total comprehensive income for the period	-	-	-	-	-	(26,998)	(4,283)	-	(31,281)
Dividends approved in respect of the previous years (Note 18a))	-	(44,426)	-	-	-	-	-	-	(44,426)
Dividends paid to non-controlling interests (Note 18a))	-	-	-	-	-	-	-	(16,631)	(16,631)
Equity-settled share-based payment (Note 5b))	-	-	-	4,434	-	-	-	-	4,434
Repurchase of convertible bonds (Note 17)	-	-	-	-	-	-	(17,623)	-	(17,623)
Balance at 30 June 2024 and 1 July 2024	107,888	669,891	986	7,202	470,828	3,692,882	(72,621)	186,353	5,063,359
(Loss)/profit for the period	-	-	-	-	-	(2,237,062)	-	-	(2,237,062)
Other comprehensive income for the period	-	-	-	-	-	-	6,546	-	6,546
Total comprehensive income for the period	-	-	-	-	-	(2,237,062)	6,546	-	(2,230,516)
Equity-settled share-based payment (Note 5b))	-	-	-	1,458	-	-	-	-	1,458
Appropriation to reserves	-	-	-	-	20,720	(20,720)	-	-	-
Balance at 31 December 2024	107,888	669,891	986	8,660	491,548	1,435,050	(66,075)	186,353	2,834,301
								122,482	2,956,783

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 – unaudited

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserves RMB'000	PRC statutory reserves RMB'000	Retained earnings RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025	107,888	669,891	986	8,660	491,548	1,435,050	(66,075)	186,353	2,834,301	122,482	2,956,783
Loss for the period	-	-	-	-	-	(814,662)	-	-	(814,662)	(3,488)	(818,150)
Other comprehensive income for the period	-	-	-	-	-	-	413	-	413	-	413
Total comprehensive income for the period	-	-	-	-	-	(814,662)	413	-	(814,249)	(3,488)	(817,737)
Dividends approved in respect of the previous year <i>(Note 18(a))</i>	-	(59,908)	-	-	-	-	-	-	(59,908)	-	(59,908)
Dividends paid to non-controlling interests <i>(Note 18(a))</i>	-	-	-	-	-	-	-	-	-	(4,783)	(4,783)
Equity-settled share-based payment <i>(Note 5(b))</i>	-	-	-	1,061	-	-	-	-	1,061	-	1,061
Redemption of convertible bonds <i>(Note 17)</i>	-	-	-	-	-	186,353	-	(186,353)	-	-	-
Balance at 30 June 2025	107,888	609,983	986	9,721	491,548	806,741	(65,662)	-	1,961,205	114,211	2,075,416

The notes on pages 44 to 78 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025 – unaudited

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
Operating activities			
Cash generated from operations		349,616	739,032
Income tax paid		(71,369)	(155,008)
Net cash generated from operating activities		278,247	584,024
Investing activities			
Payment for the purchase of property, plant and equipment		(85,856)	(81,553)
Proceeds from disposal of property, plant and equipment		54,531	96,047
Net (increase)/decrease in fixed deposits with more than three months to maturity when placed	14	(11,000)	322,326
Dividends received from a joint venture		19,543	21,008
Interest received		7,608	70,201
Others		2,220	–
Net cash (used in)/generated from investing activities		(12,954)	428,029

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025 – unaudited

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
Financing activities			
Capital element of lease rentals paid		(49,789)	(39,462)
Interest element of lease rentals paid		(36,131)	(40,230)
Proceeds from loans and borrowings		3,426,091	4,058,718
Repayment of loans and borrowings		(3,486,012)	(4,111,964)
Decrease in pledged bank deposits	13	(18,920)	(41,237)
Dividends paid to non-controlling interests	18(a)	(4,783)	(16,631)
Redemption/repurchase of convertible bonds	17	(1,848,964)	(585,968)
Interest paid		(24,844)	(39,976)
Others		9	294
Net cash used in financing activities		(2,043,343)	(816,456)
Net (decrease)/increase in cash and cash equivalents		(1,778,050)	195,597
Cash and cash equivalents at 1 January	14	2,644,539	2,361,671
Effect of foreign exchange rate changes		2,292	351
Cash and cash equivalents at 30 June	14	868,781	2,557,619

The notes on pages 44 to 78 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION AND THE BASIS OF PRESENTATION

China MeiDong Auto Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 24 February 2012 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in 4S dealership business in the People’s Republic of China (the “**PRC**”).

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 27 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any change in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION AND THE BASIS OF PRESENTATION (continued)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 34 to 35.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of passenger vehicles	7,929,796	8,569,387
– After-sales and mortgage facilitation services	2,204,870	2,086,476
	10,134,666	10,655,863

All revenue was recognised at a point in time.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of passenger vehicles and provision of after-sales and mortgage facilitation services.

(i) Information about geographical area

All of the Group's revenue is derived from the sales of passenger vehicles and provision of after-sales and mortgage facilitation services in Chinese Mainland and the principal non-current assets employed by the Group are located in Chinese Mainland. Accordingly, no analysis by geographical segment has been provided for the reporting period.

(ii) Information about major customers

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenues.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

4 OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Other revenue		
Commission income	26,823	43,954
Bank interest income	7,173	55,745
Management service income	1,317	2,316
	35,313	102,015

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Other net income		
Net loss on disposal of property, plant and equipment	(4,866)	(5,863)
Net foreign exchange loss	(1,364)	(9,173)
Gain on repurchase of convertible bonds	—	11,227
Others	11,941	7,593
	5,711	3,784
	41,024	105,799

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
Note			
(a) Finance costs:			
Interest on:			
– loans and borrowings		19,224	33,033
– convertible bonds		2,975	50,608
– lease liabilities		36,131	40,230
Total interest expense		58,330	123,871
Loss on redemption of convertible bonds	17	92,315	–
Other finance costs		5,614	7,164
Total finance costs		156,259	131,035
(b) Staff costs:			
Salaries, wages and other benefits		344,742	315,776
Equity settled share-based payment expenses	(i)	1,061	4,434
Contributions to defined contribution retirement plans	(ii)	13,917	13,998
		359,720	334,208

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

5 (LOSS)/PROFIT BEFORE TAXATION (continued)

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
(c) Other items:			
Cost of inventories	9,469,146		9,739,231
Write-down of inventories	52,595		14,977
Depreciation charge			
– owned property, plant and equipment	113,776		119,294
– right-of-use assets	67,551		72,038
Impairment losses			
– goodwill (<i>Note 10</i>)	17,527		104,762
– intangible assets (<i>Note 10</i>)	850,347		46,542
Amortisation of intangible assets	33,478		90,507
Short-term lease expenses	996		4,277
Net foreign exchange loss	1,364		9,173

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

5 (LOSS)/PROFIT BEFORE TAXATION (continued)

- (i) The Group recognised an expense of RMB1,061,000 for the six months ended 30 June 2025 in relation to share options granted to certain employees of the Group pursuant to a share option scheme (six months ended 30 June 2024: RMB4,434,000) (see Note 18(b)).
- (ii) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also operates a Mandatory Provident Fund Scheme (the **"MPF scheme"**) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group's contributions made to the defined contribution retirement scheme are non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the schemes.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current tax:		
Provision for PRC income tax for the period	25,826	113,583
Deferred tax:		
Origination and reversal of temporary differences	(228,621)	(72,319)
	(202,795)	41,264

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX (continued)

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No provision for Hong Kong Profits Tax was made for the subsidiaries located in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the reporting period. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

Under the Corporate Income Tax Law of the PRC which was passed by the Fifth Plenary Session of the Tenth National People's Congress, effective from 1 January 2008, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to income tax at the statutory tax rate.

One subsidiary of the Group enjoys preferential Corporate Income Tax rates which is lower than 25% as it operated in designated areas with preferential CIT policies in the PRC.

Taxation for the Group's PRC subsidiaries is calculated using the estimated annual effective rates of taxation that are expected to be applicable.

- (ii) Since the Company obtained certificate of resident status and became a resident of the Hong Kong Special Administrative Region under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income". Under such arrangement, dividend distributions out of earnings of PRC enterprises imposed a withholding tax at 5% during the period ended 30 June 2025.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2025 is based on the loss attributable to equity shareholders of the Company of RMB814,662,000 (six months ended 30 June 2024: RMB26,998,000) and the weighted average of 1,346,247,000 ordinary shares in issue (six months ended 30 June 2024: 1,346,247,000 ordinary shares) during the reporting period.

(b) Diluted loss per share

For the six months ended 30 June 2025 and 2024, the effects of share options issued under employee share option scheme and outstanding convertible bonds were not included in the calculation of diluted loss per share because their effects would have been anti-dilutive.

Therefore, diluted loss per share is equal to basic loss per share for the six months ended 30 June 2025 and 2024.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with original costs of RMB81,198,000 (six months ended 30 June 2024: RMB81,396,000). Items of property, plant and equipment with a net book value of RMB59,397,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB101,910,000), resulting in a loss on disposal of RMB4,866,000 (six months ended 30 June 2024: RMB5,863,000).

9 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group entered into a few of new tenancy agreements and therefore recognised additions to right-of-use assets of RMB332,000 (six months ended 30 June 2024: RMB62,423,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

10 INTANGIBLE ASSETS AND GOODWILL

(i) Intangible assets – car dealership and goodwill

The car dealerships arise from prior business combinations and relate to the Group's relationship with the automobile manufacturers with an estimated useful life of 20 years, which was estimated by management with reference to the valuation reports prepared by the external valuers engaged by the Group. The fair value of the car dealerships as at the acquisition date was determined by using the multiple-period excess earning method.

(ii) Impairment testing of intangible assets – car dealership and/or goodwill

The Group is principally engaged in the sales of traditional luxury brand cars. In prior periods, the Group recognised impairment losses on goodwill and intangible assets-car dealership in view of ongoing macro-economic uncertainties and increasingly intense competition in the automotive sector. In the first half of 2025, these macro-economic uncertainties and price competition continued to further intensify that exceeded the management's prior forecast, which led to the operating results of certain stores of the Group to be significantly lower than expected. In addition, the expectation regarding the impending release, and then the actual release subsequently, of the consumption tax policy on ultra-luxury car and the expected decline in mortgage facilitation commission rates have posed further challenges to the expected future profitability of those stores. The Group's management performed an impairment assessment, assisted by an external valuer, to determine the recoverable amounts of those cash generated units (CGUs) with impairment indications on goodwill and intangible assets-car dealerships as at 30 June 2025. Based on the management's assessment result, the Group recognised an impairment loss of goodwill and intangible assets – car dealerships of RMB17,527,000 and RMB850,347,000 respectively for those underperforming CGUs in "Impairment losses on goodwill and intangible assets" during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB104,762,000 and RMB46,542,000, respectively). Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

10 INTANGIBLE ASSETS AND GOODWILL (continued)

(ii) Impairment testing of intangible assets – car dealership and/or goodwill (continued)

The recoverable amounts of these CGUs have been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. Cash flows beyond the five-year period are extrapolated using estimated growth rate of 2.0% (2024: 2.0%), which is consistent with the forecasts included in industry reports.

Key assumptions used in the value-in-use calculations include: (i) annual revenue growth rates during the forecast period, (ii) gross profit margin, and (iii) discount rate.

As mentioned above, given the intensified industry competition and the ongoing uncertainties, marked by lower-than-expected gross margins and significant uncertainties over the time frame of recovery, the Group's management have further lowered their expectations for future performance of those underperforming CGUs for the forecast period compared to the forecasts at the end of 2024.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

10 INTANGIBLE ASSETS AND GOODWILL (continued)

(ii) Impairment testing of intangible assets – car dealership and/or goodwill (continued)

The key inputs and assumptions used for the period of 30 June 2025 and the year of 2024 in the impairment test for those material CGUs with impairment indications on goodwill and intangible assets – car dealership are listed as follows:

Inputs	Six months ended 30 June 2025		
	2025	2026	2027-2030
Annual revenue growth rate	-17.6%~0.5%	-1.6%~-1.1%	0%~2.9%
Gross profit margin	2.5%~5.8%	2.8%~4.3%	4.1%~10.8%
Year ended 31 December 2024			
Inputs	2025	2026	2027-2029
Annual revenue growth rate	-3.5%~2.0%	0%~0.3%	0%~0.3%
Gross profit margin	4.2%~11.4%	4.2%~11.4%	4.2%~11.4%

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

10 INTANGIBLE ASSETS AND GOODWILL (continued)

(ii) Impairment testing of intangible assets – car dealership and/or goodwill (continued)

The estimates and assumptions are based on premises that are derived from the latest information available to the management. In particular, they have taken into account the actual financial performance achieved in the first half of 2025 and the realistic expectations of the future macroeconomic and industry-specific developments given the latest changes to the operating environment.

There have been no changes in the valuation method used compared with those adopted in the year ended 31 December 2024.

As at 30 June 2025, the pre-tax discount rates applied to the impairment test were within a range from 13.0% to 14.2% (31 December 2024: 13.5% to 15.9%) which reflected current market assessment of the time value of money and the risk specific to these CGUs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

11 INVENTORIES

- (a) Inventories in the consolidated statement of financial position comprised:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Motor vehicles	701,526	610,835
Others	143,509	149,876
	845,035	760,711

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	9,469,146	9,739,231
Write-down of inventories	52,595	14,977

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	255,947	317,892
Over 3 months	1,999	1,946
Trade debtors	257,946	319,838
Prepayments	163,477	290,147
Other receivables and deposits	735,696	973,122
Amounts due from third parties	1,157,119	1,583,107
Amounts due from related parties (Note 20(c))	1,714	4,602
Trade and other receivables	1,158,833	1,587,709

- (i) Credit sales are offered in rare cases subject to senior management's approval. Trade receivables balance mainly represents mortgage granted by financial institutions to customers of the Group, which is normally settled within one month directly by the financial institutions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

13 PLEDGED BANK DEPOSITS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Restricted bank deposits pledged in respect of loans and borrowings (i)	38,993	20,073
Restricted bank deposits pledged in respect of bills payable (i)	806,520	2,088,035
	845,513	2,108,108
Others	24,778	—
	870,291	2,108,108

- (i) The pledged bank deposits will be released upon the settlement of relevant loans and borrowings and bills payable.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

14 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS WITH BANKS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Fixed deposits with banks with more than three months to maturity when placed	23,000	12,000
Cash at banks and in hand	868,781	2,644,539

15 LOANS AND BORROWINGS

- (a) As of the end of the reporting period, loans and borrowings were repayable as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year or on demand	673,764	709,785
After 1 year but within 2 years	267,800	47,800
After 2 years but within 5 years	—	243,900
	267,800	291,700
	941,564	1,001,485

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

15 LOANS AND BORROWINGS (continued)

- (b) As of the end of the reporting period, loans and borrowings were secured as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Secured bank loans – supplier finance arrangement (i)	149,020	96,098
Secured borrowings from other financial institutions – supplier finance arrangement (i)	61,422	71,201
Other secured bank loans (i)	731,122	834,186
	941,564	1,001,485

- (i) As of the end of the reporting period, loans and borrowings were secured by property, plant and equipment, right-of-use assets, inventories, trade and other receivables and pledged banks deposits of the Group, and certain loans and borrowings were also guaranteed by related parties.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

16 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	1,548,731	2,692,099
Over 3 months but within 6 months	63,777	347,686
Total trade payables and bills payable (i)	1,612,508	3,039,785
Contract liabilities	759,536	721,004
Other payables and accruals	286,609	286,590
Amounts due to third parties	2,658,653	4,047,379
Amounts due to related parties (Note 20(c))	9,448	9,079
Trade and other payables	2,668,101	4,056,458

- (i) As at 30 June 2025, bills payable were all under supplier finance arrangement with amount of RMB1,455,204,000 (31 December 2024: RMB2,871,092,000) and certain bills payable were guaranteed by a related party (see Note 20(d)) or secured by inventories, trade and other receivables and pledged banks deposits.
- (ii) All trade and other payables are expected to be settled within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

17 CONVERTIBLE BONDS

On 14 January 2022, pursuant to a subscription agreement dated 6 January 2022 (the “**Subscription Agreement**”), Sail Vantage Limited, a subsidiary of the Company, issued zero coupon guaranteed convertible bonds (“**the Convertible Bonds**”) with an aggregate principal amount of HK\$2,750,000,000 (equivalent to approximately RMB2,248,263,000) and received cash after deduction of transaction costs of HK\$2,689,517,000 (equivalent to approximately RMB2,198,814,000). Pursuant to the terms of the Convertible Bonds, the Convertible Bonds will be due in January 2027 and are guaranteed by the Company.

The Convertible Bonds may be converted into shares of the Company pursuant to the terms and conditions of the Convertible Bonds. The number of ordinary shares to be issued on exercise of a conversion right shall be determined by dividing the principal amount of the Convertible Bonds to be converted by the conversion price in effect on the relevant conversion date.

Pursuant to the terms and conditions of the Convertible Bonds, the issuer will, at the option of the bondholder of the Convertible Bonds, redeem all or some only of such bondholder’s convertible bonds on 13 January 2025 at 106.9428 per cent of their principal amount.

Convertible bonds issued by the Group denominated in HK\$ that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of convertible bonds instruments is initially recognised at fair value using prevailing market rate of interest for similar non-convertible debt instruments. The remainder of the proceeds is allocated to the conversion option as the equity component.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

17 CONVERTIBLE BONDS (continued)

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. Interest is recognised in profit or loss. The equity component is recognised in other reserve until either the convertible bonds are converted, repurchased or redeemed.

If the bonds are converted, the other reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued.

When the Group extinguishes the bonds before maturity through an early repurchase or redemption in which the original conversion privileges are unchanged, the Group allocates consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the bonds at the date of such transaction. The method used in allocating is consistent with that used in the original allocation when the bonds were issued. Once the allocation is made, any resulting gain or loss relating to the liability and equity components is recognised in profit or loss and in equity, respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

17 CONVERTIBLE BONDS (continued)

The movements of the components of the Convertible Bonds during current period are set out below:

	Liability component (At amortised cost) RMB'000	Equity component (Residual amount) RMB'000	Total RMB'000
At 1 January 2024	2,206,781	203,976	2,410,757
Interest charge	90,834	–	90,834
Repurchase	(579,606)	(17,623)	(597,229)
Exchange adjustment	41,161	–	41,161
At 31 December 2024 and 1 January 2025	1,759,170	186,353	1,945,523
Interest charge (Note 5(a))	2,975	–	2,975
Redemption (i)	(1,757,640)	(186,353)	(1,943,993)
Exchange adjustment	(4,505)	–	(4,505)
At 30 June 2025	–	–	–

- (i) On 13 January 2025, the Group, at the option of the bondholders of the Convertible Bonds, redeemed all outstanding Convertible Bonds. The gross consideration paid was HK\$2,003,039,000 (equivalent to approximately RMB1,848,964,000), resulting a loss on settlement of the liability component of RMB92,315,000 recognised in finance costs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

- (i) *Dividends payable to equity shareholders of the Company attributable to the interim period.*

No interim dividend was declared after the end of reporting period of six months ended 30 June 2025 and 2024.

- (ii) *Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period.*

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB0.0445 per ordinary share (six months ended 30 June 2024: RMB0.0330 per ordinary share)	59,908	44,426

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS (continued)

(a) Dividends (continued)

(iii) Other dividends

During the six months ended 30 June 2025, subsidiaries of the Group declared and paid dividends to its shareholders, among which RMB4,783,000 (six months ended 30 June 2024: RMB16,631,000) was paid to non-controlling shareholders.

(b) Equity settled share-based transactions

(i) The term and conditions of the grants are as follows:

	Number of Instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
- On 20 January 2014	4,150,000	25% on 1 January 2015 25% on 1 January 2016 25% on 1 January 2017 25% on 1 January 2018	9.82 years
- On 4 January 2018	4,150,000	25% on 4 January 2018 25% on 4 January 2019 25% on 4 January 2020 25% on 4 January 2021	10.00 years

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Equity settled share-based transactions (continued)

**(i) The term and conditions of the grants are as follows:
(continued)**

	Number of Instruments	Vesting conditions	Contractual life of options
– On 18 July 2019	3,230,000	25% on 18 July 2019 25% on 18 July 2020 25% on 18 July 2021 25% on 18 July 2022	10.00 years
– On 25 May 2022	240,000	25% on 25 May 2022 25% on 25 May 2023 25% on 25 May 2024 25% on 25 May 2025	10.00 years
Options granted to employees:			
– On 20 January 2014	7,250,000	25% on 1 January 2015 25% on 1 January 2016 25% on 1 January 2017 25% on 1 January 2018	9.82 years
– On 4 January 2018	7,830,000	25% on 4 January 2018 25% on 4 January 2019 25% on 4 January 2020 25% on 4 January 2021	10.00 years

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Equity settled share-based transactions (continued)

**(i) The term and conditions of the grants are as follows:
(continued)**

	Number of Instruments	Vesting conditions	Contractual life of options
– On 18 July 2019	6,470,000	25% on 18 July 2019 25% on 18 July 2020 25% on 18 July 2021 25% on 18 July 2022	10.00 years
– On 16 January 2020	1,940,000	25% on 16 January 2020 25% on 16 January 2021 25% on 16 January 2022 25% on 16 January 2023	10.00 years
– On 25 May 2022	8,661,000	25% on 25 May 2022 25% on 25 May 2023 25% on 25 May 2024 25% on 25 May 2025	10.00 years
Total share options granted	43,921,000		

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Equity settled share-based transactions (continued)

(ii) *The number and weighted average exercise prices of share options are as follows:*

	At 30 June 2025		At 31 December 2024	
	Exercise price	Number of options	Exercise price	Number of options
Outstanding at the beginning of the period/year	HK\$16.75	12,478,250	HK\$15.69	15,605,750
Forfeited during the period/year	HK\$25.02	(427,000)	HK\$11.47	(3,127,500)
Outstanding at the end of the period/year	HK\$16.46	12,051,250	HK\$16.75	12,478,250
Exercisable at the end of the period/year	HK\$16.46	12,051,250	HK\$15.19	10,712,750

The options outstanding at 30 June 2025 are under exercise price of HK\$2.58, HK\$6.00, HK\$10.80 or HK\$26.20, respectively (31 December 2024: HK\$2.58, HK\$6.00, HK\$10.80 or HK\$26.20, respectively) and a weighted average remaining contractual life of 5.29 years (31 December 2024: 5.83 years).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

19 COMMITMENTS

Capital commitments outstanding at 30 June 2025 not provided for in the interim financial report are as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted for	–	15

20 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2025, the directors are of the view that the following companies are related parties of the Group:

Name of party	Relationship
Ye Fan 葉帆	Controlling Shareholder
Ye Tao 葉濤	Close family member of the Controlling Shareholder
Guangdong Dadong Automotive Group Co., Ltd. (" Dadong Group ") 廣東大東汽車集團有限公司	Controlled by the Controlling Shareholder
Dongguan Meidong 東莞美東汽車服務有限公司	Joint venture
Apex Sail	Immediate parent company

Note: The English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Recurring transactions

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Management service income:		
– Dongguan Meidong	1,317	2,316

(b) Non-recurring transactions

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Sales of passenger vehicles:		
– Dongguan Meidong	15,074	12,418
Purchases of passenger vehicles:		
– Dongguan Meidong	20,463	11,788

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

At 30 June 2025, the Group had the following balances with related parties:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Other receivables due from:		
– Dongguan Meidong	1,714	4,602
	1,714	4,602
Other payables due to:		
– Dadong Group	1,764	1,404
– Ye Fan	7,684	7,675
	9,448	9,079

- (i) All the amounts due from/to related parties are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Guarantees and securities issued by related parties

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Guarantees issued by related parties in respect of loans and borrowings borrowed by the Group:		
– Ye Fan	705,708	726,261
Guarantees issued by a related party in respect of bills issued by the Group:		
– Ye Fan	246,583	136,247

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(e) Guarantees issued by the Group

	The Group	
	At	At
	30 June	31 December
	2025	2024
	RMB'000	RMB'000
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Guarantees issued by the Group in respect of financial facilities granted to a related party:		
– Dongguan Meidong	80,000	80,000
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Guarantees issued by the Group in respect of bank loans and borrowings granted to a related party:		
– Dongguan Meidong	50,000	50,000
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(f) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	5,816	5,877
Equity compensation benefits	205	675
	6,021	6,552

Total remuneration is included in staff costs (see Note 5(b)).

21 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.