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## **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)**

### **PROFIT WARNING**

This announcement is made by China MeiDong Auto Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby announces that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2024 (the “**2024 Interim Period**”) and the information currently available to the Board, it is expected that the Group will record a loss attributable to equity shareholders of the Company for the 2024 Interim Period, compared to a profit for the six months ended 30 June 2023 (the “**2023 Interim Period**”).

Based on the information currently available, the Board is of the view that the abovementioned loss is mainly attributable to the following factors:

- (1) the Group’s business was impacted by weak demand and continued prices fall, gross profit for the 2024 Interim Period is expected to decrease by not more than 20%, compared to that for the 2023 Interim Period;
- (2) taking into account the macroeconomic environment in the 2024 Interim Period, weak spending power domestically, the imbalance between supply and demand of passenger vehicles, and promotion models of automobile dealers in China, the Company conducted impairment test with the assistance of an external valuer, and non-cash impairment on goodwill and on dealership rights totaling not less than approximately RMB150.0 million was recognized for the 2024 Interim Period in respect of certain under-performing cash generating units, compared to the impairment on goodwill and dealership rights of approximately RMB37.2 million in total for the 2023 Interim Period;
- (3) non-cash cost of amortization of dealership rights and appraised appreciation of land use rights of approximately RMB76.8 million was recognized in the 2024 Interim Period in respect of the acquisition of Starchase Motorsports Limited, which was completed by the Company on 29 April 2022; and

- (4) additional non-cash costs of approximately RMB50.6 million resulting from the amortization of relevant issuance costs (such as intermediary fees) and the liability portion for the HK\$2,750,000,000 zero-coupon guaranteed convertible bonds issued by Sail Vantage Limited (a wholly-owned subsidiary of the Company) and guaranteed by the Company using the effective interest rate method in the 2024 Interim Period.

Affected mainly by the abovementioned factors, it is expected that the Group will record a loss attributable to equity shareholders of the Company for the 2024 Interim Period of no more than RMB30.0 million, compared to a profit of approximately RMB44.7 million for the 2023 Interim Period.

Based on the assessment of the unaudited consolidated management accounts of the Group for the 2024 Interim Period, the Board considers that the Group's operating cash flow is in good order and the Group's overall financial position is sound and healthy. The Group will continue to maintain a prudent and stable financial strategy.

As the Company is still in the course of preparing the financial results for the 2024 Interim Period, the information contained in this announcement is only based on the unaudited consolidated management accounts and information currently available to the Board and is not based on any information or data that has been audited or reviewed by the auditors or the audit committee of the Company, and thus may be subject to amendments.

The Group's financial results and performance for the 2024 Interim Period will be disclosed in the forthcoming interim results announcement of the Company, which is expected to be published in late August 2024.

**Shareholders of the Company and potential investors shall exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**China MeiDong Auto Holdings Limited**  
**YE Fan**  
*Chairman*

Hong Kong, 27 August 2024

As at the date of this announcement, the Board comprises:

***Executive Directors:***

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

***Independent Non-executive Directors:***

Mr. CHEN Guiyi  
Mr. WANG, Micheal Chou  
Mr. TO Siu Lun