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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 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 (the “**Board**”) of directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available to the Board for the year ended 31 December 2022 (“**Year 2022**”), compared to the year ended 31 December 2021 (“**Year 2021**”), the profit attributable to equity shareholders of the Company is expected to decrease.

Based on the information currently available, the Board is of the view that the decrease in the profit attributable to equity shareholders of the Company for Year 2022 is mainly attributable to (among others) the following factors:

- (1) The Group’s business was affected by the COVID-19 pandemic in Year 2022. The gross profit, compared to Year 2021, decreased by no more than 10% for Year 2022;
- (2) In relation to the HK\$2,750,000,000 zero coupon convertible bonds due 2027 issued by Sail Vantage Limited (a wholly-owned subsidiary of the Company), and guaranteed by the Company, an amortized cost of no less than RMB96 million for Year 2022 for the relevant issuance expenses (e.g. commission) and the liability portion of the bonds using effective interest method;

- (3) In relation to the acquisition of Starchase Motorsports Limited on 29 April 2022, an amortized cost of about RMB102 million for Year 2022 for the relevant dealership right, and other one-off expenses (e.g. acquisition cost and transition bonus) of about RMB56 million;
- (4) In relation to the dividend distributed from China subsidiaries of the Group to the offshore holding company of the Group, a mainland China withholding tax on dividend of approximately RMB43 million;
- (5) In relation to the issuance of share options of the Company to employees of the Group in Year 2022, an expense of about RMB32 million.

Affected mainly by the abovementioned factors, compared to Year 2021, the profit attributable to equity shareholders of the Company of Year 2022 is expected to decrease by no more than 57%.

Based on assessment of the unaudited consolidated management accounts of the Group for Year 2022, the Board considers that 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 Year 2022, the information contained in this announcement is only based on the preliminary review of the financial 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 Year 2022 will be disclosed in the forthcoming annual results announcement of the Company, which is expected to be published in late March 2023.

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
Chairman
Ye Fan

Hong Kong, 8 March 2023

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, Michael Chou
Mr. TO Siu Lun